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United States Government **Department of Energy**

Memorandum

Derek J. Schroeder
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DATE: **December 13, 2022** **WAP Memorandum 096**

REPLY TO

ATTN OF: **Derek Schroeder, Weatherization Assistance Program, Acting Program Manager**
Office of State and Community Energy Programs

SUBJECT: **WAP Sustainable Energy Resources for Consumers (SERC) Grant Application – UPDATE TO ELIGIBLE APPLICANTS**

TO: **Weatherization Assistance Program Grantees**

INTENDED AUDIENCE: **Grantee Program Managers, Grantee Technical Managers, Subgrantee Program Directors, Subgrantee Technical Managers, Weatherization Training Centers**

Weatherization Assistance Program (WAP) Memorandum 096 is reissued to clarify that either the WAP Grantee or Subgrantee may submit a Letter of Interest and Full Application for SERC funding, if the Grantee certifies that they will include the Subgrantee SERC project in their existing administration, oversight, and monitoring of WAP. Sections B, C, and D of the Memorandum have been updated to clarify the options for submission of application materials. Should funds be awarded, they will continue to pass through the Grantee regardless of which entity submits an application. The submission deadline for the Letter of Interest is December 21, 2022.

The Department of Energy's (DOE) Weatherization Assistance Program ("Program" or "WAP") invites WAP Grantees and Subgrantees to apply for Sustainable Energy Resources for Consumers (SERC) Grants. DOE has approximately $13 million available for SERC Grants based on the Fiscal Year (FY) 2021 and 2022 appropriations. Additional funds may be available for this opportunity announcement pending Congressional action on FY 2023 appropriations. The funding will be made available **to WAP Subgrantees through Grantees if the WAP Grantee certifies the SERC application** and the application is selected by DOE (42 U.S.C. 6872(b)).

Direct Service WAP Grantees (U.S. Territories and Tribes) may apply for SERC Grants on their own without Subgrantee applicants to administer SERC programs for their entire service area. SERC grants will follow the PY 2023 period of performance, with carryover of funds allowable to PY 2024.

SERC is authorized per Title IV of the Energy Independence and Security Act of 2007 (EISA), Section 411(b) (Pub. L. 110–140, title IV, §411(b), Dec. 19, 2007, 121 Stat. 1600). If WAP-appropriated funds exceed $275 million, the Department of Energy (DOE) Secretary may elect to use up to two (2) percent of the amount of funds made available for SERC Grants. This provision authorizes local weatherization providers to expand the Program for "*materials, benefits, and renewable and domestic energy technologies not currently covered*."

An illustrative list of materials and technologies meeting 411(b) includes, but is not limited to, the following:

- Heat pump technologies and appliances.
- Durable high-R enclosure system retrofits, including high-performance walls, foundations, windows, attic ventilation, attic and basement air sealing, and ceiling or cathedral roof insulation.
- High-performance space conditioning system retrofits, including air handler upgrades, ducts in conditioned space, ventilation, heating, solar ventilation pre-heat, cooling, and direct supply of combustion air, if needed.
- High-performance hot water systems, including condensing and solar hot water systems.
- Cool roof technologies.
- Integration with utility smart-grid pilots or implementations.
- Energy usage benchmarking with feedback, which includes:
    - In-home displays.
    - Increased online access to energy use information.
    - Reports or mailings.
    - Other means of transmitting this information.
    - Community-Based Social Marketing (CBSM) and other behavioral approaches.
    - Developing innovative purchasing cooperatives and bulk buying strategies to lower costs of materials.
- Onsite renewable energy technology that generates electricity, including the following that are generally categorically excluded under the National Environmental Policy Act (NEPA):
    - Solar Electricity/Photovoltaic – appropriately sized system or unit on existing rooftops and parking shade structures; or a 60 KW system or smaller unit installed on the ground within the boundaries of an existing facility.
    - Wind Turbine – 20 KW or smaller.
    - Solar Thermal – system must be 20 KW or smaller.
    - Solar Thermal Hot Water – appropriately sized for residences or small commercial buildings.
    - Ground Source Heat Pump – 5.5 tons of capacity or smaller, horizontal/vertical, ground, closed-loop system.
    - Combined Heat and Power System – boilers sized appropriately for the buildings in which they are located.
    - Biomass Thermal – 3 MMBTUs per hour or smaller system with appropriate Best Available Control Technologies (BACT) installed and operated.

*SERC funds are **not** subject to the average cost per unit (ACPU) caps for weatherization jobs and renewable energy measures. The caps under 10 CFR 440.18 apply only to funds provided under the formula WAP grant. SERC-funded measures are **not** subject to the cost-effectiveness or Savings to Investment Ratio requirement under 10 CFR 440.18.*

SERC funds may be used by local weatherization providers to implement this expansion on homes they are currently weatherizing or will weatherize. If a local provider proposes to implement SERC activities on homes previously weatherized, they may do so without DOE approval on homes that were weatherized with non-DOE

funds. If an applicant wishes to return to homes previously weatherized with WAP funding, a detailed proposal must be included in the Full Application (see Section C below) and is subject to DOE approval.
SERC funds are not permitted to be spent for loans, revolving loan funds, property-assessed clean energy programs, or other financing activities. Section 411(b) allows for an expansion of the types of materials and benefits currently permitted under WAP but does not include a change to the mechanism for funding those benefits. SERC funds may be braided with other leveraged funds. Services could include needed electrical upgrades to enable the use of new technologies and renewables.

Further, to align with Executive Orders 13985 and 14008, applications must include a Diversity, Equity, and Inclusion (DEI) Plan that addresses:

- How DEI will be integrated in project planning, design, and implementation; and,
- A proposal for targeting at least 40% of project investments to disadvantaged communities using one of the following definitions:
    - DOE Disadvantaged Communities Reporter;[1]
    - Climate and Economic Justice Screening Tool;[2] or
    - A definition developed by the Grantee, Subgrantee, or project partner.

DOE must comply with the National Environmental Policy Act (NEPA) prior to authorizing the use of Federal funds. DOE must also consider the effects on historic properties, pursuant to Section 106 of the National Historic Preservation Act (NHPA), as well as other regulations. To streamline these required reviews, DOE carries out each of these reviews under the umbrella of its NEPA review. The NEPA determination is the DOE record that documents the NEPA review. Grantees may be required to submit additional information for a NEPA review. Grantees are required to attend DOE-led online trainings covering NEPA and Historic Preservation. Technical assistance will be available to SERC Grantees and Subgrantees for NEPA compliance activities.

Additional information on the application requirements and process is included on the following pages.

If you have questions regarding the information in this Memorandum, please contact Weatherization.innovation@ee.doe.gov.

A. SERC Application Process and Due Dates

The SERC application process for Subgrantees and Grantees consists of two phases:

1. Letter of Interest due **December 21, 2022, by 11:59 PM ET**.

2. Full Application due **February 24, 2023, by 11:59 PM ET**.

[1] https://energyjustice.egs.anl.gov/
[2] https://screeningtool.geoplatform.gov/en/#3/33.47/-97.5

B. Letter of Interest

Each Letter of Interest submission must include elements in the chart below. Submissions that do not meet the minimum criteria outlined in this section will be discouraged from proceeding to the full application phase. DOE has partnered with a contractor to utilize the online application submission platform, PeerNet, to conduct the peer review SERC Letters of Interest. Only electronic responses submitted through PeerNet will be accepted. Technical assistance is available for obtaining PeerNet access and submitting files. All questions about the application process should be submitted to Weatherization.innovation@ee.doe.gov.

All applications must be submitted through PeerNet by the deadline listed above here.

Instructions on setting up user accounts and using PeerNet are attached to this Memorandum.

SECTION (PAGE LIMIT)	DESCRIPTION OF REQUIRED ELEMENTS
Cover Letter (1 page maximum)	The cover letter must include: • Project title • WAP Grantee point(s) of contact • Local WAP Subgrantee(s) or providers/contractors (if Direct Service Grantee) identified for SERC projects • Subgrantee point of contact, if applicable • Preliminary funding level for each Subgrantee, if applicable.
Grantee Certification Statement (1 page)	• A Certification statement on Grantee letterhead that the WAP Grantee will provide necessary oversight to assess performance of Subgrantees or providers/contractors and take action if issues of noncompliance or poor performance are identified. This certification is assured by the Grantee including the following text in their cover letter: *(Insert Grantee Name)_____certifies that:* ▪ [Grantee] is fulfilling the monitoring and inspection protocol as part of our approved annual state plan. ▪ Subgrantees proposed for SERC awards have capacity to successfully implement proposed projects. ▪ Local quality control efforts are in place. ▪ At least 5% of the completed units in state or territory are inspected by Grantee staff during the course of the program year. If funded by DOE, the SERC Grant will be included in the financial oversight of our Weatherization program

Project Summary (2 pages per Subgrantee identified in Cover Letter maximum) **Direct Service WAP Grantees may submit one Project Summary (2 pages maximum)**	Provide a brief overview of each SERC project, including details such as: • Subgrantee name • Project goals • Project location and targeted housing types • Specific materials/technologies to be installed • Brief description of how project will target investments to disadvantaged communities • Anticipated leveraged funding types • The impact DOE funding would have on the proposed project. Applicants should explain how DOE funding, relative to prior, current, or anticipated funding from other public and private sources, is necessary to achieve the project objectives.

C. Full Application

DOE has partnered with a contractor for the online application submission platform, PeerNet, and to conduct the peer review portion of SERC Grant Applications. Only electronic responses submitted via the instructions below will be accepted. Technical assistance is available for obtaining PeerNet access and submitting files. Requests should be submitted to Weatherization.innovation@ee.doe.gov.

Full Applications will be reviewed and evaluated based on how the overall plan and scope incorporate the following required elements:

- How the project(s) will address SERC priorities, identified within EISA Section 411(b)(2):
  - The expected effectiveness and benefits of the proposed project to low- and moderate-income energy consumers,
  - The potential for replication of successful results,
  - The impact on the health and safety and energy costs of consumers served, and
  - The extent of partnerships with other public and private entities that contribute to the resources and implementation of the program, including financial partnerships.
    - Letters of commitment are required from project partners and leveraged funding sources.

- How the project(s) are expanding the Program for materials, benefits, and renewable and domestic energy technologies not currently covered under WAP (see 10 CFR 440.21(b)).

  SERC funding is not to be used for Appendix A materials, benefits, and renewable and domestic energy technologies already covered by WAP funds. For example, if a local provider is planning to use the SERC grant to install solar panels on homes they are weatherizing, the solar panels should be paid for by the SERC grant, but the base weatherization retrofit should be paid for with existing WAP funds or other braided leveraged funds.

- Using the Diversity, Equity, and Inclusion (DEI) Plan Template, detail how the project(s) will target at least 40% of investments and benefits to disadvantaged communities, and how DEI will be integrated in the project planning, design, and implementation.

- Planned, leveraged resources and partnerships, including letters of commitment.

Please review the required application elements and ensure your responses adequately address the criteria identified above. Plans will be reviewed and scored based on the following:

1 – Category is not satisfactorily addressed.
2 – Category is addressed but lacks sufficient detail.
3 – Category is well described and provides sufficient detail.

There will be an opportunity to earn preference points. An additional point will be added to the overall score if an application meets these criteria:

- Focuses on workforce development goals, partnerships, hiring or contracting practices on diversity, equity, or inclusion. This includes contracting with minority, woman, and veteran-owned businesses.
- Project addresses decarbonization and provides supporting evidence.
- Utilizes leveraged federal, state, local, or private funding.
- Utilizes WAP funding and includes weatherizing homes as a part of the project.
- A project submitted by a Grantee or Subgrantee who has not yet received SERC as a part of their current WAP award.

SERC FULL APPLICATION REQUIREMENTS

SECTION (PAGE LIMIT)	**DESCRIPTION OF REQUIRED ELEMENTS**
Cover Page (1 page maximum)	The cover page must include: • Project title, • WAP Grantee point(s) of contact, • Local weatherization provider/Subgrantee(s) or contractors (if Direct Service Grantee) identified for SERC projects, • Subgrantee point of contact, if applicable
Grantee Certification Statement (1 page)	• A Certification statement on Grantee letterhead that the WAP Grantee will provide necessary oversight to assess performance of Subgrantees or providers/contractors and take action if issues of noncompliance or poor performance are identified. This certification

	is assured by the Grantee including the following text in the cover letter: *(Insert Grantee Name)_____certifies that:* ▪ [Grantee] is fulfilling the monitoring and inspection protocol as part of our approved annual state plan. ▪ Subgrantees proposed for SERC awards have capacity to successfully implement proposed projects. ▪ Local quality control efforts are in place. ▪ At least 5% of the completed units in state or territory are inspected by Grantee staff during the course of the program year. If funded by DOE, the SERC Grant will be included in the financial oversight of our Weatherization program
Project Overview (2 pages maximum)	Provide a brief overview of each SERC project, including details such as: • Project goals • Location of project • Housing types
Technical Description and Impact (5 pages maximum)	The Technical Description and Impact section must contain the following information: • **Feasibility:** Describe the technical feasibility of the proposed SERC project(s) and the identified materials and/or technologies to be used and capability of achieving the anticipated outcomes, including a description of previous work done and prior results. • **Technical Qualifications and Experience**: Describe each Subgrantee or contractor's unique qualifications and expertise to implement a SERC project, including those of key team members. o The roles and the work to be performed by each organization. o Relevant previous work efforts, training, licenses and certifications, demonstrated innovations, and how these enable achieving the project objectives. • **Savings and Impact:** Identify what processes/calculations will be used to determine the projected return on investment or payback, and any non-energy benefits included in the calculation. • **Potential for Scalability**: Describe how this project may be scaled regionally or nationally, and any anticipated practices that may be integrated in formula WAP grants.

Diversity, Equity, and Inclusion (DEI) (2 pages maximum):	**Diversity, Equity, and Inclusion (DEI):** Identify project impacts and benefits to disadvantaged communities and how DEI will be incorporated in the project. DEI objectives and milestones should be integrated in the Project Management Plan below. DOE has provided an optional template to use that is attached to this memo.
Project Management Plan (4 pages maximum)	Provide a workplan with the following elements: • **Budget:** Total project budget, including estimated amounts for the following four cost categories: Program Operations; Grantee and Subgrantee Administration (maximum of 15% of total budget); Health and Safety. *Note: Training and Technical Assistance activities must be funded with WAP formula grant funds and not SERC funds.* • **Project Objectives:** Provide a clear and concise (high-level) statement of the goals and objectives of the project as well as the expected outcomes. • **Specific, Measurable, Achievable, Relevant, and Time-Bound (SMART) Milestones and Project Timeline:** For each project goal/objective, identify the specific tasks to achieve the objective as well as milestones. Recommend organizing goals/objectives by quarterly and annual milestones. • **Management Plan:** Provide the project's proposed management plan, including the following: o The overall approach to and organization for managing the work. o The roles of each project team and member. o Communication strategy among the project team. o A description of how project changes will be handled. o Grantee Monitoring Plan for Quality Assurance. o Local Control Plan or Process.
Letters of Commitment (1 page each maximum)	For each project partner other than WAP Grantees and Subgrantees, provide a letter of commitment describing: • The organization or individual's unique qualifications and expertise to implement a SERC project, including those of key team members. • The time commitment of the key team members to support the SERC project(s). • Leveraged resources that will facilitate the successful completion of the SERC project(s).

D. Process

The process for awarding funding for these projects will be as follows:

1. Grantees or Subgrantees must submit a Letter of Interest with a Grantee Certification Statement that certifies that the Grantee will include the SERC project in the administration, oversight, and financial monitoring of their regular formula weatherization assistance program. **Responses are due by December 21, 2022, at 11:59 PM ET**, and must be submitted through PeerNet.

2. DOE will review each Letter of Interest and either encourage or discourage Grantees or Subgrantees to submit a Full Application.

3. Grantees or Subgrantees will submit a Full Application by February 24, 2023, at 11:59 PM ET. Full Applications must be submitted through DOE's peer review partner website, PeerNet.

4. The Department will review and score each project plan submitted and verify that proposed projects meet the intention of EISA Section 411(b). Upon completing review, the Department may approve a response in whole or in part.

5. The Department will determine the allocations to be distributed to qualifying Grantees.
    a. The list of local weatherization providers that have been certified by Grantees and verified by DOE will be compiled, along with the requested funding level for each project.
    b. If the requested funding levels are at or below the amount of funds available (approximately $13 million), then funding for approved projects will be distributed as requested.
    c. If the requested funding levels are above the amount of funds available, then DOE will fund projects at lower than requested funding levels. This will be done by adjusting the requested funds based on the relative percentages of project funds requested and funds availability.

6. Upon approval of a response, the Department will instruct Grantees to include the SERC plan and budget in their Program Year 2023 application or revise their Program Year 2023 grant to reflect the additional allocations. The Grantee will need to provide additional information, including revised budgets, at this time.

7. The Grantee is responsible for distribution and oversight of the SERC grants funds to the selected Subgrantee(s).

Attachments:

1. DEI Template
2. PeerNet Instructions