

Round 1 Solicitation

Business and Management Issues

**CCPI Round 2 Planning
Workshop**

**Pittsburgh, PA
August 26, 2003**

**Sharon K. Marchant, Business Manager
National Energy Technology Laboratory**



CCPI Round 1

Business Management Issues

OBJECTIVES:

- Sought projects that would
 - (1) Demonstrate advanced coal-based technologies; &
 - (2) Accelerate technology deployment for commercial use.
-
- Applications had to show potential for rapid market penetration upon successful demonstration.



CCPI Round 1

Business Management Issues

- **Solicitation requirements were consistent with requirements of**
 - banks
 - capital markets funds providers
 - other government agencies, such as
 - U.S. Export-Import Bank
 - Overseas Private Investment Corporation
 - U.S. Small Business Administration

- **All Business Management & Financial information is required to be submitted to receive full credit during Evaluation.**



CCPI Round 1

Business Management Issues

- **Some applications included straightforward commitment letters -- However,**
 - Some were vague & heavily conditioned
 - Some were unclear as to which corporate entity actually planned to provide project funding

- **It is important for funding commitments to be both specific & definite**
 - Minimum funding conditions should be set out

CCPI Round 1

Business Management Issues

- **Host site could not be evaluated in some applications because site documentation was inadequate**
 - A site, or alternate sites, were not identified
 - No evidence provided that proposed site was available to project
 - No discussion of appropriateness of site for planned demonstration

- **If applicant is not site owner, a legally binding fully definitized Host Site Agreement must be in place prior to award (can be time-consuming)**



CCPI Round 1

Business Management Issues

- **Commercialization planning was incomplete or unrealistic in some cases**
 - Capturing 100% of a given market is not realistic
 - Commercialization was point-scored in evaluation

- **After successful demonstration, it is important to rapidly commercialize technology in market place, thereby meeting both program objectives**



CCPI Round 1

Business Management Issues

- **Some Repayment Plans lacked credibility, because of superficial economic & business analysis**
- **Full repayment of DOE cost share appeared speculative in some responses**
 - Repayment was point-scored in evaluation

- **Commercialization & repayment plans are vitally important to DOE**
- **DOE is looking for reasonable assurance of 100% repayment**
- **Repayment can come from any source!**



CCPI Round 1

Business Management Issues

- **Responses related to applicant's willingness to cover cost increases covered a wide range**
 - From no response at all -- to a broad statement that any and all cost increases would be covered

- **Serious project developers should arrange a combination of reserves & other types of support to cover such potential cost increases**
- **Commitment letters should describe how cost increases will be covered, in what amounts, and by whom**



CCPI Round 1

Business Management Issues

- DOE's practice is to not participate in any cost overruns
- We do not have any funds reserved for project cost overrun purposes
- DOE funding is fixed at initial amount requested in application



CCPI Round 1

Business Management Issues

- In some applications, Sources of Funds and Uses of Funds were difficult to reconcile, particularly during Project Definition phase

- Application should include a Sources and Application of Funds statement--describe how funds from specific sources will be used
- Be sure to provide this information for each phase proposed



CCPI Round 1

Business Management Issues

- **Generally, level of budget detail was less than requested.**
 - Subcontractor level of detail lacked supporting documentation.

- **A fully detailed cost estimate, and other information, is required in a timely manner after selection to avoid a serious delay in award of Cooperative Agreement.**
- **Failure to provide in a timely manner can result in a deselection.**

