

**Budget Narrative: Bioenergy Program**  
***Climate Pollution Reduction Grants – Implementation Grants***  
***Applicant: California Department of Conservation***

**1. Budget and Expenditure Detail**

**Personnel:** The budget includes three full-time staff over the five-year project period and is estimated based on current staffing rates<sup>1</sup> to attract the level of experience and type of expertise needed to effectively implement the expansion of each the Biomass Aggregation Expansion (one staff) and the Bioenergy Program Expansion (two staff due to the significant awards - in number and amount - expected). Staff will report to a single manager, who will not be charging to this grant but will be overseeing coordinated implementation. Annual 5% raises, awarded based on merit, are included commensurate with California Department of Human Resources practice and existing union agreements. Staff funding will be expended commensurate with State protocols, compliance with union agreements, and in accordance with all safe workplace, OSHA, and EEO laws and regulations.

**Fringe Benefits:** The State awards benefits at a rate of approximately 50% of personnel costs. This is a calculated standard for all State employees, expended with statewide payroll practices, and in this budget is relevant to the three staff listed.

**Travel:** One trip per program staff (3 total) to a conference or workshop is included for each of the five years of grant implementation. The costs for this travel are estimated based on State allowances, which are lower than federal allowances in most cases.<sup>2</sup> Note that in-state travel using personal or State vehicles is expected but is not included in the budget; if needed, it will be covered by DOC's overhead charges. All travel is controlled by a standard State protocol, including managerial sign-off, standardized and controlled charges, and reimbursement-based in most cases.

**Equipment:** No equipment purchases are expected.

**Supplies:** No supplies purchases are expected.

**Contractual:** We expect two costs in the Contractual line item:

1. Costs associated with environmental review support that is the responsibility of the State to provide as lead/responsible agency under State and federal permitting laws. These are legal duties that State legal staff cannot absorb, and so we expect to contract out for these. DOC expects a similar competitive request for proposals (RFP) process for this contract process based on past experience, with a contract signed in year 1, and costs extending across the first four years of the proposal.
2. The State is in the process of developing an RFP to support the analysis and development of options for a Biomass Tracking System for the State's use in ensuring the woody biomass is coming from sustainable sources, and not resulting in deforestation. This contract is currently limited to woody biomass from the forest and will be complete by the end of 2025. The contract budgeted in this application will expand and further implement the State's preferred Biomass Tracking System pathway, and this contract will support that work through developing: 1) a refined priority pathway for verification; 2) recommended partners for implementation – likely third parties; and 3) incorporation of agricultural biomass waste considerations. DOC expects this contract to be signed in year 2, with costs extending into year 4.

---

<sup>1</sup> Cal HR pay scales for state employees are available here: <https://www.calhr.ca.gov/state-hr-professionals/Pages/pay-scales.aspx>.

<sup>2</sup> CalHR travel and per diem rates are available here: <https://www.calhr.ca.gov/employees/Pages/travel-reimbursements.aspx>

Both RFPs will be released and awarded in compliance with both State requirements and the applicable procurement provisions in 2 CFR § 200.317 through 200.327.

The expenditure of these funds will occur efficiently. The DOC's standard RFP offering, selection, and contracting timeline can generally be accomplished within a 6-month window. EPA compliance and coordination may add a few months to the timeline, but the contracting process is efficient.

**Other:** The bulk of the project funding request is included in this category, as State desires significant on-the-ground project implementation to achieve pollutant and emissions mitigation/sequestration goals and community investment objectives. This funding will be offered as subawards/grants to project developers throughout California, to cut and sequester emissions and develop economic opportunities in underserved communities. Both existing programs will be significantly expanded through an increase in geographic eligibility and wood biomass considered/incorporated into the project. Both will be administered as competitive grant solicitations, and as a single competition with all funding awarded in a single award event. Again, the goal is to get the money working to decrease GHG emissions and criteria pollutants within the 5-year CPRG timeline, if not sooner.

1. **Biomass Aggregation Expansion:** The existing program was built over the last six years with robust public engagement and stakeholder and host community input. Implementation experience has resulted in lessons learned that are already informing program implementation. Where direct funding to local government entities occurred before, this proposal would employ competitive grants to serve a broader diversity of applicants.

The focus for this iteration of the program will be on securing a physical site location – and possible infrastructure – for operations. The grant solicitation will highlight the need for grantees to comply with CFR 200.311 and related provisions and regulations for the acquisition of real property, BABA/Buy American requirements, DBRA compliance, and more.

Application eligibility will be determined based on baseline organizational criteria, including an established organizational entity (in most cases a Joint Powers Association or public sector Memorandum of Understanding, among others as appropriate for each region). Applicants will need to demonstrate previous/existing community engagement, such as to public bodies such as Tribal councils, city councils, and county boards of supervisors, and a description of how public input has shaped organizational design and services offered in applications.

The solicitation will be open for at least 30 days, accepting awards at the end of that period. The State project team will then review applications for eligibility and scoring. This process will likely take approximately four weeks. The EPA program officer/staff will be invited to participate as technical advisors or to serve with the interagency team on the evaluation panel as they see fit. After a review team meeting, the ranked list for awards will be brought to the EPA for discussion, especially highlighting any proposal including land acquisition, in order to comply with CFR 200.439(b)(1) in getting permission from the EPA prior to land acquisition with federal funding.

Following consultation with the EPA, the DOC will announce preliminary awards and begin the contracting process with the proposed awardees. Pending final CPRG contract signing, DOC expects to award Biomass Aggregation Expansion funding in the first quarter of 2025.

2. **Bioenergy Program Expansion:** This existing program has been built over two years of public engagement, stakeholder and developer input, and program implementation experience. We know what works and are looking forward to expanding from the current geography (California's Sierra Nevada Range) to the entire State. The program will still be focused on woody biomass, but will include agricultural waste, and so we anticipate doing another round of public outreach, especially

targeting agricultural communities that we anticipate having interest – positive or negative – in the program. That public input will help us in nuancing the existing program format to better meet these communities’ needs.

Pending final CPRG contract signing, we expect to award Bioenergy Program Expansion funding in the second quarter of 2025.

The program will be offered as a competitive grant solicitation, with guidelines detailing the priorities of the State and federal governments for implementation and expenditures. These priorities include:

1. Development of carbon-negative fuel: Grant applicants will be asked for a significant level of detail showing how they will achieve carbon negative fuel, including consideration from biomass source to final product utilization. This lifecycle carbon assessment (LCA) has been central to previous program iterations and will be reviewed by experts at CARB. Successful applicants will be asked to finalize their LCA, which will then be used to evaluate the grantees’ success in meeting GHG emissions mitigation/sequestration goals. CARB staff review will ensure that applicants’ statements of carbon negativity are valid and defensible; these same staff will track project implementation and output over the life of the project to ensure that developers implement projects as designed, and that the estimated process emissions reductions and sequestration rates are achieved.
2. Location in and/or directly benefitting a disadvantaged community: These facilities provide clean, renewable power, and thus represent beneficial community investments as an economic driver and potential provider of energy security. For forest locations, the facility will support forest health projects, mitigating wildfire risk. For all locations, the facility will provide a non-combustion pathway for woody biomass waste, mitigating criteria pollutants and their long-term health impacts.
3. Community benefits plan: While DOC does not expect applicants to have completed these plans, the inclusion of budget line items resulting in a comprehensive, community-informed benefits plan for the project is expected for all successful applicants.
4. Tribal involvement: Tribes located in California have demonstrated strong interest in biomass utilization businesses. Previous program iterations have incentivized material Tribal involvement, leadership, and direction, and this expanded program will continue with that successful strategy. We will award extra points for demonstrated material Tribal leadership and/or ownership in these projects, enhancing the opportunity for Tribes to build sovereignty, self-sufficiency, and leadership in this high-need State challenge.
5. Engineering status: While certainly new technologies are welcome, our strongest motivator in administering this program is to sequester and avoid GHG and criteria pollutant emissions. Therefore, we give extra points for technology that has been proven at a Technological Readiness Level (TRL; as defined by the Department of Energy) of 9 or above.<sup>3</sup> This section is reviewed by colleagues at the California Energy Commission, who provide their insight based on decades of technology research, review, and funding experience. They will ensure that the technology proposed is actually at the TRL indicated by the applicant and evaluate the merits of applicants’ proposed approaches.

---

<sup>3</sup> See the DOE’s TRL memo here: [https://www.energy.gov/sites/prod/files/2016/07/f33/technology\\_readiness\\_levels.docx](https://www.energy.gov/sites/prod/files/2016/07/f33/technology_readiness_levels.docx).

6. Financial readiness and sustainability: This program is structured to invest materially in a proposed project: this has been defined, as informed by stakeholders, funders, and developers, to require at least 10% of public investment to galvanize private sector funding. This proposal cannot provide the entirety of funding for any one facility, and applicants must show financing plans for an initial project build. Further, once any project is built, DOC must be sure it can operate, and requires a financial pro-forma and plan to show long-term operational sustainability. This portion of the application is reviewed by colleagues at the California Infrastructure and Investment Bank (IBank), the staff of which have decades of experience in the financial analyses of a diversity of projects, implemented by a diversity of project developers (public, private, Tribal, non-profit, etc.). IBank staff will ensure that financial plans and pro forma are reasonable, defensible, and merit public investment.

The solicitation for this proposal is already drafted: staff expect to hold another 2-3 public and Tribal workshops following any CPRG award announcement, and then will publish the refined Bioenergy Program funding solicitation and guidelines following contract signature with the EPA. DOC would keep the solicitation open for 60 days before reviewing applications for eligibility and making them available for interagency review and scoring. The EPA program officer or staff will be invited to participate as technical advisors or to serve with the interagency team on the evaluation panel as they see fit. This process takes approximately 6 weeks, with final section scores conveyed to the DOC for aggregation and analysis. After an interagency meeting, the ranked list will be brought to the EPA for discussion, especially highlighting:

1. Any proposal including land acquisition, in order to comply with CFR 200.439(b)(1) in getting permission from the EPA prior to allowing land acquisition with federal funding;
2. Construction-related costs – expected to represent the majority of grantees’ expenditures – and statutory and regulatory requirements for materials purchase, including BABA/Buy American, DBRA, and other relevant purchasing and execution requirements, and
3. With regard to any awards going to for-profit organizations, such as bioenergy development companies. DOC realizes that subawards to for-profit companies are rare but suggest that the nation’s transition to a carbon-neutral, fossil-free economy will not be sustainable over the long-term without private sector participation. Thus, similar to DOC’s existing grant program, for-profit companies are expected to apply for and be competitive to receive CPRG funding.

Entities registered as 501(c)(4) - lobbying non-profit organizations – will not be eligible for CPRG funding through this proposal.

Following consultation with the EPA, the DOC will announce preliminary awards and begin the contracting process with the proposed awardees. At least quarterly invoicing and reporting will be expected from grantees – they have often requested a shorter period for these activities, such as every 1-2 months, but the period will not be longer than reporting every three months – and this information will roll up into the DOC’s biannual reporting to the EPA.

As DOC has in the past, we will continue to offer public and industry educational opportunities, including basic overviews of bioenergy development, benefits to communities, and how community involvement and engagement might be successfully approached. DOC has also done workshops on financing bioenergy facilities, and on putting together a robust feedstock plan. DOC will offer at least one of these in the first 18 months of any award, with a second offered within the first three years. These will be recorded and available publicly on our program webpage.

Expenditure controls in place are tried and tested by DOC staff, administrators, and the State's auditors. Invoices are submitted regularly – at least quarterly – and are checked at three stages within the DOC, and then reviewed and checked again by our State Controller's office. The DOC has been developing funding programs, administering competitive grant solicitations, managing grant invoicing, and overseeing grantee progress for decades. Many of these awards have been complex, multi-party awards, awards to private for-profit sector recipients, and collaborative agreements with Tribes. The DOC is extremely well versed in adhering to public policies and regulatory controls to ensure the public benefit of public money. To our standard process we will add the regulations and statutory funding oversight requirements of the federal government and EPA, working collaboratively with the EPA to ensure that those requirements are satisfactorily met.

**Indirect Charges:** The State's EPA-approved indirect cost rate projected for 2025-26 is 35.12%. This estimate includes the SWCAP for EPA oversight. DOC's robust accounting processes and procedures – in place to manage hundreds of millions of dollars of public funds annually – will apply these same stringent controls to EPA CPRG grant fund dollars.

## **2. Expenditure of Awarded Funds**

This information is integrated in part a, above.

## **3. Reasonableness of Costs**

**Personnel:** We are applying for funding for three full time staff positions: one as primary program administrator of the Biomass Aggregation Expansion and the other as primary program administrator of the Bioenergy Program Expansion. The staffing costs are estimated as an average of the desired position titles and range available within the desired position; these are standardized across State government for all civil service classifications.<sup>4</sup>

1. Biomass Aggregation Expansion staff will focus on administering this program, including the grant program solicitation development, awards, and invoicing/reporting processes, and the Biomass Tracking System contract. They will lead at least one public and/or industry education workshop. Their work will ensure that the Biomass Aggregation grantees continue to consider GHG and criteria pollution mitigation and/or sequestration work. This staff person will work with contacts at CARB, local air districts, and academia to evaluate grantees' progress in meeting their GHG and criteria pollutant emissions by the CPRG program close.
2. Bioenergy Program Expansion staff will focus on administering this program, mirroring all the tasks outlined above, plus ensuring that the best available emissions control technology is applied, as appropriate to bioenergy facilities.

**Fringe Benefits:** Benefits are a standard package offered by the State and are an important part of successful staff recruitment and retention. Experienced and reliable staffing is essential for meeting the goals outlined in this application, and thus the benefits package is an essential to meeting GHG and criteria pollutant goals. The staff hired would receive the State's standard benefits.

**Travel:** Travel costs are estimated based on allowable State maximums, which in many cases are lower than allowable federal costs. The State's hotel costs are based on the jurisdiction where staff are

---

<sup>4</sup> For California pay scales, see this webpage: <https://www.calhr.ca.gov/state-hr-professionals/Pages/pay-scales.aspx>. We are particularly interested in the classifications of Associate Environmental Planner and the more experienced ranges of the Environmental Scientist, possibly Senior Environmental Scientist.

staying; the maximum allowable is \$270 for high-cost areas of the State, but the actual cost will be dependent upon location.<sup>5</sup>

**Equipment:** No equipment is requested.

**Supplies:** No supplies are requested.

**Contractual:** The DOC expects to advertise for two support contracts:

1. Environmental Permitting: Environmental review is the responsibility of the State to provide as lead/responsible agency under State and federal permitting laws. These are legal duties that State legal staff cannot absorb, and DOC expects to contract out for these. The DOC has already completed this process for existing Biofuels Program work and is familiar with what reasonable costs will include. The expertise required for this contract is familiarity with State and federal environmental permitting, and experience in working with Tribes and on Tribally owned land.
2. Biomass Tracking System: The State is currently in the process of developing an RFP to support analysis as a precursor to this more detailed need. The current planned contract will award \$200,000, as informed by market research. The contract expected as part of this grant application is larger due to the expanded scope, as detailed above. The expertise required for this contract is a familiarity with both forest and agricultural biomass availability and supply needs as relevant to utilization pathways, with a focus on energy development.

**Other:** The bulk of the work, and how the State's GHG and criteria pollutant and emissions goals will be met, will be achieved via the subawards in this budget category.

1. The existing Biomass Aggregation program participants have been operating for several years, and we know the approximate cost required for securing a site and facilities in the diverse jurisdictions served by the program, as well as staffing estimates: these have been detailed in the regional plans compiled by the existing regional planning groups. While this program will be administered as a competitive grant solicitation and will result in new program beneficiaries, the costs should not be outside the range of existing experience.
  - a. The GHG and criteria pollutant goals associated with this component of the application will be achieved by the on-the-ground work of the grantees of this program. Their efforts to establish a permanent location with reliable pricing and offtakers will ensure a more resilient forest health and agriculture industry, resulting in more acres/treated in the forest, avoided agricultural burning, mitigated risk of catastrophic wildfire, and more efficient transportation of woody biomass feedstock.
2. The Biofuels Program has been operating for several years, and thus we know that there exists overwhelming demand in the sector. In our first solicitation we had \$4M available and received applications for \$76M, with applicants estimating the full cost of their facilities at a combined more than \$1 billion. The interest in developing bioenergy from California's woody biomass waste is strong, and program expansion to statewide applicability will only grow the pool of interested parties. We will be able to grant any amount of funding we receive, and the more funding we receive, the more GHG and criteria pollutant emissions can be avoided/sequestered/mitigated. With the submitted budget, we expect to award funding to between 7-10 smaller facilities (costing between \$100-200M each; grant of between \$10-20M each) and 3-5 larger facilities (costing at least \$500M each; grants of approximately \$50M each); the cost of the facility is generally commensurate with their impact on emissions avoided and sequestered.

---

<sup>5</sup> California State Allowances for Travel can be found on the CalHR webpage: <https://hrmanual.calhr.ca.gov/Home/ManualItem/1/2203>.

- a. Similar to the Biomass Aggregation program, the GHG and criteria pollutant goals associated with this component of the application will be achieved by the on-the-ground work of the grantees of this program. The diverse recipients of these funds will build new infrastructure to utilize waste products from California's natural and working landscapes, turning them into carbon-negative bioenergy that will replace fossil fuels throughout the State's economy. Their carbon-negative activities will sequester CO<sub>2</sub>e in California's natural and working lands, and will also result in avoided catastrophic wildfires, avoided pile and agricultural burning, and avoided emissions from decomposition.

**Indirect Charges:** Similar to fringe benefits, indirect charges are how the DOC will successfully administer these funds, paying for the people and processes necessary to protect public trust, review and pay invoices, account for GHG emissions and criteria pollutants, and other supporting work. The charge is calculated by the federal government, and thus is a defensible and fact-based number that will include the SWCAP that goes toward federal administration and oversight.