

Budget Item Justifications for North Dakota Renewable Energy Council (NDREC)

Prepared in response to NDREC request regarding EERC Proposal 2009–2011

Renewable Electrolytic Ammonia Production from Water and Nitrogen

14 September 2009

Food: The proposed project includes three or four meetings a year at Energy & Environmental Research Center (EERC) attended by 5–7 EERC personnel and 12–15 representatives of the North Dakota Corn Utilization Council and Minnesota Corn Research and Promotion Council (ND/MN Corn), cosponsors of the project in addition to NDREC and the U.S. Department of Energy (DOE). These meetings include a working lunch.

Travel: Travel costs are estimated on the basis of University of North Dakota travel policies, which can be found at www.und.edu/dept/accounts/policiesandprocedures.html. Estimates include U.S. General Services Administration daily meal rates. The proposed project includes travel to a DOE project review meeting, typically held in Pittsburgh, Pennsylvania, to present project findings. Attendance at a minimum of one DOE project review meeting a year is a DOE-mandated requirement of utilizing DOE funding as project cost share. The proposed project also includes travel to two national electrochemistry and/or renewable fuel/product conferences to present generic project results, with the objective of attracting industry interest in the project-developed technology and establishing a business partnership for technology commercialization.

Facilities and Administrative Cost: Facilities and administrative (F&A) cost is calculated on modified total direct costs (MTDC). MTDC is defined as total direct costs less individual items of equipment in excess of \$5000 and sub-awards in excess of the first \$25,000 for each award. The EERC F&A rate for commercial entities is 60%, which includes the approved EERC federal F&A rate of 50% plus an increment of 10%. The federal F&A rate is derived based on a methodology that is designed for universities. The methodology assumes that not all F&A costs need to be covered by the federal rate, because universities receive appropriated and other sources of funds. However, as a non-profit business operating within the University of North Dakota, the EERC does not receive any additional income from the University or the State to cover actual overhead costs not included in the federal rate. The 10% F&A rate increment over the federal rate represents calculated actual costs that exceed the allowable 26% federal cap on administrative costs as well as a depreciation/use allowance on buildings and equipment purchased with federal dollars. These costs, which are not allowed by federal agencies, are actual costs that nonfederal agencies derive a benefit from and for which the EERC needs to recover revenue in order to continue providing the benefit. All nonfederal EERC clients/partners are budgeted at the 60% F&A rate, including ND/MN Corn, the nongovernment cost-share providers for the proposed project.