

Electric Grid Resilience State and Tribal Formula Grant Program 40101(D)

Virginia Energy is well suited to lead the application and implementation of the Electric Grid Resilience Formula Grant. Virginia Energy is experienced in grant administration through the US Department of Energy formula grants such as State Energy Program (SEP). The Electric Grid Resilience Formula grant will be a five-year grant with annual applications for each program year. Similarly the SEP Annual Formula grant is a three-year grant with 3 distinct program years. Also, other formula grants that Virginia Energy will receive later this year through Bipartisan Infrastructure Law (BIL) like SEP and the Energy Efficiency and Conservation Block Grant (EECBG) will be similar to this model. Virginia Energy will be in a good place to consolidate the administrative, budgeting and reporting functions of the closely related grants.

Being the “State Energy Office”, Virginia Energy is the prime leader in energy related topics in the Commonwealth like generation, transmission, distribution, and related usages of energy. Virginia Energy can lead the diverse groups of stakeholders needed to address issues this grant intends to address. Virginia Energy will benefit from the synergies created by administering similar grants as well as stakeholder outreach associated with other initiatives like the Virginia Energy Plan and Virginia Energy Assurance Plan.

Stakeholder List:

- Governor’s Office
- State Corporation Commission (SCC)
- Department of Emergency Management (VDEM)
- Department of Environmental Quality (DEQ)
- Virginia Municipal League (VML)
- Virginia Association of Counties (VACO)
- Virginia Association of Planning Districts Commissions (VAPDC)
- Municipal Electric Power Association of Virginia
- Community Colleges and Universities
- Utility Providers

The Federal Justice 40 initiative is required in this grant. Therefore, 40% of the federal funds need to be applied to Disadvantaged Communities (DACs). The Equity Approach is defined in the Program Narrative informational outline copied at the end of this document.

The following information is summary from the Announcement and Frequently Asked Questions, and May 5, 2022 Webinar associated with the announcement.

Issue Date: July 6, 2022

Application Due Date: March 31, 2023 (revised from September 30, 2022)

Building a Better Grid Initiative to strengthen and modernize America’s power grid against wildfires, extreme weather, and other natural disasters.

- DOE set to issue \$2.3 billion formula grant over 5 years
- Annual allocation = \$459 million per year for 5 years
- Formula includes, among other things, factors of population size, land area, probability and severity of disruptive events

Virginia annual Formula Allocation: \$5,486,769 Year one

- Limit 5% for Technical Assistance and Administrative Costs combined

Period of Performance -5 years

Eligible Applicants are States, Tribes and Territories

Steps for Application:

1. Identify the single applicant for the State
2. Develop plan or process for distribution of funds
3. Develop method or process for potential projects from eligible entities including identifying criteria that will be used in funding projects
4. Develop a plan to provide notice and conduct a public hearing as required
5. Hold Public Hearing and submit the information as part of September 30th Application

States, territories and tribes need to submit Application to DOE by September 30, 2022 – more detailed information regarding the Program Narrative is copied at end of this document

- Program Narrative: Criteria and methods to award grants, a plan for distribution of funds, and evidence of notice and **public hearing** on the plan.
- States required to submit applications each year, although grants may cover multiple-year deployments

Head of Government Letter or Tribal Council Resolution:

- Applicants shall provide a “Head of Government Letter” or “Tribal Council Resolution” documenting their appointment as the sole entity within the State or Indian Tribe to apply for, receive, and administer the award as authorized by IIJA section 40101(d) and as described in this ALRD.

Eligible Entities for Subawards

- Electric grid operator
- Electricity storage operator
- Electricity generator
- Transmission owner or operator
- Distribution provider

- Fuel supplier
- Any other relevant entity, as determined by Secretary of DOE

Cost Sharing:

- State required to match 15%
 - Allowable
 - Cash
 - Personnel costs
 - In-kind
 - Indirect costs or facilities and administrative costs
 - Funds received under TVA power program
 - Exclude
 - Revenues or royalties from prospective operation of an activity beyond the time considered in award
 - Proceeds from the prospective sale of an asset of an activity
 - Other Federal Funds
- Eligible entity receiving subaward required to match 100% for sub-awardee unless below 4,000,000 megawatt hours of electricity per year. If below 4 million megawatt hours the subawardee match is one-third of the amount of subaward.
- Projects are capped at the amount spent in the previous three years on resilience.

Small Utility Set-aside

- State receiving grant shall ensure that, of the amounts made to subgrantees, the percentage made available to eligible entities that sell not more than 4 million megawatt hours of electricity per year is not less than the percentage of all customers served by those eligible entities within the State.

Objectives and Scope

The objective of this Program is to improve the resilience of the electric grid against disruptive events. Per IJJA section 40101(a)(1), a disruptive event is “an event in which operations of the electric grid are disrupted, preventively shut off, or cannot operate safely due to extreme weather, wildfire, or a natural disaster.”

To achieve this objective, funding provided by DOE under this Program may be used to implement a wide range of resilience measures intended to mitigate the impact of disruptive events, including:

- weatherization technologies and equipment;

- fire-resistant technologies and fire prevention systems
- monitoring and control technologies;
- the undergrounding of electrical equipment;
- utility pole management;
- the relocation of power lines or the reconductoring of power lines with low-sag, advanced conductors;
- vegetation and fuel-load management;
- the use or construction of distributed energy resources for enhancing system adaptive capacity during disruptive events, including:
 - microgrids; and
 - battery-storage subcomponents;
- adaptive protection technologies;
- advanced modeling technologies;
- hardening of power lines, facilities, substations, of other systems; and
- the replacement of old overhead conductors and underground cables.

Funding may also be used for the training, recruitment, retention, and reskilling of skilled and properly credentialed workers in order to perform the work required for the particular resilience measures listed above and described by the State or Indian Tribe in their Program Narrative, as described in more detail in ALRD Section IV.B.ii.4.

Resilience measures that are not allowed under Section 40101(d) include:

- Construction of a new –
 - electric generating facility; or
 - large-scale battery-storage facility that is not used for enhancing system adaptive capacity during disruptive events; or
- Cybersecurity.

Program Narrative Description from the Funding Opportunity Announcement (FOA)

The Program Narrative shall address the following:

1. **Objectives and Metrics:** List 3-5 objectives that the applicant intends to apply for guiding their resilience investment decisions. The intent of this section of the Program Narrative is to ultimately develop a planning framework for resilience to address all-hazards including future climate implications. The first year, DOE is seeking input on criteria for determining investment decisions. At a minimum, the objectives and metrics should address:
 - a. Resilience and energy justice concerns, including reducing the frequency and duration of outages in disadvantaged communities.
 - b. How the project will use strong labor standards and protections (including for direct employees, contractors, and subcontractors), such as through the use of project labor agreements, local hire agreements, and outline of a plan to attract, train, and retain an appropriately skilled workforce (i.e., through registered apprenticeships and other joint labor management training programs that serve all workers, particularly those underrepresented or historically excluded); plans to partner with a training provider (labor, community college, etc); and the use of an appropriately credentialed workforce (i.e., requirements for appropriate and relevant professional training, certification, and licensure).

Provide the metrics that will accompany the objectives to measure outcomes associated with improving resilience, creating good-paying jobs with the free and fair choice to join a union, and advancing energy justice.

Indicate whether the objectives and metrics are provisional pending further discussion and consideration by the State or Indian Tribe with its stakeholders. DOE expects that recipients will establish a formal set of objectives and metrics in order to receive Year 2 formula funding.

Examples of objectives and metrics, in addition to reporting on any DOE required metrics, and approaches for establishing them are available at: [Section 40101\(d\), Formula Grants to States & Indian Tribes | netl.doe.gov](#).

2. **Criteria:** Describe the criteria used for selecting and determining the awards to eligible entities. At a minimum, the criteria should address specific requirements set forth in Section 40101(d), which include that:
 - a. Priority should be given to projects that will generate the greatest community benefit (whether rural or urban) in reducing the likelihood and consequences of disruptive events.
 - b. The percentage made available to eligible entities that sell not more than 4,000,000 megawatt hours of electricity per year should not be less than the percentage of all customers in the State or Indian Tribe that are served by those eligible entities.

AND

- c. Awards should be provided to eligible entities for projects within the State or on the land of the Indian Tribe.
3. **Methods:** Provide a description of the methods the applicant anticipates using for soliciting, awarding, and distributing funds. These might include several options, including the use of competitive solicitations, direct awards, and the use of financial instruments, such as Green Banks, to leverage the funds through 40101(d).

Provide also a description of the methods the applicant anticipates using to track and make public the metrics achieved by awardee uses of program funds to improve resilience by reducing the likelihood and consequences of disruptive events, to generate quality jobs, and to improve equity and community benefits.

4. **Funding Distribution:** Provide a description of the proposed funding distributions and categories of recipients of the subgrants to be provided to eligible entities. Also, indicate preferences for eligible entities if they do not explicitly appear on the list of eligible entities provided in Section 40101.
5. **Equity Approach:** To achieve the greatest impact for all Americans with this once-in-a-generation investment in infrastructure, it is critical that the BIL-funded projects not only contribute to the country's energy technology and climate goals, but also (1) support the BIL objectives to invest in America's workforce by including specific elements to accelerate job growth and job quality, including approaches to give workers a free and fair choice to join or form a union; and (2) advance DOE's equity, environmental and energy justice priorities, including DOE's commitment to the Justice40 Initiative¹⁹. Accordingly, the Program Narrative must describe how the State or Indian Tribe will ensure their proposed project will incorporate:
 - a. **Quality Jobs:** Strengthening prosperity by expanding goodpaying, safe jobs accessible to all workers and supporting job growth through investments in domestic supply chains is a key goal set by President Biden, discussed in depth in his Executive Orders on Ensuring the Future Is Made in All of America by All of America's Workers (EO 14005), Tackling the Climate Crisis at Home and Abroad (EO 14008), Worker Organizing and Empowerment (EO 14025), Boosting Quality of Federal Construction Contracts (EO 14063), Promoting Competition in the American Economy (EO 14036), and Implementing the Infrastructure Investment and Jobs Act (EO 14052). Accordingly, this section of the Program Narrative should address efforts to achieve these goals, including
 - i. efforts to attract, train, and retain a skilled workforce.
 - AND
 - ii. workforce opportunities in communities that have lost jobs due to the displacements of fossil energy jobs; and
 - b. **Community Benefits:** Section 40101(d)(5) requires a State or Indian Tribe to give priority to projects that would generate the greatest community benefit (whether rural or urban) in reducing the likelihood and consequences of disruptive events. The Program Narrative should include an explanation of how the State or Indian Tribe will make such a determination for the projects that will be receiving funding and should include information on how the projects go beyond measures that are already being undertaken through current resilience planning by the State or Indian Tribe.

- c. **Diversity, Equity, Inclusion and Accessibility:** DOE strongly encourages efforts to reach historically underserved populations, racial minorities, and women. These strategies should create the connectivity and conditions for growth where they may not exist, such as in rural and underserved communities. The Program Narrative should articulate the strategy the State or Indian Tribe will use for sharing and maximizing the project's benefits across disadvantaged communities and include a discussion of how resident, worker, and community leadership will be engaged throughout the project's duration.

Provide an explanation of how the State or Indian Tribe will make such a determination for the projects that will be receiving funding and should include information on how the projects go beyond measures that are already being undertaken through current resilience planning by the State or Indian Tribe.

6. **Technical Assistance and Administration:** Provide a description of how the State or Indian Tribe intends to utilize up to 5 percent of Federal grant funds for project administration and technical assistance.
7. **Public Notice and Hearing:** Section 40101(d)(2)(B)(ii) requires that eligible applicants give notice and undertake a public hearing to review the criteria and methods they anticipate using to grant awards to eligible entities and the proposed funding distributions and recipients of the grant awards to eligible entities. The applicant should use the public hearing to share the approach envisioned for setting objectives and metrics and the proposed funding distributions and recipients of the grant awards to eligible entities. Provide a brief description of the notice and public hearing process, including the number and types of organizations that attended. Also, report on the outcome of the public hearing such as approaches for engaging stakeholders for establishing formal objectives and metrics and for implementing strategic planning processes. Provide a copy of the notice as an attachment to the Program Narrative.

DOE anticipates that the Program Narrative will be between 5 and 15 pages, depending upon the grant amount and complexity of resilience activities. DOE may reject applications and require revisions, if it determines that the program narrative lacks sufficient detail or does not comply with stated requirements. Save the information in a single file named (APPLICANT NAME PROGRAM NARRATIVE.pdf).

Environmental Questionnaire

For the initial application, Applicants will be required to submit an environmental questionnaire(s) (NETL Form 451.1-1/3) for the proposed primary work location(s), for their administrative and technical assistance activities. Save the questionnaire in a single file named "APPLICANT NAME ENV.pdf" (or "APPLICANT NAME ENV-FILL IN TEAM MEMBER.pdf" if more than one questionnaire is submitted).

SF-LLL: Disclosure of Lobbying Activities (required)

Prime recipients and subrecipients may not use any federal funds to influence or attempt to influence, directly or indirectly, congressional action on any legislative or appropriation matters.

Prime recipients and subrecipients are required to complete and submit SF-LLL, "Disclosure of Lobbying Activities" to ensure that non-federal funds have not been paid and will not be paid to any person for influencing or attempting to influence any of the following in connection with the application:

- An officer or employee of any federal agency;
- A Member of Congress;
- An officer or employee of Congress; or
- An employee of a Member of Congress.

Head of Government Letter or Tribal Council Resolution

Applicants shall provide a "Head of Government Letter" or "Tribal Council Resolution" documenting their appointment as the sole entity within the State or Indian Tribe to apply for, receive, and administer the award as authorized by IIJA section 40101(d). Save this information as (APPLICANT NAME HEAD OF GOVERNMENT.pdf or APPLICANT NAME TRIBAL COUNCIL RESOLUTION.pdf).

Pre-Award Information Sheet

Applicants are required to complete the Pre-Award Information Sheet and submit it with their application. Save this information as (APPLICANT NAME PRE-AWARD INFO.pdf).