



GRID MODERNIZATION PROVISIONS IN THE BIPARTISAN INFRASTRUCTURE LAW Key Issues and Recommendations

RECOMMENDATION: Implement Grid Advisory Committee

The Energy Act of 2020 directs DOE to establish a grid advisory committee to guide DOE on implementation of last year's grid R&D programs. This grid advisory committee could also serve as a venue for DOE to engage with industry, state and local stakeholders on implementation of the infrastructure package grid provisions.

GridWise Alliance Member Questions Regarding Program Design

Davis-Bacon Act

- How will the Davis-Bacon Act prevailing wage requirement be applied? Will prevailing wage be limited to construction/installation activities only, or will it extend to equipment manufacturing?

Supply Chain

- Is the "Build America, Buy America Act" (BABA) Title of the infrastructure bill the only of source of domestic content provisions that will be applicable under the funding programs?
- Will DOE take into account and/or seek industry inputs as to the possible unavailability of products meeting all the domestic content provisions under BABA?
- Will DOE provide a guidance note on the proper interpretation of the domestic content requirements in the context of the energy sector and of typical equipment or products that the grid is made of?
- Regarding the definition of Domestic Content Procurement Preference (Sec. 70912(2)), will steel and iron, manufactured products, and construction materials from Trade Agreements Act Designated Countries be accepted?
- Regarding the definition of Produced in The United States (Sec. 70912(6)(B)(i)), how does DOE define "produced"? Does it include assembly?
- Will preferential treatment be provided to projects utilizing Buy-American products in the project evaluation process?

Timeline of Project Fundings

RECOMMENDATION: The Smart Grid Investment Grant (SGIG) program of 2009 was successful in making a timely impact by enabling shovel ready projects to be realized in a short time frame and this model should be repeated. The quick allocation and distribution of funding aligns with our country's commitment to accelerating the clean energy transition and an expedited process will enable available technologies to make an immediate impact. DOE should establish two pathways for funding based upon a project's execution timeline:

Path 1 - A fast track for projects not needing permitting that are fully scoped and ready to deploy.

Path 2 - A standard pathway for projects requiring permitting, which could potentially encounter external regulatory or procedural risk.

- For highway projects, the Infrastructure Investment in Jobs Act (IIJA) provides categorical exclusions (CEs) under the National Environmental Policy Act for projects with limited federal assistance - e.g. \$6 million in federal funding or \$36 million in total funding? Is DOE considering similar guidance for grid funding under the IIJA? Or is DOE considering updating their prior guidance related to CEs?
- Is it expected that the timeline for FOA opportunities will be as rapid as for the SGIG Program under the Recovery Act, i.e. about 1 month for industry to comment, and 3 weeks to express intent & 3 additional weeks to prepare and submit application under the actual FOA (1st round)? When will DOE initiate this process?
- How will DOE award funds that the bill directs should be dispersed over 5 years? Will programs issue one large FOA or multiple FOA's in subsequent years? If the latter, will DOE release a schedule of FOA topics the first year?
- When will the grant requests be issued?
- When do the project have to be completed by?
- Can requests be for multi-year projects?

Project Selection and Prioritization

- How will DOE determine the breakdown of funding among IOU, ISO, municipal and rural cooperative utilities?
- Are there priorities for funding in each category?
- Will there be thresholds and ceilings for cost of projects to be submitted for funding under each program?
- Will there be a ceiling to the amount of funding that a single entity might be eligible to receive under a single program or across all programs?

State Funding

- What state agency will direct the funding at the state level and what will be the process/criteria for which projects get prioritized? Does it depend on the resiliency needs of the state?
- How can industry best support states in their efforts to use investments efficiently?
- Congress directed DOE and DOT to create a task force to coordinate EV infrastructure funding—how will the agencies implement that task force, and are there plans to encourage similar coordination at the state level?

Equity

- President Biden pledged that at least 40% of the benefits of the overall benefits from federal investments in climate and clean energy to disadvantaged communities. How will that commitment be implemented with respect to DOE's grid modernization funding?

Reporting and Data Collection

RECOMMENDATION: DOE should continue to leverage existing data platforms (not create duplicative reporting standards) by review/assessing current processes in place to ensure they are efficient and operational. Leveraging existing data reporting platforms at DOE or other agencies that are efficient/effective allows businesses to build on those platforms and make necessary technology enhancements as needed without re-inventing.

Cost Recovery

- Can DOE encourage collaboration with state partners and stakeholders to ensure that utilities can recover the non-federal portion of projects receiving federal infrastructure funding?

Cybersecurity

- Does DOE intend to require cybersecurity plans for all projects?
- Will cybersecurity plans be reviewed for sufficiency prior to approving a funding request? If so, what will that process entail?
- What, if any, follow-up, audits, or evidence will be required to ensure the cybersecurity plans are being followed?
- Are there any provisions that DOE will enable through this bill pertaining to quantum communications or quantum internet/networking as it relates to grid security or upgrading grid communications?

Resilience Funding

- How does integration or power quality fit into resilience measures?
- Does resiliency or grid hardening include cyber security?
- What role can industry play in supporting the development of the energy infrastructure resilience framework outlined in this provision?
- How will DOE develop optimal funding targets for R&D vs demonstration projects?
- Can DOE broaden the requirements of equipment and other grid enhancing applications in relation to reliability?
- One section for grid resiliency funding will come through DOE Office of Energy and another through the new Clean Energy Demonstration Office. How is the agency thinking about collaboration so similar topics managed in differing parts of the agency can be streamlined?

Smart Grid Investment Grants for Flexibility

- How does the newly added language help this program's ability to efficiently move through funding processes?
- Will the project categories be the same as those in the 2009 Funding Opportunity Announcement? If no, what changes can we expect? (For reference, the 2009 project categories were: Customer Systems; AMI; Electric Distribution Systems; Electric Transmission Systems; Equipment Manufacturing; Cross cutting (2 or more categories))
- How do you anticipate dividing the \$3B in authorized funding among the project categories? Will any particular category be prioritized?
- Will there be a ceiling for the grant amount that an applicant may receive for one project? In 2009, the ceiling was initially relatively low but was eventually increased to \$200M, which helped generate interest and prepare impactful investment projects. Transaction costs associated to project preparation and grant application, management, and reporting can also be offset more easily with a higher ceiling.
- What will the cost share be? (2009: 50%)
- When do you anticipate that DOE will release a Funding Opportunity Announcement for this program?