



To: Patricia Hoffman, Grid Deployment Office, U.S. Department of Energy
From: The GridWise Alliance, 1800 M Street, NW, Suite 400S, Washington, DC 20036
(www.gridwise.org)
Date: 6/2/2022
Re: Comments from the GridWise Alliance on Formula Grants to States and Indian Tribes for Preventing Outages and Enhancing the Resilience of the Electric Grid

The GridWise Alliance (GridWise) is pleased to submit this response to the Notice of Intent (NOI) seeking input from stakeholders to provide comments on the Department of Energy's (DOE) Section 40101(d) implementation plan. GridWise commends you for soliciting stakeholder input in this regard and encourages you to continue to do so.

The GridWise Alliance leads a diverse membership of electricity industry stakeholders focused on accelerating innovation that delivers a secure, reliable, resilient, and affordable grid to support decarbonization of the U.S. economy. Founded in 2003, GridWise is unique in its focus on the electric grid's broader ecosystem, advocating the value of integrating technologies that modernize and transform the grid. We drive impactful change through our diverse membership of utilities, manufacturers, and researchers united in a common belief that the electric grid is the critical enabling infrastructure of a decarbonized economy.

Earlier this year, GridWise Alliance Chief Executive Officer Karen Wayland provided testimony to the U.S. House of Representatives Select Committee on the Climate Crisis during a hearing on strategies for grid resilience and reliability. The testimony outlines threats to the grid, broad options for enhancing resilience, and specific examples of investments for resilience from across the Nation.¹

We provide comments on your stated questions in the pages below. GridWise stands ready to be a resource and looks forward to supporting DOE as it implements guidance around funding made available for this area from the Infrastructure Investment and Jobs Act (IIJA).

Sincerely,

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QUESTIONS AND COMMENTS

¹ Karen G. Wayland, Ph.D (CEO, GridWise Alliance). "[Testimony on Strategies for Grid Resilience and Reliability before the U.S. House of Representatives Select Committee on the Climate Crisis.](#)" February 15, 2022.



GridWise provided a list questions to DOE in April on IIJA Sections 40101 and 40103 as a way to support decisionmakers in clarifying and defining how the IIJA is implemented.² While some of these questions were resolved with the 40101(d) funding NOI, additional questions and comments remain, including:

1. In 2008/2009, grants were capped at a certain amount. Will there be a similar cap for this program?
2. Related to the prior question, can DOE provide any information on the number of awards anticipated under this program? Will there be a preference for fewer larger projects, more numerous smaller projects, or a portfolio approach that includes a mix of large and small projects?
3. It is expected that Federal dollars will need to be matched with private sector dollars. To ensure this happens expeditiously, will DOE include guidance for states to offer some degree of certainty regarding recovery of utility investment?
4. The parameters used to define supplemental resilience investments should allow for the acceleration and expansion of already approved and/or in-flight programs. Could DOE confirm if projects currently in queue or in progress be eligible for funds?
5. Disaster Recovery plans usually create duplicated infrastructure in different physical locations, ideally implementing synchronous systems replication to minimize recovery time and recovery point objectives in a disaster event. Sometimes it may take a long time to identify a sophisticated cyberattack, increasing the chance to replicate compromised data to secondary systems. Modern cyber security guidelines recommend companies to create a third instance of systems with limited or near-zero connectivity to the outside networks, commonly known as vaults. Vaults usually contain the infrastructure required to run essential services with asynchronous replication from the primary site and mechanisms that allow frequent and proactive data validation, mitigate data corruption risks, and improve the system's resilience. This section explicitly prohibits funding for cybersecurity resilience projects, but can funds be used to fully fund procurement and deployment of grid equipment and software that includes embedded cyber protections? Furthermore, a modern grid increasingly relies on digital components. How does DOE anticipate integrating the need for cyber protection in the projects funded by the 40101 funding?
6. The historic increase in funding for energy resilience projects increases both the number of projects underway and the amount of both union and contract labor. Ensuring worker safety will be paramount, both with best practices and technology.
7. While funding will be used to strengthen grid resilience for physical infrastructure in the face of extreme weather events, improving the response to storms and other extreme weather events through the use of grid-focused software will also be important. For example, adaptive technology, modeling technology, and other advanced software technologies can help support utility and state management and coordination of response teams, mutual aid, and contractors. We recommend these technologies be included in the scope of state and utility resilience funding.

² GridWise Alliance. "[GridWise Alliance Questions on Infrastructure Investment and Jobs Act Resilience Funds.](#)" April 2022.



GridWise also provides the following questions and comments on the NOI:

8. **Related to streamlining requirements and approvals for eligible entities and eligible applicants.** Both eligible applicants and eligible entities have limited resources with which to apply for Federal funding opportunities. GridWise recommends that, where possible, DOE simplify the 40101(d) program requirements to reflect other ongoing Federal funding processes. For example, states must submit applications for FEMA Building Resilient Infrastructure and Communities (BRIC) grants. Are there ways that ongoing application and program efforts can be used for the 40101(d) funding?

Further, many IJA-funded resiliency programs are dispersed broadly across state departments, making the process for eligible entities to apply for funding complicated, and particularly challenging for both smaller sized eligible applicants and entities. Could DOE encourage states and tribes to coordinate a single entity as point for administering all formula-based grant programs?

9. **Related to eligible entities.** On page 4 of the NOI, the list of eligible entities includes
- an electric grid operator,
 - an electricity storage operator,
 - an electricity generator,
 - a transmission owner or operator,
 - a distribution provider,
 - a fuel supplier, and
 - **Any other relevant entity as determined by the Secretary (i.e., by DOE)**

Could DOE provide clarity, in advance of funding applications, on what other relevant entities might be pre-approved in this manner? Some unlisted entities can be uniquely positioned to meet program requirements and already have the technology and deployment expertise to enhance state grid resilience. We respectfully request that the Secretary of the DOE use the authority granted in Section 40101(a)(2)(G) to expand the categories of entities eligible for subawards to local communities (along with their public-private partnerships), owners or operators of critical facilities, and owners or operators of microgrids if those entities have demonstrated an ability to match federal funds.

We also urge DOE to encourage State entities to promote/facilitate partnerships that could generate more innovative resilience solutions. Eligible pre-approved entities could be the basis for encouraging the formation of such partnerships. In terms of scoring the RFI responses, State funding entities could incentivize parties to come together by providing higher scores to those that form such multi-stakeholder partnerships for their applications.

Such multi-stakeholder proposals could provide value in terms of addressing in technical, economic and social terms how: (1) Different technology components can work together as



systems; (2) Parties reflecting different stakeholder perspectives can coordinate to generate better solutions tailored to particular community and utility needs; (3) Parties can generate solutions that are more cost-effective in terms of meeting policy goals and mandates; and (4) Coordinated parties can better meet program requirements, including reporting requirements, by leveraging their different competencies. Multi-stakeholder proposals may also support the involvement of smaller entities who may wish to apply for funding, but could find the application and reporting requirements too burdensome to undertake on their own. We do acknowledge, however, that multi-stakeholder proposals would require increased effort on project management and coordination. Currently, DOE has capped project management costs to 5% of the allocated budget. It would be helpful if DOE could provide further guidance around what costs would be included into project management and stakeholder coordination. Would, for example, developing a project approach be recoverable?

For one example, DOE's Office of Electricity Microgrid R&D Program requires those who respond to its funding solicitations to put together partnerships that consist of representatives from a utility, local government/community; academia; microgrid developer/project developer/system integrator; and try to include representation from other related stakeholders. These types of partnerships generated solutions that represent better strategic and more sustained stakeholder alignment in defining what parties can achieve together in building sustainable resilience within communities. Such partnerships assure that community sustainable resilient development will get the benefit of relevant stakeholder insights in evolving appropriate solutions and can yield better business models.

- 10. Relating to the factors in the award funding formula.** The current funding formula does not include sources for meeting factor 5, intended to represent “public and private expenditures during the previous 10 years to carry out mitigation efforts to reduce the likelihood and consequences of disruptive events in mitigation expenditures.” Past spending by utilities on system resilience has largely meant that ratepayers have made an investment in resilience via higher rates. These ratepayers in more proactive jurisdictions should not be discriminated against for having had foresight. Furthermore, public and private data in this area likely does not exist in a uniform manner across eligible applicants. If this data is inaccessible, will DOE not include it as a factor in the formula funding? If some data is available, how does DOE anticipate the effect on small and medium utilities with limited resources that haven’t had a robust resilience program in the past? Will the requirement apply to the rural utility carve-out?