

## **U.S. Department of Energy (DOE) FAQs**

### **Is an emergency generator on an essential facility or critical facility eligible?**

IIJA Section 40101(e)(2)(A) prohibits eligible entities from using grant funds to construct any new electric generating facilities or any large-scale battery storage facility that is not used for enhancing system adaptive capacity during a disruptive event. Therefore, grant funds or cost match may not be used to purchase and install an emergency generator. However, a large-scale battery storage facility installed to continue to supply electricity where needed during disruptive events would be an allowable project.

### **Can IIJA funding be used for the acquisition of land and is it an allowable cost under the grant?**

Acquisition of land or easements is not allowed. Improvements to real property for the purpose of grid hardening or resilience is not considered acquisition of real property for the purpose of this program.

### **Can a recipient use BIL funds to perform an overhaul on existing diesel engine generators or replace existing distributed energy resources (DER) components such as wind turbine blades, solar farm inverter, etc.?**

BIL Section 40101(e)(2)(A)(i) prohibits the use of grant funds for construction of a “new electric generating facility.” Modification of an existing generation facility may be an eligible use of funds, but the scope of the project would need to reduce the likelihood and consequences of disruptive events and meet one of the eligible uses of grant funds listed in BIL Section 40101(e), such as weatherization or hardening of facilities. Additionally, any work performed on an existing generating system cannot increase the maximum rated output of the original nameplate capacity. It is the responsibility of the recipient to ensure the work performed meets the intent of the BIL Section 40101(d).

Examples of allowable projects:

- Replacing old generation components with new components of the same type in order to ensure weatherization/resilience, such as wind turbine blade replacement or damaged solar cells within an existing solar farm.
- Overhauling a diesel engine including replacement of components and parts that are reducing the performance of the existing system.
- Building inventories of parts and components needed for providing grid resilience benefits.
- Training and contracts for critical maintenance needs.
- Refurbishing existing transformers.

- New fuel tanks, either to replace old or faulty tanks or to increase fuel storage capacity would be an allowable project under this program if it provides resilience benefits for the grid (see FAQ response below for additional guidance on fuel storage).

Examples of projects that are not allowable:

- Expansion of existing generation system such as expanding a solar generation facility.
- Replacing a diesel generation with clean generation system, such as a solar farm

**Would construction of new distribution or transmission lines for the purposes of providing redundancy during disruptive events be considered an eligible use of funds?**

Section 40101(e)(2) states a grant under Section 40101 may be given to an eligible entity for “activities, technologies, equipment, and hardening measures to reduce the likelihood and consequences of disruptive events” and provides examples of permitted activities in section 40101(e)(1)(A)-(L). If it is determined that a new distribution power line, below 69kV, reduces the likelihood and consequence of disruptive events by providing redundancy or fail-over capability, then it is an eligible use of a Section 40101 grant. Section 40101 funds may not be used for new transmission lines. However, undergrounding of existing distribution and transmission lines is an eligible use of Section 40101 funds.

**Provide clarity on whether or not the construction of new solar generation in support of a microgrid – built to provide clean power for the “community facilities” on tribal trust lands – is an allowable cost.**

No, construction of new solar generation is not an allowable cost for Section 40101 grant funds. However, other costs outside of new generation associated with building out a microgrid may be allowable. IIA Section 40101(e)(2)(A) prohibits eligible entities from using grant funds to construct 1) any new electric generating facilities or 2) any large-scale battery storage facility that is not used for enhancing system adaptive capacity during a disruptive event. Therefore, a State and Indian Tribe may not use 40101(d) grant funds or associated cost match to construct new solar generation within a microgrid on tribal trust lands.

**What funding opportunities from US Department of Agriculture can be stacked with the Grid Resilience Formula Grant?**

The U.S. Department of Agriculture (USDA) funds two programs that can be used in conjunction with the 40101(d) grant: Powering Affordable Clean Energy (PACE) and Empowering Rural America (New ERA). PACE can fund new renewable power generation and energy storage and has broad eligibility (e.g.; for profits, nonprofits, states, territories, and Tribes). Projects must serve at least 50% rural populations. For Tribes and territories, under PACE, USDA Rural Development’s Rural Utilities Service (RUS) will forgive up to 60% of a loan, up to \$100M, for renewable energy projects that use wind, solar, hydropower, geothermal, or biomass, as well as for energy storage projects. The application window was open June 30 – September 29, 2023, with applications processed on a rolling basis. New ERA can fund clean energy generation and grid investments for rural electric cooperatives. Funds can be used to purchase, build, or deploy renewable energy, zero-emission systems, carbon capture storage systems, and make related

energy efficiency and other improvements to transmission and distribution. The application for New ERA was open July 31 – August 31, 2023.

**Can the funds be used to provide individual households with backup energy resources that can be used during outages?**

IIJA Section 40101(d)(5) requires States and Indian Tribes to give priority to projects that, “in the determination of the State or Indian Tribe, will generate the greatest community benefit (whether rural or urban) in reducing the likelihood and consequences of disruptive events.” While the criteria and rationale for resilience projects are described in the Program Narrative and evaluated on a case-by-case basis, generally, projects for individual benefit (i.e., individual houses) are not allowable under this program. Also, refer to the question regarding the prohibition against using grant funds to purchase or install an emergency generator for an essential facility.

**What is meant by “the use or construction of distributed energy resources for enhancing system adaptive capacity during disruptive events?”**

System adaptive capacity is the ability of the electrical grid to continue to supply electricity where needed during disruptive events. A range of distributed energy resources, including energy storage devices (e.g., batteries) and microgrids, can be used to provide electrical energy during disruptions and, therefore, provide system adaptive capacity.

**Can equipment acquired through BIL funds for the Grid Resilience Formula Grants be used only during disruptive events or can equipment be used during normal operations as well as disruptive events?**

Equipment acquired through the Grid Resilience Formula Grant program can be used during normal operations, but the expectation is that these technologies, systems, etc. will be used to reduce the likelihood and consequences of disruptive events.

**Can the funding be used for studies?**

If the study is focused on a specific project to determine project viability, performance specifications, bill of materials, etc. then it could be considered part of project implementation. Additional detail regarding the applicability of different types of studies can be found below:

- Planning/Scoping Studies: General studies not focused on a specific project; but instead used to explore feasibility of alternative approaches, develop general plans, strategies, etc.
- Feasibility Studies: A study focused on a specific project to determine project viability, performance specifications and estimated cost.
- Environmental Studies: Studies on environmental impacts of specific projects, needed to comply with NEPA, permitting requirements, etc.
- Preliminary Designs: A more detailed planning design to refine project costs design components, performance specifications and approximate cost.

- Final Design: Plans and specifications needed for contract solicitation, materials/equipment specifications, construction drawings, etc.

### **Iowa Economic Development Authority (IEDA) FAQs**

**Before applying and receiving a subaward, can we move forward ordering materials now, provided they would not be received/paid for until funds are approved for our project? Lead times for equipment are a little over a year.**

Activities prior to an executed agreement with IEDA are at the applicant's own risk and may conflict with federal requirements, even if there is no payment provided yet. Applicable federal requirements related to purchasing of equipment may include the Build America Buy America requirements and whether the purchase of the equipment followed procurement standards in compliance with the Code of Federal Regulations, 2 CFR Part 200.

*IEDA plans to provide more information on federal requirements to approved subawardees after the final competitive selection process. It will take time and consultation with both DOE and IEDA's legal counsel to finalize what guidance and training may be provided.*