

# Frequently Asked Questions (FAQ)

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## Grid Resilience Formula Grants to States and Indian Tribes IIJA Section 40101(d)

### Application and Administrative FAQs

- **What are the most significant differences between the Draft ALRD, released with the Notice of Intent and Request for Information, and the final ALRD?**

Please review and be familiar with the entire ALRD posted in FedConnect. As it pertains to the application process, the most notable changes are:

1. The number of documents you must submit for your application was reduced. Notably, the SF-424A and budget justification forms are no longer required.
2. The allowance of pre-award costs was clarified.
3. The Program Narrative requirements were revised.
4. Changes were made to the **ALRD Section V.G – Resilience Project and Subaward/Subcontract Notification** term addressing the process for submitting information post-award to DOE for resilience projects and subawards.
5. A government-generated Statement of Project Objectives (SOPO) was provided.

Also, various Terms and Conditions were updated and revised, including those pertaining to Davis Bacon Act and Buy American Act.

- **May applicants incur costs before the award of the grant and be reimbursed through the grant when it is awarded?**

*ALRD Section IV.E – Pre-Award Costs* addresses the allowance of pre-award costs. Pre-award costs are allowed for the technical assistance and administrative expenses; but there are restrictions and limitations that are addressed in this section of the ALRD.

- **Can states use their technical assistance funds to provide technical assistance for tribes during the application process?**

Of the amounts made available to a State or Indian Tribe under the program each fiscal year, the State or Indian Tribe may use up to 5 percent for providing technical assistance and administrative expenses associated with the program. Section 40101(d) does not include instructions on how or for whom the technical assistance must support.

Further, as long as the technical assistance is within the scope of the ALRD and grant agreement, it is likely an allowable cost.

- **Do applicants need to create and submit a Statement of Project Objectives (SOPO) for the application?**

The ALRD contains a government-generated SOPO that will be used for all resulting grant agreements under this ALRD. The SOPO is contained in Appendix A of the ALRD.

- **Do applicants need to provide detailed information for the subaward resilience projects, such as a detailed budget, when we submit the application for the grant?**

Aside from the information required in the Program Narrative, applicants should NOT provide detailed resilience project subaward information (e.g., budget) in the initial application to DOE. After the issuance of the grant to the State or Indian Tribe, the State or Indian Tribe, may, at any time, provide the specific budget and other information to DOE in accordance with **ALRD Section V.G – Resilience Project and Subaward/Subcontract Notification** .

- **Do States and Indian Tribes need to identify the specific subrecipients (i.e., eligible entity name) in the Program Narrative?**

The Program Narrative submitted with the application should address the objectives, criteria and methods for formulating, selecting and executing resilience projects. At a minimum, it should address the anticipated categories of eligible entities the State or Indian Tribe anticipates carrying out these projects through subawards, and the process for selecting those eligible entities. The DOE recognizes that each State and Indian Tribe has internal processes it must adhere to in making these selections and resulting subawards, and that the solicitation and award process for these subawards will likely occur after the grant is awarded by DOE to the State or Indian Tribe. Accordingly, after the issuance of the grant to the State or Indian Tribe, the State or Indian Tribe, may, at any time, provide the specific budget and other information to DOE in accordance with **ALRD Section V.G – Resilience Project and Subaward/Subcontract Notification** for approval to proceed with the proposed resilience project carried out by a specific eligible entity.

- **How and when do States and Indian Tribes request and receive approval to proceed with resilience projects and associated subawards to eligible entities?**

Grant recipients, may at any time after they receive the grant, provide notification and documentation to DOE for resilience projects and subawards. This process is described in **ALRD Section V.G – Resilience Project and Subaward/Subcontract Notification**.

Be aware that review of the documentation and required written concurrence by DOE may take considerable time and will be impacted by factors such as National Environmental Policy Act (NEPA) considerations. Please allow for at least 45 days for this process from when you provide the required information to DOE.

- **How much funding is available in Year 1?**

For Year 1 of the program, there is \$459M available.

- **If an eligible applicant does not submit an application in FY22 what happens to the funds, i.e., if funds aren't used in one fiscal year, will they roll over into the next year?**

Unallocated funds (unused funding for an eligible applicant) in one fiscal year will transfer into the subsequent fiscal year's available funds and re-distributed to applicants based on that subsequent year formula allocation.

- **How will my state allocate its funds?**

Each State or Indian Tribe will determine its own process for distribution of funds by preparing a plan that will be adopted after notice and a public hearing and described in the Program Narrative, as described in Section 40101(d)(2)(B).

- **Must a State or Indian Tribe conduct a public hearing every year? Is the public hearing held prior to the submission of the application or post-submittal?**

A State or Indian Tribe must submit an application for grant funding to the Department of Energy each year to receive its annual funding allocation. The annual grant application must include a Program Narrative that describes the current criteria and methods for selecting and implementing Section 40101(d) projects, including the proposed funding distributions and grant recipients. The Program Narrative must be adopted following notice and a public hearing. However, there is no requirement to update the Program Narrative annually, or to conduct an annual public hearing unless the Program Narrative has been revised.

- **Regarding the project cap, the grant request cannot exceed amount spent on resilience in the last 3 years. What constitutes "resilience" spending? (are there specific types of projects and or criteria?)**

The "project cap" language applies to grants under section 40101(c); it does not apply to the State and Indian Tribe Formula awards under section 40101(d). On an early DOE slide in the public webinar presentation, it was mistakenly included as a 40101(d) requirement but has since been removed.

- **When may a State or Indian Tribe request the Secretary to approve proposed Eligible Entities that are not on the list of Eligible Entities in IJJA 40101, and what is the process for doing so?**

The Department is working through the process in which the Secretary may determine any other relevant entity from being designated as an eligible entity pursuant to Section 40101(a)(2)(G) of the IJJA.

- **Can DOE provide more information on how the Secretary will determine what other entities can and will be considered eligible entities? Are there eligible entities defined terms? If so, where can those definitions be found? [Sec. 40101(e) APPLICATION LIMITATIONS indicates that: *“An eligible entity may not submit an application for a grant provided by the Secretary under subsection (c) and a grant provided by a State or Indian Tribe pursuant to subsection (d) during the same application cycle.”* Eligible Entities are defined as: *“(A) an electric grid operator; (B) an electricity storage operator; (C) an electricity generator; (D) a transmission owner or operator; (E) a distribution provider; (F) a fuel supplier; and (G) any relevant entity, as determined by the Secretary.”* Because eligible entities are the same for 40101 subsection (c) and (d), States may encounter challenges administering awards to eligible entities, as they could prioritize applications to subsection (c). Some of the objectives we are considering for our application suggest additional categories beyond those listed in the bill as eligible may be needed].**

Section 40101(a)(2) defines “eligible entities” for purposes of all grants awarded under subsections (c) and (d). Eligible entities cannot apply for grants under both subsections (c) and (d) in the same application cycle (see section 40101(e)(2)(C), meaning an eligible entity can hold a grant under either subsection (c) or (d), but not both, at any given time.

The Department is working through the process in which the Secretary may determine any other relevant entity from being designated as an eligible entity pursuant to Section 40101(a)(2)(G) of the IJJA.

- **Can an applicant submit the same ideas to multiple provisions?**

It is understood that there is some overlap in various provisions. An eligible entity could respond to multiple provisions that relate to a specific concept. However, there must be different scope for a given application submittal. In addition, note that, under Section 40101(e)(2)(C), “[a]n eligible entity may not submit an application for a grant provided by the Secretary under subsection (c) and a grant provided by a State or Indian Tribe pursuant to subsection (d) during the same application cycle.”

- **If the state identified a beneficial project on tribal land, could the state combine funds with the tribe to complete the project?**

DOE cannot provide an Indian Tribe's formula grant amount to a different applicant (e.g., a state). Any collaboration on a project would have to occur post-award by the two grant recipients and through the two separate subaward agreements. Additionally, each subaward must have unique tasks that would allow for tracking and costing of work in a manner so DOE could determine that the same work is not being paid for under both subawards.

- **Are States, U.S. Territories, and Indians Tribes required to apply 40 percent of their grant allocation towards benefiting disadvantaged communities?**

The Justice40 initiative, created by Executive Order 14008, establishes a goal that 40% of the overall benefits of certain federal investments should flow to disadvantaged communities (see: <https://www.whitehouse.gov/wp-content/uploads/2021/07/M-21-28.pdf>). This is a federal government goal and not a requirement of the IJIA Section 40101(d) Formula Grant program. However, DOE encourages States, U.S. Territories, and Indian Tribes to apply funding in a way that provides benefits to disadvantaged and underserved communities. Also, per IJIA Section 40101(d), 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.

## Cost Match FAQs

- **Can the States and Indian Tribes pass the 15% match onto the eligible entities, in addition to the 100% or 1/3 match required of eligible entities?**

IJIA Section 40101(d)(8) requires “*Each State and Indian Tribe shall be required to match 15 percent of the amount of each grant provided to the State or Indian Tribe under the program.*” However, the law is silent on the source of the 15 percent match. Consequently, there is nothing in the grant requirements prohibiting a State or Indian Tribe from requiring an additional 15 percent match from the eligible entities receiving subawards and using that funding to meet the 15 percent cost match for the federal award from DOE.

- **Can States and Indian Tribes use American Rescue Plan Act (ARPA) funding for to meet the 15 percent cost match for the Section 40101(d) Grid Resilience grant?**

Yes, however, the amount of State and Local Fiscal Recovery Funds (SLFRF) issued under America Rescue Plan Act (ARPA) that can be used by a recipient is limited to an amount calculated based on reduced revenue as specified in the Treasury Final Rule, 31 CFR Part 35.

- **When do states need to confirm they will have the cost match? State budgeting timelines might make it challenging for many states to commit to a state match in the short-term.**

States, Tribes and Territories must agree that they will provide cost match, as part of the terms of the grant agreement. However, cost match should be provided/disbursed as federal funds are expended during the course of project execution and drawdown of federal funds. State and subrecipients may utilize in-kind contributions to meet cost share, where applicable. Refer to Section III.B of Draft ALRD.

- **Each State and Indian Tribe is required to match 15 percent of the amount of each grant provided to the State or Indian Tribe under the Program. So, is the 15% on the total grant amount, and in addition to the required subrecipient cost match?**

The State or Indian Tribe is required to provide a 15% cost match on the total Federal grant allocation. Additionally, subrecipients are required to match either 100% (an eligible entity) or 1/3 (an eligible entity that is a small utility pursuant to Section 40101(h)(2) of the IIJA) of the subaward granted to it by the State or Indian Tribe.

- **Does the state have to match the entire amount or should 5% for TA be deducted first and then the 15% match applies?**

The 15% match applies to the ENTIRE federal allocation to the State. For example, DOE awards state X a \$100,000 grant, state X matches that with 15% (\$15,000) so the total amount available for projects would be \$115,000.

- **The state can use up to 5% of the amount awarded for technical assistance and (TA) and administrative expenses?**

Section 40101(d)(7) states “Of the amounts made available to a State or Indian Tribe under the program each fiscal year, the State or Indian Tribe may use not more than 5 percent for – (A) providing technical assistance under subsection (g)(1)(A); and (B) administrative expenses associated with the program.” Therefore, the amounts made available under the program would be the federal funds provided by DOE. Therefore, up to 5% of the federal funds could be used for TA and administrative expenses combined. For example, DOE awards state X a \$100,000 grant, state X can use up to \$5,000 of that amount for TA and administrative expenses. In addition, state X must provide a cost match of 15% (\$15,000) on the total Federal allocation. The entire cost match of \$15,000 could also be used for TA and administrative expenses.

- **May a State or Indian Tribe elect to manage and execute the resilience project itself using the formula grant funds, rather than through a subaward, such as by procuring**

**technologies or services directly from vendors? If yes, then how does the impact other issues such as the initial application process and the cost match requirements?**

An Indian Tribal entity, that is designated as the entity to apply for and receive federal funds under the formula grant provisions of Section 40101(d) of the IJA on behalf of the Indian Tribe, could execute a resilience project and own certain equipment (e.g. battery energy storage system). In this case, the Indian Tribal entity would provide the cost match of 15% for the federal award but would not be required to provide further cost match of 100% or 1/3 because it would not be receiving a subaward.

However, it is most likely State recipients of a formula grant pursuant to Section 40101(d) of the IJA would not have the same ability to execute a project and own the equipment. The State entity, designated as the State recipient for the formula grant, would likely need to subaward to an eligible entity to execute a project. In this case, the State entity would provide the cost match of 15% of the federal award and the eligible entity would have the obligation of 100% cost match, or 1/3 if it is a small utility, for the subaward.

- **Can more information be provided on DOE's cost match requirements and differences with cost sharing? Specifically, information pertaining to requirements associated with match type (i.e., cash vs in-kind) and funding source.**

The terms "cost sharing" and "cost matching" are often used synonymously. However, the term "cost sharing," conveys the concept that non-federal share is calculated as a percentage of the **Total Project Cost**. On the other hand, "cost matching" for the non-federal share is calculated as a percentage of the **federal funds only**, rather than the Total Project Cost. The applicable regulations appear at 2 C.F.R. § 910.130(d)(2).

The following costs are allowable in accordance with the applicable cost principles:

- (i) Cash;
  - (ii) Personnel costs;
  - (iii) The value of a service, other resource, or third party in-kind contribution determined in accordance with Subpart E - Cost Principles - of [2 CFR part 200](#). For recipients that are for-profit organizations as defined by [2 CFR 910.122](#), the Cost Principles which apply are contained in [48 CFR 31.2](#). See [§ 910.352](#) for further information;
  - (iv) Indirect costs or facilities and administrative costs; and/or
  - (v) Any funds received under the power program of the Tennessee Valley Authority (except to the extent that such funds are made available under an annual appropriation Act);
- Exclude the following costs:
- (i) Revenues or royalties from the prospective operation of an activity beyond the time considered in the award;
  - (ii) Proceeds from the prospective sale of an asset of an activity; or

(iii) Other appropriated Federal funds.

(iv) Repayment of the Federal share of a cost-shared activity under Section 988 of the Energy Policy Act of 2005 shall not be a condition of the award.

- **Is the state 15% match on the entire federal grant amount or just the amount the state spends? That is, does the state have to provide a 15% match for the federal amount sub-granted to other entities?**

Each State and Indian Tribe is required to match 15 percent of the total federal allocation provided to the State or Indian Tribe under the grant. If a State or Indian Tribe chooses to accept less than the formula allocated amount, they would only be responsible for cost match on the amount accepted.

- **Regarding the funding that can be used for technical assistance and administrative costs, is the 5% for TA and 5% for admin? Or 5% for both combined?**

The 5% is being applied for both TA and administrative costs combined.

- **Can DOE provide (or direct) potential applicants to the data sources utilized to calculate the funding allocation and provide an example of the calculation?**

This information is posted online at the following link: [Section 40101\(d\) Formula Grants to States & Indian Tribes | netl.doe.gov](https://www.netl.doe.gov/section-40101(d)-formula-grants-to-states-and-indian-tribes)

- **The ALRD indicates that cybersecurity resilience measures are not allowed under Sec 40101(d). Please explain why and does this apply to cost match?**

The Department of Energy realizes the importance of cybersecurity and wants to ensure that investments made through the Grid Resilience Grants will not exacerbate issues within the energy delivery system. It is expected that any concepts, technologies, or systems deployed will meet, at a minimum, any cyber requirements within the entity's energy infrastructure and further be in compliance with any corresponding standards. However, IJJA Section 40101(e)(2)(A)(ii) states that "[a] grant awarded to an eligible entity under the program may not be used for . . . cybersecurity." Additionally, cybersecurity investments cannot be used as cost matching since financial assistance regulations treat government share and recipient share the same. Thus, since government funds cannot be used to support cybersecurity resilience measures, neither can recipient share be counted as part of the award.

## Technical FAQs

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

An emergency generator, including battery storage technology, is eligible for receiving grant funding if it is used to supply needed electricity only during a disruptive event. IIJA Section 40101(e) sets forth uses of grant funding which includes grant funds used for activities, technologies, equipment, and hardening measures to reduce the likelihood and consequences of disruptive events, including the use or construction of distributed energy resources for enhancing system adaptive capacity during disruptive events, which include microgrids and battery-storage subcomponents. IIJA Section 40101(a)(1) defines “disruptive event” to mean “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.”

- **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.

## **Assistance FAQs**

- **Are there additional resources available to assist stakeholders in the application process?**

Reference documents on best and emerging practices for undertaking strategic, integrated planning and grid modernization are located at: <https://netl.doe.gov/bilhub/grid-resilience/formula-grants>.

Additionally, information about on-line sessions addressing technical assistance, application process, grant administration and other related topics will be posted to this site as well.