
Submitted electronically via GDORFI@hq.doe.gov

October 14, 2022

Re: **Request for Information on the Grid Resilience and Innovation Partnerships Program (DE-FOA-0002827)**

To Whom It May Concern:

The National Rural Electric Cooperative Association (NRECA) respectfully submits the following comments to the U.S. Department of Energy (DOE) in response to its request for information (RFI) on the Grid Resilience and Innovation Partnerships Program (DE-FOA-0002827).

NRECA is the national trade association representing nearly 900 local electric cooperatives and other rural electric utilities. NRECA's member cooperatives include 62 generation and transmission (G&T) cooperatives and 831 distribution cooperatives. The G&Ts generate and transmit power to distribution cooperatives that provide it to the end of line co-op consumer-members.

America's electric cooperatives are owned by the people that they serve and comprise a unique sector of the electric industry. From growing regions to remote farming communities, electric cooperatives power one in eight Americans and serve as engines of economic development for 42 million Americans across 56 percent of the nation's landscape.

Electric cooperatives operate at cost and without a profit incentive. Collectively, cooperative G&Ts generate and transmit power to nearly 80 percent of the distribution cooperatives in the nation. The remaining distribution cooperatives receive power directly from other generation sources within the electric utility sector. Both distribution and G&T cooperatives share an obligation to serve their members by providing safe, reliable, and affordable electric service.

We appreciate the opportunity to provide DOE feedback on the following topics raised in the RFI for the Grid Resilience and Innovation Partnerships Program:

Category 1: DOE's Proposed Implementation Strategy for GRIP program

1) What actions can DOE take to best achieve the benefits of coordinating applications to all three Grid Resilience and Innovation Partnerships topic areas at the same time?

NRECA recommends DOE clarify application requirements for state versus federal applications to better coordinate the concurrent application processes. While the coordination of applications among three separate programmatic topic areas may result in funding efficiencies, without clarity around requirements for state applications (versus federal applications), there is the potential for applicant

confusion. Additionally, state plans are not currently well developed, and states are moving at different paces based on their unique resource circumstances. The disjointed timing at the state level may frustrate the intended purpose of creating efficiencies by way of coordinating GRIP Program topic areas.

4) What approaches can be used to both solicit and evaluate proposals for high-value deployment projects with additionality (i.e., where additional funding will overcome existing obstacles that would otherwise result in the project not being built)?

NRECA recommends a staged approach to soliciting and evaluating proposals versus a “one and done approach.” As discussed previously, state plans are currently not well developed and electric cooperative engagement with the states cannot occur simultaneously. Pursuing funding requires considerable time and resources to develop proposals for high-value deployment projects. A staged approach to soliciting and evaluating proposals provides time for states and applicants to organize their proposals and allows for lessons to be learned and shortcomings to be addressed in subsequent rounds, ensuring most effective use of federal dollars. This is especially true with respect to identifying and completing high-value projects with additionality.

6) Are existing or expected supply chain concerns anticipated to delay or impact development of potential applications or project implementation, if awarded? What might be some of the potential barriers to timely delivery and how can DOE support the timely delivery of projects?

Supply chain challenges could impact projects under the GRIP program as well as drive up the costs of the projects. The electric industry, including NRECA’s members, are facing unprecedented challenges in procuring basic equipment needed to provide reliable electric service and rapidly restore power in the aftermath of storms and other natural disasters. Those challenges will also impact the grid hardening and electrification projects envisioned for the GRIP program.

The shortage of distribution transformers poses a particularly acute challenge and are a factor for almost every initiative in GRIP. NRECA’s members are facing unprecedented lead times across all types of distribution transformers. Conductor and wood poles are also difficult to obtain in a timely way. NRECA’s members are mitigating the impact of this unprecedented challenge in any way they can, such as by refurbishing old transformers from idle accounts, rationing supply for projects, or borrowing from other utilities. Nonetheless, supply chain scarcity will impact GRIP projects.

NRECA recommends DOE evaluate how the timelines for projects funded under the GRIP program may be impacted and allow for flexibility where needed given the unprecedented supply chain difficulties and increased demand for limited products and materials all at the same time due to expanding electrification economywide.

NRECA recommends DOE act on the Electricity Subsector Coordinating Council (ESCC) Supply Chain Tiger Team’s recommendations. NRECA recommends DOE support timely delivery of projects by using Defense Production Act authorities to boost distribution transformer production in the short term and to invest in long-term manufacturing capacity growth to support the utility sector.

7) **DOE proposes to open the first application cycle for the GRIP program in Fall 2022 for 45 days for applicants to submit concept papers, that the Department will then down select to recommend submission of full applications in Winter 2023, targeting award selections announced in spring 2023.**

a. **Any comments on this proposed timing?**

Although kicking off the process with a concept paper is a helpful staging tool for applicants, 45 days is not sufficient for full development and submission of concept papers. The concept papers are still approximately two-thirds of the length of a full application and enhanced significantly from the typical four-page process. NRECA recommends extending the 45-day timeline to a minimum of 60 days. Furthermore, imposing deadlines over the Winter holidays is particularly challenging for small utilities such as electric cooperatives. This may result in the unintended consequence of missed opportunities for this critically important program. To resolve what could be a barrier to entry by small utilities, we recommend a timeline that is staggered across the Winter months, with an adequate period for concept papers that accounts for the enhanced requirements.

Category 2: DOE Proposed Implementation for Grid Resilience Grants (40101(c))

2) **What other relevant entities should the Secretary consider as eligible entities?**

DOE should clarify that consortiums led by NRECA, statewide organizations of cooperatives, or a group of electric cooperatives are eligible entities. Clarifying that electric cooperative-led consortiums are eligible for awards will enhance the ability of small and/or disadvantaged communities to benefit from this funding opportunity.

3) **Are there additional burdens or challenges faced by small utilities as defined by the statute that should be taken into consideration for the design of this program?**

Participant funding challenges. While acknowledging statutory cost-share requirements, DOE should note that not-for-profit electric cooperatives often find themselves unable to participate in federal programs where significant participant funding is required. To the extent allowable, we encourage the Department to consider cost-share flexibility for electric cooperatives, or eligible entities serving rural and/or disadvantaged communities. For the same reason, we request that DOE be flexible in establishing categories of services and technologies which will be eligible for federal funding.

Simple application process and requirements. NRECA recommends DOE make the application process and requirements as simple and uniform as possible. The process should not be overly burdensome or require eligible entities such as electric cooperatives to hire consultants to complete the application process. Cooperatives have limited time and financial resources, to dedicate to a complicated application processes for grant funding or onerous reporting requirements for grant-funded projects. By keeping the application process and requirements simple and streamlined, DOE will help mitigate one of the largest barriers to cooperatives' participation - resource scarcity. This in

turn will allow DOE to award funding for important projects that benefit small and disadvantaged communities, a priority for the funding under the statute.

Reduce the application burden by allowing consortiums of electric cooperatives. NRECA recommends DOE clarify that consortiums of electric cooperatives and communities applying together through a lead entity are permitted to reduce the application and implementation burden on small entities. For example, NRECA is coordinating a new microgrid consortium representing a coalition of the nation’s rural electric cooperatives seeking to develop resilient, reliable, and economically beneficial microgrid and storage projects for their communities. The consortium will partner with federal, state, and local stakeholders to identify funding opportunities and develop replicable pathways for advanced microgrid deployment in rural communities. In addition to easing the application process, the consortium serves as a forum for electric co-ops to share lessons learned, identify opportunities for collaboration, network with other co-ops, and gather knowledge from microgrid experts. Consortiums present DOE with a favorable avenue to fund smaller projects in communities that otherwise may be hard to reach.

Recognize and fund foundational work that may be required. Electric cooperatives may be interested in applying for funding to improve the durability of the distribution system needed to support transmission and/or generation reliability and resilience deployments. NRECA recommends DOE support foundational investments, especially where electric cooperatives are the applicants.

For example, NRECA recommends DOE fund electric cooperative projects aimed at replacing the copper conductor in transmission and distribution lines to aluminum to prepare the grid for battery and microgrid deployments. Funding foundational work like reconductoring will maximize the benefits of federal funding for transformative projects like batteries and microgrids on grids where the distribution conductor is copper, and thus cannot carry sufficient electric load for the battery or microgrid deployment. Therefore, foundational reconductoring of the grid from copper to aluminum should be eligible.

Similarly, “DOE proposes that the applicant describe in a narrative how the grant funding provided by this program would result in proposed activities that are additional to efforts that would have been undertaken but for the funding and will generate the greatest community or regional resilience benefit in reducing the likelihood and consequences of disruptive events.” Where electric cooperatives are concerned, this concept of “additionality” should be implemented in a temporally flexible manner such that the acceleration of a project already included in an electric cooperative’s workplan qualifies as “additional.”

4) What information could be provided by applicants to ensure proposals are supplemental to existing or already planned hardening efforts?

The applicants are required to both provide significant cost share and demonstrate that they are separately developing resilience and hardening projects that are not funded by IJJA. If an entity has not been able to afford resilience hardening until now, they will be discouraged from applying. This means entities that need the funding the most may be blocked from applying as they have not been

able to afford significant hardening to date. DOE's approach seems to assume that there are resilience plans in place which accounted for the IIJA, despite there being no guidance prior to this RFI.

7) Is the proposed information to be contained in the *Report on Resilience Investments* appropriate to determine if proposed projects are supplemental to existing efforts? What challenges may be faced in developing the report? What additional DOE guidance would aid in development of the report?

We recommend that DOE ask applicants to provide information that is readily available, such as historical and projected spending, historical and projected inflation numbers, or the historical and projected miles of line replaced.

The information to be contained in the *Report on Resilience Investments* requested will be challenging for many small entities, including some electric cooperatives, to provide. Electric cooperatives that have been impacted by major weather events and wildfires have been in recovery for several years and may not have this level of data readily available. This circumstance should not be a barrier to program entry, however, and technical assistance could be offered to gather this data in the next year before a second phase of work is made available. Data requirements to meet this need later should be specified early in the process.

Most, if not all, electric cooperatives have capital project work plans that set forth planned spending, typically for a three- to five-year period. One way to measure the impact of IIJA funding would be to compare the proposed IIJA grant to the projects and costs identified in the capital project work plan, or similar plan.

8) What data should be required to be tracked by awardees for the duration of the project and/or after project completion to assess "the extent to which the ability of the power grid to withstand disruptive events has increased" and to inform the biennial Report to Congress?

- a. How long after project completion should data be tracked to fully understand the impacts of project funding beyond the biennial report?**
- b. What data should be tracked to understand changes in community resilience?**

NRECA recommends that DOE develop a user-friendly framework for awardees to complete these reports. While acknowledging statutory requirements, we are concerned that an overly burdensome data gathering requirement may be a barrier to program entry for some electric cooperatives. Furthermore, we are concerned that DOE believes major work can be completed from year one, which assumes that weather and/or other resilience events will be experienced and can be used to track progress. Achieving a community resilience program could be considered a goal of the funding, rather than an objective to measure competitiveness, maximizing impact of the funding through deliverables and analysis.

As described above, requiring the process be completed over Winter and Fall, which also tend to be major storm seasons, may be counter to the competitive nature of the program and put many small utilities at a competitive disadvantage.

Category 4: DOE Proposed Implementation for Grid Innovation Program(40103(b))

- 4) What are best practices and processes for states, public utility commissions, Tribes, and other eligible entities to obtain input and engage in coordination with regional planning organizations, electricity utilities, and other stakeholders in developing and submitting proposals?**

DOE should consider following the U.S. Department of Transportation's process under the National EV Infrastructure formula program. This process requires states to submit plans for USDOT approval before releasing funds to the states to implement projects.

- 13) Appropriateness of the use of a minimum 50% non-Federal cost share for the proposed project. Should DOE establish a different minimum non-Federal cost share? Should DOE express a preference for projects with a higher non-Federal cost share than the statutory minimum?**

- a. To what degree should DOE include in the Technical Review Criteria and Policy Program Factors an assessment of applicant's ability to provide sufficient information to show that minimal federal cost-share is being requested, so that GRIP program dollars are 1) only providing the amount of additional capital needed to advance project development and 2) unlocking the greatest possible public benefits relative to the amount of federal investment. What types of application information should be requested to indicate that minimal federal cost-share is being requested?**

See NRECA comments regarding participant funding challenges above.

- 14) DOE is interested in supporting highly impactful projects that can deliver significant public benefit and acknowledges that some of these projects may be earlier in the planning or development stages. DOE is considering an option to offer grants of up to \$20 million for planning and development activities for concept papers submitted by a coalition of multiple states for projects that are interregional (i.e., cross multiple ISOs, grid operators, or other balancing authorities) and/or a product of an interregional planning process – assuming the concept paper shows promise in the ability to deliver significant public benefit, but has a project that is not sufficiently mature enough to submit a Full Application. Please provide comment on this approach, the maximum planning and development grant size, what factors to consider in offering these types of grants, and any other additional considerations.**

NRECA recommends that DOE consider a similar approach to what is being described here for multiple utilities to work together in different states through a consortia approach rather than simply multiple states. If planning can be considered per DOE's description above, can it be considered an allowable phased proposal in other areas? As stated previously, consortiums of cooperatives and communities applying together through a lead entity should be permitted to reduce the application burden to smaller entities.

Category 5: Community Benefits, Justice40, Quality Jobs, and Performance Metrics

1) How can applicants ensure community-based stakeholders/organizations are engaged and included in the planning, decision-making, and implementation processes (e.g., including community-based organizations that are advisory to the decision or directly benefit) for the GRIP program?

Electric cooperatives are community-based organizations owned by the people that they serve, making them a unique sector of the electric industry. Electric cooperatives serve both rural and underserved or disadvantaged communities, including 92% (364 of 395) of U.S. persistent poverty counties. Our members also have a strong track record of efficiently using their limited resources. On average, electric cooperatives serve eight customers per mile of electric line and collect annual revenue of approximately \$19,000 per mile, while the other utility sectors average 32 customers and collect \$79,000 in annual revenue per mile. To ensure that federal dollars reach these communities, an outcome key to this program's success, DOE should work proactively with NRECA and its member cooperatives as key stakeholders.

Category 6: Build America, Buy America requirements.

If funded, DOE will consider applicability of the Build America, Buy America Act. All projects subject to the corresponding FOA for GRIP are considered "infrastructure." The Buy America requirements of the BIL do not apply to DOE projects in which the prime recipient is a for-profit entity; the requirements only apply to projects whose prime recipient is a "non-Federal entity," e.g., a State, local government, Indian tribe, Institution of Higher Education, or nonprofit organization.

DOE should consider how it can both meet the Build America, Buy America (BABA) requirements laid out in IIJA, but also ensure that electric cooperatives are able to compete on a level playing field with other utilities for GRIP funding. Electric cooperatives are not-for-profit entities, and thus our understanding is that as prime recipients of grants they may not be exempt from BABA as currently contemplated. Therefore, NRECA requests that DOE provide clarification on whether electric cooperatives will be subject to BABA requirements while other utilities may not be. We urge DOE to ensure that electric cooperatives will be considered for funding on a level playing field with other electric utilities and that the BABA requirements do not create an unintended consequence that disadvantages small utilities meant to benefit from IIJA. The unequal application of the BABA requirements would directly conflict with the IIJA statutory requirement to make grants available on a competitive basis.

Summary

Electric cooperatives look forward to the opportunity to enhance the resilience on their systems with projects funded through DOE's GRIP Program. Electric cooperatives will make excellent partners as they have the knowledge and expertise to support robust planning and implementation of projects that will ensure federal dollars are expended efficiently, infrastructure appropriately sized to account for current and planned energy needs, and reliability of the electric grid maintained. Not-for-profit electric cooperatives are interested in applying for federal funding provided under this program so

they can implement projects that might otherwise be cost-prohibitive and to ensure that rural communities are not left out of realizing benefits of these investments.

Thank you for considering our comments. Please contact me at 703-907-5825 if you have any questions regarding these comments.

Sincerely,

A handwritten signature in black ink that reads "R. Ashley Slater". The signature is written in a cursive, slightly slanted style.

Ashley Slater
Vice President, Regulatory Affairs
National Rural Electric Cooperative Association