

Colorado Grid Resiliency IJA 40101(d) Frequently Asked Questions (FAQ)

The following questions have been submitted through the 40101(d) Public Hearing and comment process (see [here](#) for more information). Please note that the following answers are the best available responses based on the current State interpretation of the U.S. Department of Energy (DOE) Funding Opportunity Announcement(FOA)¹ and FAQ² on this topic. Several of these responses are taken directly from these resources, as cited in the footnotes. Our State interpretation and responses to these questions may be adjusted as additional guidance is provided by the U.S. DOE. Additional questions and answers as this process moves forward. **Our comment period has been extended to December 12, 2022 to accommodate any future feedback.**

1. What is the (33%/100%) matching requirement benchmark for applications?

- Eligible entities that receive a grant under Section 40101 are required to match 100% of the amount of the project specific grant. An eligible entity that is a small utility, as defined by Section 40101(h)(2), as selling less than 4 million MWh per year, is required to match 1/3 of the amount of the grant. In the state of Colorado, the only two utilities that do not qualify as a small utility are Public Service Company (Xcel) and Colorado Springs Utilities. All other utilities are required to match 33% of the grant.³

2. Are in kind contributions allowed as eligible cost matching? How about supplies, materials, equipment?

- Yes. Staff labor, supplies, materials, and equipment are all eligible. 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; and/or
 - (iv) Indirect costs or facilities and administrative costs;
- The following costs are not allowable to count towards the cost match:

¹ National Energy Technology Laboratory (NETL). *SECTION 40101(D) FORMULA GRANTS TO STATES & INDIAN TRIBES*. <https://netl.doe.gov/bilhub/grid-resilience/formula-grants>

² Department of Energy Grid Deployment Office. *Grid Resilience Formula Grants to States and Indian Tribes IJA Section 40101(d)*. November 17, 2022.

<https://netl.doe.gov/sites/default/files/2022-11/IJA%2040101d%20FAQ%20November%2017%202022.pdf>

³ Ibid, pg 12.



- 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.
- iii. 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.⁴

3. Will alternative (non-battery) energy storage subcomponents be allowed?

- Yes. The U.S. DOE has prioritized innovative approaches to grid resiliency, which the State of Colorado supports. If a proposal includes cost effective non-battery energy storage, such as pumped hydro, it will be considered.

4. Are there additional labor standards or training requirements tied to the IIJA funding that would be applied to proposed projects in addition to the competitive solicitation process?

- We encourage applicants to include additional labor standards as a part of the application process, especially if it incentivizes the grant funding opportunities.

5. Where can the scoring information be located?

- For 40101(d), we have included metrics for awarding grants in our [Draft Narrative](#). The Microgrids for Community Resilience Program (MCR) has proposed scoring listed [here](#).

6. What is the timeline for both programs?

- The State is applying for 40101(d) funding by the U.S. DOE deadline of March 31, 2023, and the funds will be awarded on a rolling basis.
- The Microgrids for Community Resilience Program planning grants will open in January/February 2023. Once we hear back from the U.S. DOE with our matching funds, we will open our Microgrids for Community Resilience construction/implementation grant applications.

7. Slide 10 used the phrase "system adaptive capacity." Is there a definition for that?

- Resources for enhancing system adaptive capacity during disruptive events – to adjust to potential damage, to take advantage of opportunities, or to respond to consequences.
- The DOE FOA states that a distributed energy resource enhances system adaptive capacity when it provides all or some of the customer's electric power needs during a disruptive event or can be used by the system to either reduce demand (such as energy efficiency) or provide supply to satisfy the energy, capacity, or ancillary service needs of the grid.

8. Can a utility use MCR funding to install a solar system if it is tied to a battery / microgrid system?

⁴ Ibid, pg 13-14.



- The State is interpreting the DOE 40101(d) FOA and updated [FAQ that was released on 11/16/22](#). Solar PV can qualify as an approved resilience measure for funding purposes if it is (a) small in scale; (b) located close to the customer's load; (c) connected to the distribution grid; and (d) used for enhancing system adaptive capacity during disruptive events. A distributed energy resource enhances system adaptive capacity when it provides all or some of the customer's electric power needs during a disruptive event or can be used by the system to either reduce demand (such as energy efficiency) or provide supply to satisfy the energy, capacity, or ancillary service needs of the grid. DOLA/CEO are awaiting response from DOE on further clarification if new solar construction within a microgrid is allowable because the FAQ also notes that:
 - 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 provide adaptive capacity during a disruptive event would be an allowable project. (Page 6)
 - Construction of new solar generation for microgrids 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. IIJA 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.** (Page 7)
- 9. Does the state have any project ideas for section 40103(b) funding?**
- We are exploring several possibilities, and are open to input on suggestions. Please contact John Parks (john.m.parks@state.co.us) to discuss further.