



## MICROGRIDS FOR COMMUNITY RESILIENCE GRANT PROGRAM DRAFT GUIDELINES AND ELIGIBILITY

The following draft guidelines relate to the [Microgrids for Community Resilience \(MCR\) Grant Program](#) (as created by [House Bill 22-1013](#)) and are open for comment as part of the stakeholder engagement process in advance of launching the grant program in 2023.

**DEADLINE FOR COMMENT: Monday, December 5, 2022**

Stakeholders should submit comments through the [feedback form](#). You may also reach out to the MCR Grant Program Manager, Julia Masters ([julia.masters@state.co.us](mailto:julia.masters@state.co.us)) to schedule a time to discuss comments.

***DISCLAIMER:** These grant program guidelines apply only to the State funding from HB22-1013. In tandem with this process, the Department of Local Affairs (DOLA) and the Colorado Energy Office (CEO) are applying for federal funding from the Infrastructure Investment and Jobs Act (IIJA) under 40101(d) Formula Funding. DOLA is proposing to leverage HB22-1013 funding to meet the 40101(d) required match, while also growing the amount of funding available through HB22-1013. Additional guidelines will be provided for accessing those funds, and this document is intended to outline only the HB22-1013-related funding.*

### GRANT INTENTION:

The [Microgrids for Community Resilience \(MCR\) Grant Program](#) (as created by [HB22-1013](#)) is intended to support cooperative electric associations and municipally owned utilities to help establish microgrid resources for eligible rural communities. The microgrids funded through this opportunity will support community-level resilience to reduce impacts during electric grid disruptions.

### ELIGIBILITY:

- Cooperative electric associations and municipally-owned utilities are eligible to apply.
- Microgrid resources must:
  - Serve one or more eligible rural communities located within the applicant's service territories. Rural communities are defined as a county with a population of less than 50,000 or a municipality with a population of less than 25,000. The population criteria applies to the community that the microgrid serves and is located in.<sup>1</sup>
  - Center around strengthening resilience to community-based anchor institutions and/or essential infrastructure. Anchor institutions are schools, libraries, hospitals or other health-care facilities, law enforcement or emergency medical service providers, government offices, or community organizations that support

<sup>1</sup>U.S. Census, [Definition of rural](#).

marginalized communities, all organizations that serve public health needs and economic vitality, such as universities, hospitals, emergency services, or local businesses.<sup>2</sup>

## TYPES OF ELIGIBLE PROJECTS

Eligible projects include plans and implementation/construction. All applications must utilize microgrid resources to increase the community's resilience regarding interruptions to the electric grid that can be caused by severe weather or natural disaster events. Through this funding opportunity, applicants may pursue the following eligible activities:

- **Planning, pro forma, or feasibility/scoping studies that**
  - Have an associated implementation/action plan, which creates a roadmap for utilities/communities
  - Establish community's potential for microgrid projects, including scale, size, and cost
  - Evaluate existing infrastructure vulnerability and develop recommendations to integrate resiliency into forthcoming grid resiliency projects
  - Integrate and incorporate supplemental plans, such as:
    - Vulnerability assessments (social, infrastructure, risk from natural hazards)
    - Engagement to understand community need associated with anchor institutions, essential infrastructure (e.g., energy efficiency and demand side management, energy performance contracting, and existing or planned distributed energy resources)
- **Implementation or construction**
  - MCR can fund development of new microgrid facilities, including shovel-ready projects. Priority will be given to projects leveraging pre-existing assets
  - The following microgrid elements are eligible for funding:
    - Energy storage (batteries, vehicle to grid battery storage, pumped hydro, geothermal, small wind, solar) microgrid controller, Distributed Energy Resources (DER), if connected to microgrid-tied storage

Technical assistance will be available for applicants.

## APPLICATION AND SELECTION CRITERIA

In evaluating MCR applications, DOLA will consider the extent to which the application incorporates the following elements:

- Demonstrates the greatest community need, benefit, and collaboration
  - Opportunity and/or challenge are clearly defined
  - Proposed project matches desired project outcomes
  - Include demonstrations of support from community-based partners, including anchor institutions, local governments, and/or partner organizations
  - Root projects in community based institutions with multiple uses (e.g., a center that serves as both a community gathering space, as well as public health or emergency services support)
- Reduces vulnerabilities and increases grid reliability and resiliency
  - Utility has measurable exposure to severe weather or natural disaster events that

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<sup>2</sup> [HB22-1013](#), pages 2-3.

- could disrupt electrical service
- The proposal includes data and narrative demonstrating infrastructure vulnerability and how the proposal will reduce those vulnerabilities (e.g., standard Key Performance Indicators: MTBF (mean time before failure), MTTR (mean time to recovery, repair, respond, or resolve), MTTF (mean time to failure), and MTTA (mean time to acknowledge))
- Serves communities that are socially vulnerable, utilizing J40 and EnviroScreen as metrics-driven definitions of socially vulnerable communities
- Proposed microgrid has a higher reliance on non-fossil-fuel-based generation
- Local commitment and readiness
  - Demonstrate readiness through a track record of utility actions and planning efforts which may include, but is not limited to:
    - The utility has (or is proposing to) take the opportunity to promote energy efficiency and demand-side management programs
    - The utility has (or is proposing to develop) an incentive program that saves partners money when they use energy storage to reduce electricity use during peak electricity use periods
    - Other programs that demonstrate a commitment to local energy resiliency, reliability, and "microgrid readiness"
  - Demonstrate readiness through financial resources being committed and aligned with risk mitigation and community goals
  - Aligns with regional and/or local plans
  - Timeline is feasible
  - Demonstrates eligibility through local effort and match

#### **MATCH REQUIREMENTS:**

- Planning grants require a 25% match.
- Construction/implementation grants require a 33% match. Match can come from other federal, state, or private funding that relates directly to the planning, construction/implementation of the proposed microgrid project.

#### **YEAR 1 FUNDING:**

The following reflects only HB22-1013 funding that is appropriated for Year 1 (awards made in CY 2023). Any unused funding will roll over into Year 2.

- Planning Grants: \$399,000 is appropriated for this cycle.
- Implementation/Construction Grants Total: \$1,295,261<sup>3</sup>
- Applications should not exceed the following maximum awards:
  - Planning grants: \$36,000 (25% match requirement)
  - Implementation/Construction grants: \$1,005,000 (33% match requirement)

*NOTE: The same amount of funding is expected to be available in Year 2 (awards made in CY 2024).*

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<sup>3</sup> This \$1,295,261 amount reflects only funding from the HB22-1013 set aside. The amount of funding available for Year 1 and 2 will increase pending the proposed 40101(d) Formula Funding application. Should the 40101(d) funding be awarded, the total budget for implementation/construction grants (inclusive of both HB22-1013 and 40101(d) funding) will be \$6,380,329, which will include the following:

- \$2,590,522 of this funding is open to exclusively rural utilities in Colorado (adhering to HB22-1013 eligibility)
- \$3,789,807 of this funding is open to all utilities in Colorado (including rural utilities)

**POST GRANT AWARD:**

- Communities will be required to track quarterly milestones through the contract period as well as the impact of the grant for up to three years following the award through a quick survey.
- Projects must meet performance criteria, such as construction completion milestones or other project deliverables. Projects may be denied reimbursement or may be required to pay back funds if performance criteria are not met.
- Applicants must follow local procurement rules. If rules are not in place, State procurement rules must be followed.

*Note: [HB22-1249: Electric Grid Resilience & Reliability Roadmap](#) was also passed during the 2022 Legislative Session. This act requires the Colorado Energy Office and Department of Local Affairs to develop a resilience and reliability roadmap for improving the resilience and reliability of electric grids in the state. The Electric Grid Resiliency & Reliability Roadmap will help inform and guide HB22-1013 MCR Grant Program in Year 2 and beyond.*