



Government Funding for the Grid Resilience Formula Grant Program

The Infrastructure Investment and Jobs Act (IIJA) was signed into law on November 15, 2021. It authorizes a spending package of \$1.2 trillion for infrastructure development including projects under the Department of Transportation, as well as broadband access, clean water, and electric grid renewal projects.

What does the IIJA provide for the energy sector?

Several of the Act's grant programs fall under the Department of Energy and directly affect utility companies. One of the energy programs is the "Preventing Outages and Enhancing the **Resilience** of the Electric Grid (Hazard Hardening)" Program, which has funding of \$5 billion. This will be made available as \$1 billion each year for 5 years.

This program has two sub-parts, and the focus of this newsletter is on the **Grid Resilience Formula Grant Program** (Sec 40101(d)), which has a **\$2.3 billion** share of the funding. The second part is the utilities and industry "Competitive Program," which should open later this summer. Two other programs, "Innovative" and "Smart Grid" grants, should also open later in 2022.

In this program, grants will be allocated to states, territories, and tribes on a "jurisdiction basis," using formulas and statistics on population, area, probability and severity of disruptive events, and expenditure on mitigation efforts. The Draft Allocation of Funds table lists dollar amounts that will be allocated to each state/ jurisdiction for the first year. For example, for the first year, North Carolina is allocated over \$9 million, Massachusetts is allocated about \$4.5 million and Texas is allocated just more than \$30 million.



[YOU CAN VIEW
THE FULL TABLE HERE](#)



What can the money be used for?



States, territories, and tribes may **sub-grant** their allocation, towards specific projects planned by business entities in the energy sector including, but not limited to:

▶ Electric grid operators

▶ Electricity storage operator

▶ Electricity generators

▶ Transmission owners or operators

▶ Distribution providers

▶ Fuel suppliers

Potential investments must be to prevent outages and improve grid resilience, and can include:

- Utility pole management
- Hardening of power lines, facilities, substations, and other systems
- Undergrounding of electrical equipment
- Replacement of old overhead conductors and underground cables
- Relocation of powerlines or reconductoring of powerlines with low-sag advanced conductors
- Vegetation and fuel-load management
- Weatherization technologies and equipment
- Fire-resistant technologies and fire prevention systems
- Monitoring and control technologies
- Use or construction of distributed energy resources for enhancing system adaptive capacity during disruptive events, including microgrids, and battery-storage subcomponents
- Adaptive protection technologies
- Advanced modeling technologies

Grants **cannot** be used for

- Construction of new electric generating facilities or large-scale battery facilities where these will not be used for enhancing system adaptive capacity during disruptive events.
- Cybersecurity

Suitable projects will include:

- High priority near-term opportunities for risk mitigation to improve all-hazards resilience
- Longer-term infrastructure improvement investments that enhance resilience
- Other priorities include community economic development and quality job creation, technology development, clean energy, energy costs, and community access to energy



Funding applications will need to be submitted each year but may cover multi-year projects. Provision will be made to ensure that small utilities receive their fair share of the grants.

How does a utility access this Sub-Grant?

States, territories, and tribes will each determine their own “Program Narrative,” including their criteria and methods for awarding sub-grants. This complex process is expected to take time and resources and is underway. Funds might be awarded via competitive solicitations, direct awards, or the use of other financial instruments. More information will become available in the coming months.

States, territories, and tribes **must advertise and hold public hearings, which utility companies and other stakeholders in the energy sector should attend.**

There is a **cost match requirement:**
For an entity to receive a sub-grant; larger entities must match 100% of the amount, and smaller entities must match 33%.

Buy America Requirements



Buy America provisions require the use of American-made products on government-funded projects, to ensure the development of domestic supply chains for new technologies.

These provisions were **updated** in IIJA.

[FOR MORE INFORMATION CLICK HERE](#)