

Oregon Department of Energy

Program Narrative for IJA Grid Resilience

April 2024

Bipartisan Infrastructure Law - Section 40101(d)

Preventing Outages and Enhancing the Resilience of the Electric Grid
Submitted:

This Program Narrative is provided by the Oregon Department of Energy (ODOE) as part of the application for funding under the U.S. Department of Energy's Infrastructure Investment and Jobs Act Preventing Outages and Enhancing the Resilience of the Electric Grid Formula Grant Program.

1. OBJECTIVES AND METRICS

To address the needs identified by Oregon electric utilities in the 2022 Request for Information (RFI) and through ODOE's ongoing stakeholder engagement, ODOE ~~proposes~~proposed a competitive grant program with the first two allocations of funding – Preventing Outages and Enhancing the Resilience of the Electric Grid – that ~~addresses~~addressed electric utility outages resulting from natural hazards and other disruptive events. ~~During the first year of the program,~~ ODOE will continue to administer U.S. Department of Energy (US DOE) funding through subrecipient relationships and subawards that focus on projects that support mitigation and prioritize the greatest community benefits to disadvantaged communities.

Oregon electric utilities operate in unique and diverse geographic areas that are subject to a variety of natural hazards that could result in damage to distribution systems and routine disruptions to energy delivery. The most recent US DOE Energy Sector Risk Profile for Oregon, published in March 2021, identifies weather-related hazards as the leading cause of electric utility-reported outages statewide between 2009 - 2019. During this period, winter storms and extreme cold caused the greatest property loss, totaling \$11 million in damage per year. Floods accounted for \$9 million, thunderstorms and lightning accounted for \$3 million, and wildfire accounted for \$1 million annually. The year 2020 was particularly bad for wildfires in Oregon, burning more than 1.2 million acres of land and causing an estimated \$915 million in property damage.

In the spring of 2022, ODOE began engaging with the Oregon Public Utility Commission, ~~the state's~~ utilities operating in the state, and other stakeholders to prepare for this funding opportunity. In November 2022, ODOE issued an RFI to Oregon electric utilities requesting a ranking of risks associated with natural hazards. While wildfire has garnered national attention in recent years and affects all Oregonians, some Oregon electric utilities identified windstorms, snow and ice storms, floods, and landslides as higher risks.

The results of the RFI demonstrate that Oregon is a state with many different climate zones, environments, and natural hazards. Utility service territories along the coast have different hazards ~~from~~than utilities in forested mountain communities or high desert communities in the eastern part of the state. Accordingly, electric utilities will prioritize projects that address the unique hazards affecting electricity distribution within their service territories.



ODOE will use the following ~~provisional~~ objectives and metrics to guide the program ~~during its first year of implementation when the first two allocations of funding will be administered~~, and will incorporate lessons learned ~~during this time~~ into future grant cycles:

Objective 1: Mitigate natural hazard risks and disruptive events to utility distribution systems by supporting grid infrastructure improvement projects.

Metrics:

- Frequency of electricity service disruptions associated with natural hazard or disruptive events.
- Duration of electricity service disruptions associated with natural hazards or disruptive events.
- Number and percentage of utility customers affected by service disruptions associated with natural hazards or disruptive events.

Objective 2: Deliver benefits to disadvantaged communities and nine federally recognized Tribes in Oregon as defined by the Justice40 Initiative, and support Justice40 Initiative goals through grid infrastructure improvement projects.

Metrics:

- Number of service disruptions among disadvantaged communities or federally recognized Tribes.
- Duration of electricity service disruptions to disadvantaged communities or federally recognized Tribes.
- Number and percentage of utility customers in disadvantaged communities or federally recognized ~~tribes~~Tribes affected by electricity service disruptions.

Objective 3: Maximize community benefits that complement grid resilience projects. Benefits may include any item, action, or plan that brings value to a community. ~~Examples include economic development, workforce development, utility operational improvements, environmental benefits, pollution reduction, community resilience, or any other services that bring value to an Oregon community.~~

Metrics:

- ~~Percent of awards demonstrating coordination~~Number, type and degree of engagement activities with county, municipal, or other public bodies with overlapping jurisdiction and interests associated with proposed infrastructure improvement projects.
- ~~Percent~~Number, type and degree of awards demonstrating collaborationengagement activities with stakeholders representing local community interests.
- ~~Percent of awards demonstrating coordination~~Number, type and degree of engagement activities with communications, broadband, water, sewer, or any other community service provider that may be able to reduce costs or improve service by coordinating upgrades with proposed projects.
- Number and percent of workers employed in Davis-Bacon covered positions ~~on awarded projects~~.

- ~~Percent~~Measurable details of ~~awards with a project~~ workforce ~~development component~~investments, particularly those that ~~emphasize target underserved or~~ underrepresented ~~or historically excluded workforces~~populations.
- Estimated hours of reduced runtime of diesel or other fossil fuel generators.
- ~~Percent~~Measurable details of ~~awards that provide project~~ support to ~~or enable~~ community emergency preparedness or planning objectives.

Objective 4: ~~Further refine~~Refine program objectives, metrics, and criteria ~~for future years~~to ensure program funds address the most pressing grid resilience needs, ~~and~~ support disadvantaged communities across Oregon, and support advancement of new objectives identified during early program implementation. ~~In particular, we~~We will seek to align this program with the state’s Energy Security Plan, being developed concurrently by ODOE.

Metrics:

- ~~Lessons learned from administering US DOE’s first two allocations of program funding.~~
- ~~Objectives~~The creation of lessons learned from ongoing program execution, ~~including feedback from utilities the communities they serve, and environmental justice organizations.~~
- ~~Changes to objectives,~~ metrics, and ~~award selection~~ criteria ~~developed from,~~ ~~informed by~~ lessons learned and used in future application cycles and opportunity announcements.

2. CRITERIA

~~Criteria for Awards~~During the First Two Years of the Program

~~ODOE will prioritize investments in projects located in areas of the state routinely affected by natural hazards, as well as projects that benefit areas identified as a disadvantaged community or federally recognized tribal community.~~

Specific selection criteria ~~and a scoring matrix will be developed as part of the program design and~~are published with each funding opportunity announcement.

Additional details, including applicable definitions and potential minimum requirements for all applicants are included below in the “Methods” section of this program narrative.

~~“Methods” section of this program narrative.~~

As part of the application process, applicants ~~would~~need to identify the eligible measures their projects propose to undertake, which ~~can~~may include, ~~but are not limited to, one or a combination of the following:~~ :

- (a) Weatherization technologies and equipment.
- (b) Fire-resistant technologies and fire prevention systems.
- (c) Monitoring and control technologies.
- (d) Undergrounding of electrical equipment.

- (e) Utility pole management.
- (f) Relocation of power lines or the reconductoring of power lines with low-sag, advanced conductors.
- (g) Vegetation and fuel-load management.
- (h) The use or construction of distribution energy resources for enhancing system adaptive capacity during disruptive events, including:
 - Microgrids, and
 - Battery-storage subcomponents.
- (i) Adaptive protection technologies.
- (j) Advanced modeling technologies.
- (k) Hardening power lines, facilities, substations, and other systems.
- (l) Replacement of old overhead conductors and underground cables.
- (m) Training, recruitment, retention, and reskilling of skilled and properly credentialed workers to perform work required for the resilience measures listed in (a)-(l).

Prohibited use of funds:

- Cybersecurity.
- Any construction of a new electric generating facility or large-scale battery-storage facility that is not used for enhancing system adaptive capacity during disruptive events.

Note: Per federal guidance, ~~renewable energy generation through solar panels is considered~~ construction of ~~a new solar electric generating facility and therefore generation~~ is not an allowable ~~expense, even if proposed as a component cost for grant funds.~~ However, other costs outside of new generation associated with building out a microgrid may be allowable.

Percentage Made Available to Small and Large Electric Utilities

~~During the first year of program implementation,~~ ODOE ~~will restrict~~ restricts eligibility to electric utilities that are distribution providers. ODOE ~~will allocate~~ allocates a minimum of 40 percent of available funds to eligible small electric utilities and the remaining available funds to large electric utilities. In accordance with US DOE guidance, large utilities are defined as those that exceed annual sales of 4,000,000 megawatt hours of electricity. Small electric utilities are defined as those that do not exceed annual sales of 4,000,000 megawatt hours of electricity. Sales figures are based on total utility sales to all sectors reported in an applicant's most recent listing in the *Oregon Utility Statistics* book, which aligns with the U.S. Energy Information Administration's (EIA) Form 861, as of the date of ODOE's grid resilience program application announcement.

Pursuant to EIA Form 861, and the requirement that the set aside for small electric utilities is determined by customers served statewide, ~~ODOE's~~ ODOE's calculations find that 25 percent of Oregon customers are served by small electric utilities. However, ODOE recognizes that this percentage of statewide customers does not

adequately describe the scale and scope of challenges faced by small electric utilities in Oregon. For example, the Oregon Trail Electric Co-op serves approximately 1.26 percent of Oregon electricity customers but has more than 3,000 miles of power lines and covers over 6,700 square miles — almost 7 percent of Oregon’s land area. Many small electric utilities operate with limited resources to serve large rural areas in lower income parts of the state, in addition to communities that have been disproportionately impacted by natural hazards in recent years. ODOE has adopted a 40 percent allocation of program funding for small electric utilities that surpasses the minimum set aside of 25 percent required by 40101(d) and provides more robust support.

~~ODOE anticipates the above method, if implemented utilizing current data, would result in the following determinations, consistent with the match~~ Match requirements ~~in~~ from Section 40401(d):

- **Large Utilities.** Investor-owned utilities (including Portland General Electric, PacifiCorp, and Idaho Power) and Umatilla Electric Cooperative, exceeding sales of 4,000,000 megawatt hours of electricity annually, will be required to provide 100 percent match for any award, if selected.
- **Small Utilities.** Other electric distribution utilities in the state, not exceeding sales of 4,000,000 megawatt hours of electricity annually, will be required to provide a one third match for any award, if selected.

Planning for Future Applications to US DOE

ODOE will continue to conduct outreach to disadvantaged communities and other program stakeholders ~~during the first year of program implementation.~~ This will enable community members, their representatives, and community-based organizations to further participate in the design of the grid resilience program in alignment with the goals of the Justice40 Initiative. ODOE ~~intends~~ supports the goal that at least 40 percent of the benefits of these funds will flow to disadvantaged communities over the life of the program. ODOE will implement continuous improvements ~~in future funding cycles~~ to ensure that benefits are delivered to disadvantaged communities.

ODOE will coordinate with representatives from disadvantaged communities; Tribes; environmental justice communities; investor-owned utilities; consumer-owned utilities; consumer advocates; the Public Utility Commission; the Oregon Department of Emergency Management; the interagency Hazard Mitigation Team; and the Governor’s Office to identify lessons learned from program implementation to propose recommendations related to objectives and metrics for ~~future years of the program.~~ improvement.

3. METHODS

Methods of Award

ODOE ~~will develop~~developed a competitive grant program to distribute US DOE's ~~initial first two~~ allocations of program funding. and will evaluate future methods of award based on lessons learned opportunity announcements, as well as input from utility stakeholders and the communities they serve. Grant opportunities ~~will be~~ posted on the ODOE webpage and referred to as opportunity announcements. Opportunity announcements ~~will~~ include all required application materials, such as: minimum program requirements, funding priorities, award amounts, and application forms. A timeline for all applicant submission deadlines and anticipated award notifications ~~will also be~~ provided. Grant opportunities ~~will~~ remain open for a minimum of 60 days and email notifications will be sent to eligible Oregon electric distribution utilities and shared via relevant newsletters. A ~~question program website and answer period will also be provided during this time~~ email account are maintained and Frequently Asked Questions documents are posted along with complete program information.

Funding Priority

~~Opportunity announcements will be made available for~~ Selection criteria prioritize projects that demonstrate the greatest community benefits. ~~Priority funding may also be directed to projects that~~ in the following three areas:

- Provide benefits to a disadvantaged community or one of the nine federally recognized Tribal Nations.
- Are in an area recently directly affected or vulnerable to a natural hazard or other physical disruption, based on information provided by the applicant.
- Directly serve a public facility that supports disaster relief efforts.

All applications must propose activities that will directly mitigate the risk from natural hazards and other disruptive events. Comparable projects may be prioritized if they benefit disadvantaged ~~or Tribal~~ communities or federally recognized Tribes. ODOE may also prioritize geographical diversity or other funding considerations described in a specific opportunity announcement for project selection.

Minimum Application Content

An applicant may only submit one application as a primary applicant to each opportunity announcement, but may apply as a subrecipient or contractor on numerous applications under a different primary applicant.

All applications must be complete at the time of final submission; incomplete applications will be rejected. ODOE reserves the right to add additional requirements as part of the application process but at a minimum all applications must include:

- (a) Applicant's contact information.
- ~~(b) Proof of SAM.GOV registration.~~

- ~~(c)~~(b) Unique Entity ID (UEI) ~~(b)~~ obtained from SAM.gov.
- ~~(d)~~(c) A detailed description of the eligible measure(s) the applicant intends to undertake as part of the project.
- ~~(e)~~(d) The location of the proposed project.
- ~~(f)~~(e) The number of customers served by the project.
- ~~(g)~~(f) Description of how the project meets the objectives of the program.
- ~~(h)~~(g) Description of how the investment will improve resilience in the communities the utility serves including baseline reliability and outage data.
- ~~(i)~~(h) Description of whether the project will benefit environmental justice communities, disadvantaged communities, or federally recognized Tribes, and if so, how.
- ~~(j)~~(i) Description of community engagement activities planned and/or conducted for this project, prior to application submission, including coordination with local city or county governments.
- ~~(k)~~(j) Description of community benefits associated with the project, including non-energy benefits, if applicable.
- ~~(l)~~(k) Attestation the applicant is not barred from receiving federal funds.
- ~~(m)~~(l) Certification the applicant has reviewed all application materials and is prepared to meet all requirements of the program, including, but not limited to: National Environmental Policy Act; Buy American provisions, Davis-Bacon Act requirements, and reporting requirements identified by ODOE.
- ~~(n)~~(m) Certification the project planning is at a sufficient stage of progress, based on requirements determined by ODOE, to facilitate the completion of US DOE's Environmental Questionnaire, if project is selected.
- ~~(o)~~(n) Documentation that applicant will be able to provide matching funds to support the project, including identification of the source of matching funds.
- ~~(p)~~(o) Certification the applicant intends to initiate and complete the project within the period of performance. Project timelines may be subject to adjustment at the time of the opportunity announcement.
- ~~(q)~~(p) A project budget and budget narrative aligned with the SF-424A.

At the end of each application cycle opportunity round, ODOE will conduct a project eligibility review. All eligible projects will then move into a competitive selection review. Proposals will be scored are ranked according to the scoring matrix selection criteria developed by ODOE, which will be is published along with each opportunity announcement. ODOE may involve external reviewers during the competitive selection review, following, at a minimum, state procurement law and the US DOE's Conflict of Interest Interim Policy.

Following the competitive selection review, ODOE will issue one of the following notices to each applicant:

- **Notice of Intent to Award.** This notice will be sent to applicants that are selected in the competitive selection review process. This notice will move applicants into

the next stage of approval, which is subject to additional documentation and review prior to final approval by ODOE and USDOE.

- **Notice of Insufficient Application.** This notice will be sent to applicants determined not eligible for funding, along with a description of why the applicant and/or project was determined ineligible or incomplete.
- **Notice of Unsuccessful Application.** This notice will be provided to any applicant who submits an eligible application but is not selected in the competitive selection review.

For any resilience project subawards over \$250,000, ODOE will notify the US DOE Contracting Officer and Project Officer in writing prior to the execution of new or modified subawards.

Unsuccessful or insufficient applications may be revised and resubmitted for future funding opportunities.

Award Designations

Funding will be made available to applicants through multiple funding rounds, via ODOE's posted opportunity announcements, until all available funds are committed. Award sizes may vary with each opportunity announcement by applicant utility size, budget, and objectives, and will be made on a competitive basis selection basis determined by lessons learned during the first opportunity announcement, as well as input from utility stakeholders and the communities they serve.

- **Large Electric Utilities.** The maximum award a large utility may request in a single funding round cannot exceed the percentage of funds available proportionate to that utility's share of the state's electricity sales among the large utilities funding allocation, as calculated by ODOE. Large utilities are expected to provide a cost-match equal to no less than 100 percent their awarded amount.
- **Small Electric Utilities.** There is no maximum award for small utilities, however preference will be given to proposals that fall near or below \$800,000. If a small utility applies for a larger award, additional justification may be requested to demonstrate need, impact, and greatest community benefit. Small utilities are expected to provide a cost-match equal to no less than one-third their awarded amount.

If funding remains available and uncommitted following a funding opportunity announcement, ODOE may elect to change award designations for large and small utilities, provided that doing so does not hinder Oregon's ability to comply with the overall federal requirement that at least 25 percent of funds are made available to small utilities. If funds awarded for a specific project become de-obligated for any reason, ODOE would integrate available funds into future opportunity announcement cycles.

Methods to Track and Publish Metrics

ODOE will provide cumulative and project specific information about the impact of Grid Resilience investments on a webpage hosted by the agency. The information will be updated no less frequently than annually and will include a summary of each project and the associated metrics achieved to date.

4. FUNDING DISTRIBUTION

~~ODOE anticipates establishing two categories of budget carveouts to ensure the program meets the goals established for disadvantaged communities and small utilities. The disadvantaged community carveout will be 40 percent of total funds awarded according to the goals established in the Justice40 Initiative. The small utility carveout will be~~ ODOE established a budget carveout for small utilities of 40 percent of total funds awarded according to the small utility designation described in this narrative. ~~Individual projects completed by small utilities that also serve disadvantaged communities will be counted toward both carveouts.~~

~~ODOE has a pending legislative request to provide the state match requirement for this program with state general funds to support the first two allocations of the program. State match funds could~~ State match funds can be used to support additional positions at ODOE to administer the program, professional services to support program administration, additional support for projects receiving federal funds, as well as capacity-building support for disadvantaged communities. If sufficient state general funds are not committed ~~for this purpose by September 30, 2023~~, ODOE would seek additional match funding from subrecipients to fulfill the state match requirement.

The subrecipients selected for awards under this program will be limited to electric distribution utilities ~~during the first year of program implementation.~~ ODOE will ensure that a minimum of 25 percent of the funds are made available to small utilities who sell less than 4,000,000 megawatt hours of electricity annually as required by federal guidelines. The subrecipients will be required to match at a rate of either 100 percent or one-third based on their average annual electricity sales.

ODOE is currently working to identify existing resources that may support the program in future years and exploring efforts to align multiple state-funded programs related to enhancing state and community resilience.

5. EQUITY APPROACH

Oregon's Equity Approach

Oregon has established guidelines to help ensure equity is an integral element of state agency operations, and to ensure equity considerations are included in the development of new programs. ~~In 2021, the office of then-Governor Kate Brown~~

~~published the State of Oregon Diversity, Equity, and Inclusion Action Plan, directing state agencies to consider~~In 2023, ODOE published its Diversity, Equity, and Inclusion Implementation Plan and Strategic Approach, establishing ODOE's approach to considering equity in every stage of program development and operations. ODOE will strive to follow best practices to ensure equity stakeholders inform program development and administration, with a long-term focus on further refining its approach in this area over future years, and a goal of ensuring alignment with the Justice40 Initiative.

~~In the Opportunity Announcements in the first year of program implementation, ODOE will use the Climate and Economic Justice Screening Tool~~ODOE will use the Climate and Economic Justice Screening Tool, released by the Council on Environmental Quality (CEQ), ~~to help qualify projects for inclusion~~and USDOE program implementation guidance in support of the Justice40 Initiative goals. ODOE will ~~use the first year of program operations to further~~continue to evaluate the best way to ensure local community, state, and federal environmental justice goals are achieved. ODOE will work with communities to identify financial and technical assistance needs to ensure projects can be developed that directly benefit disadvantaged ~~and Tribal~~ communities, and federally recognized Tribes. There are some local instances where ~~disadvantaged populations~~environmental justice communities, as defined by the state of Oregon, reside outside areas identified by the Climate and Economic Justice Screening Tool — for example, communities that previously lived within these identified locations but were displaced due to wildfires and had to relocate. In specific instances like these, ODOE will work with eligible entities to determine how these populations can still be served while achieving the greatest community benefit for the broadest number of people across ~~federally recognized~~ disadvantaged ~~and Tribal~~ communities and federally recognized Tribes.

~~In the application stage,~~ ODOE sent formal letters to the Chairs of each of Oregon's nine federally recognized Tribes offering to coordinate applications or provide any technical assistance to Tribes considering an application under this program. ODOE ~~intends to extend this offer of~~will support ~~to~~ the federally recognized Tribes throughout the life of the program.

ODOE seeks to understand how projects can support efforts related to employment, women and minority-owned firms, disadvantaged communities, and ~~Tribal~~ communities. ~~The information collected from the initial program year will inform future activities. This will be~~federally recognized Tribes. Program improvements are accomplished in part through the development of lessons learned ~~from the initial funding allocations,~~and used to inform future objectives, criteria, and metrics that will better serve disadvantaged communities and ensure meaningful engagement by utility applicants with residents, workers, and leaders in these communities.

5a. Quality Jobs

In support of quality jobs, ODOE will ensure that the requirements of the Davis-Bacon Act are fulfilled. All laborers and mechanics employed by the applicant will be paid

wages at rates not less than those prevailing on similar projects in the locality. As US DOE-sponsored Davis-Bacon Compliance Trainings become available, ODOE will share this information broadly across all subrecipients and encourage attendance.

Above and beyond Davis-Bacon reporting, additional metrics related to the diversity of the workforce or certification by Oregon's Office for Business Inclusion and Diversity (COBID) may be identified for reporting purposes to inform future year activities.

ODOE recognizes that workforce development is a significant challenge for utilities and will work to identify opportunities ~~in future years of the program~~ to support training, recruitment, retention, and reskilling of skilled and properly credentialed workers to perform work required for grid resilience. As noted previously in the objectives and metrics section of this program narrative, ODOE will also give preference and track metrics for projects that invest in historically underrepresented workers.

~~As a non-federal entity, ODOE will also continue to emphasize and encourage requirements of the Buy America Act among all subrecipient applicants to reenforce investment in both American manufacturing supply chains and the American labor force.~~

5b. Community Benefits

Many Oregon utilities have significant backlogs of natural hazard mitigation projects. Respondents to the RFI identified dozens of projects that are in various stages of planning and engineering but lack the funding necessary to move forward. Bringing federal funds to these projects could reduce the burden on ratepayers and is likely to benefit rural customers served by utilities that may have postponed projects rather than impose significant rate hikes.

ODOE will also work with utility applicants to ensure infrastructure improvement projects are coordinated with local governments and other community groups. This will enable local jurisdictions to consider additional community benefits that may be possible because of the proposed utility upgrades. One example provided to ODOE was an opportunity to expand high speed internet to a community by utilizing a trench proposed for a utility distribution line undergrounding project.

~~ODOE will work with a consultant in the spring of 2023 to conduct broad stakeholder outreach and engagement to further define community benefits within the program.~~

5c. Diversity, Equity, Inclusion, and Accessibility

ODOE will seek information from applicants on project benefits to disadvantaged communities, ~~the nine Federally recognized Tribal Nations~~ as defined by the Justice40 Initiative, ~~and to the nine federally recognized Tribes.~~ ODOE will also work with applicants on workforce diversity, efforts and community engagement to inform the agency's approach ~~to future funding years~~, enabling ODOE to go beyond the current measures ~~in future years.~~

~~In addition to funding projects in the first year of implementation,~~ ODOE seeks to identify and engage with disadvantaged communities and applicants to identify their interests in resilience investments and needs for technical assistance. Future objectives and metrics may more fully consider plans for diversifying the workforce, supporting COBID-certified firms, considering the needs and desires of community members, and representation from community leadership.

6. TECHNICAL ASSISTANCE AND ADMINISTRATION

ODOE will use up to 5 percent of the available federal funding to support administration, technical assistance, and public information sharing regarding the investments. We anticipate that state match funds will also support some program administration. ODOE ~~requests~~secured approval for pre-award costs under this program incurred after May 3, 2022, particularly as they related to recognition of match expenditures as allowable costs.

Up to 5 percent of the federal funds will support ODOE personnel to administer the contractual and financial aspects of the program, meet all reporting requirements, and select and award subrecipients following the criteria and methods provided within this application. ODOE may also procure contracted support to assist with planning, meeting facilitation, outreach, and other activities supportive of the state's plan to refine the program in future years. ODOE will carefully consider how these activities can further the state's commitment to serving historically underserved communities in alignment with the Justice40 Initiative.