>>Ryan Ingwersen: Go ahead, Lucci.

>>Luciana Ciocci: Good afternoon. And thank you for joining the Section 247: Maintaining and Enhancing Hydroelectricity Incentives Prefiling Webinar. I'm Luciana Ciocci and I am the stakeholder engagement lead for the Hydroelectric Incentives Program.

We'll start with webinar logistics. The purpose of this webinar is to provide an overview of the full application filing requirements for the maintaining and enhancing of hydroelectricity incentives. The webinar is being recorded, and a transcript of the webinar will be made available on DOE's website. We are not accepting questions within this webinar. Please send your questions to the Hydroelectric Incentives inbox. The address is in the chat.

None of the information presented herein is legally binding. The content included in this presentation is intended for informational purposes only relating to the Maintaining and Enhancing Hydroelectricity Incentives. Any content within this presentation that appears discrepant from the guidance language is superseded by the guidance language. All applicants are strongly encouraged to carefully read the guidance document.

And now, we will get started with the agenda. So, as I mentioned, I'm Luciana Ciocci, stakeholder engagement lead for the Hydroelectric Incentives Program, and I will be facilitating today's session. We have Maria Robinson with us, director of the Grid Deployment Office, and she will be joining us for opening remarks. Tim Welch, program manager for the Hydroelectric Incentives Program, will provide an overview of the full application filing requirements for the incentive and will then end the webinar with next steps and closing remarks.

And Maria, thank you for joining us. I will pass the stage over to you.

>>Maria Robinson. Thank you so much, Luciana. Welcome, everyone, and good afternoon. It's wonderful to be with you again. I'm Maria Robinson, the director for the Grid Deployment Office here at the U.S. Department of Energy. I want to thank you for joining today's webinar on the Hydroelectric Incentives Program. And I'd especially like to thank you for filing a letter of intent for the Section 247: Maintaining and Enhancing Hydroelectricity Incentives, which we released on May 8th.

While you might be familiar with the Grid Deployment Office from our other programs such as the Transmission Facilitation Program or the Grid Resilience and Innovation Partnerships, or GRIP program, today, of course, we're here to talk about hydroelectric incentives. And the Bipartisan Infrastructure Law provided historic funding for the hydropower industry, over $750 million in total, for the three incentives with the Hydroelectric Incentives Program. The Hydroelectric Production Incentive received about $125 million through the Bipartisan Infrastructure Law. The Hydroelectric Efficiency Improvement Incentive received about $75 million. And the incentive we're here to discuss today received nearly $554 million in funding.

We've received an incredible response from the industry. To give you a high-level picture, we've received over $1 billion in funding requests for Section 243, the Hydroelectric Efficiency Improvement Incentive, and letters of intent under Section 247. This represents over $7 billion in estimated project costs. Tim will go into these numbers in greater detail in just a moment.

I just want to note that this response really demonstrates a clear need for hydropower infrastructure investment. These investments in grid resilience, dam safety, and environmental improvements will play a critical role in accomplishing President Biden's ambitious climate goals and will ensure the existing fleet is able to continue to provide clean and affordable electricity while improving their ability to integrate with more renewables and reduce environmental impacts.

As I'm sure you've already calculated, we are oversubscribed for the Hydroelectric Efficiency Improvement Incentive and are planning and anticipating oversubscription of the Maintaining and Enhancing Hydroelectricity Incentive. Our goal is to incentivize high-impact projects. It is imperative that applicants provide complete, high-quality applications, and I just cannot stress that enough. Please make sure that your application is entirely complete and submitted on time by 5 p.m. Eastern on October 6th. Again, I'll say that: We're looking forward to receiving your full applications by 5 p.m. Eastern—and do it a little bit before then just in case of technology issues—on October 6th.

So, once again, we thank you for joining us today. And thank you for submitting a letter of intent. And I will now turn it over to Tim Welch, who will provide an overview of this incentive and the solicitation. Tim?

>>Tim Welch: Thank you. Thank you, Maria. Welcome, everyone. Good afternoon and welcome to what we hope to be our final webinar on 247 as the October due date approaches. We thought it would be helpful to have at least one more webinar to kind of review the application requirements that are in our guidance and also to maybe give you some helpful tips to make sure that you file complete applications according to our guidance.

So, before I begin talking too much more about 247, I want to give you a little bit of overview about where are we with the other two incentives, the Hydro Production Incentive and the Hydroelectric Efficiency Incentive? So, Section 242, as everyone pretty much knows, the Hydroelectric Production Incentive, we received 76 applications that we are currently reviewing. We sent eligibility letters out the week of July 24, 2023. So, we're finishing our final review of the applications, and we are also working our way through an appeals period.

So, for the Hydro Efficiency Improvement Incentive, Section 243, we received 93 applications, $200 million in requested funding, which represents $1.18 billion in reported project costs. And again, these applications are currently under review.

So, on to 247. So, as many of you know, we received—I wish it wasn't 599, I wish it was a nice, even 600—but about 600 letters of intent were received, an overwhelming response. So, thank you, hydro industry, for paying attention to this very important incentive. Unfortunately, as Maria mentioned, we are oversubscribed here.

But just to give you a little bit of breakdown between the three general areas, the biggest need, as you can see, is the dam safety category, of 309. Grid resilience was second with 160 letters of intent. And environmental improvements, 130 letters. That represents $823 million worth of requested funding and $6.2 billion in reported project costs. So, as Maria said, and I'll say it again, applications for 247 due October 6th at 5 p.m. Eastern Time.

OK. So, I wanted to start off with—so, the whole cornerstone of the 247 eligibility is, are you a qualified hydroelectric facility? And you can see, it's from—mostly from the statute, there are three general areas of eligibility. And you can see those that are up on your screen now. The one I really want to talk about is A, that in order to be a qualified facility you have to be licensed by FERC or a project constructed, operated, or maintained pursuant to a permit or valid existing right granted prior to June 10, 1920—in other words, predating the Federal Power Act. And so, again, or a license granted pursuant to that act. And we've added some other—or you have a FERC-issued 10-megawatt exemption. We consider the 10-megawatt exemption to be a type of license. So, if you're claiming qualification under A, we need to see documentation and evidence that you are qualified under that area according to those criteria in the statute. So, that's very, very, very important.

OK. So, quickly, 247, as I said, funds capital improvements related to grid resilience, dam safety, and environmental improvements. The Bipartisan Infrastructure Law provided $553,600,000.00 to remain available until expended. The incentive payments can’t exceed 30% of the costs of the capital improvement and not more than $5 million to any facility in a fiscal year. The letter of intent window did close on June 22nd of this year. The full application period is now open until October 6th. So, it's important to remember: In order to submit a full application, a potential applicant must have filed an LOI.

So, as I said earlier, we are anticipating being oversubscribed with 247, but I want to say it is our intent to fully fund—fully fund—as many eligible projects as possible. Not only eligible projects but eligible high-impact projects, as Maria indicated earlier. So, we have developed in our guidance a scoring rubric, which will prioritize these applications. So, we expect you to provide documentation submitted with the full application in order for us to determine the application score. So, failure to submit the required documentation could lead to a low score. So, the top-scoring applications will be selected in each of the three capital improvement categories. We had to have some tiebreakers obviously, so applications with the ranking will be ranked by nameplate capacity from highest to lowest.

So, here are some helpful tips that we'd like to give you, things to watch out for while you are preparing your applications. Again, important that we know what you're applying for. What does your project look like? So, we're looking for a description of the proposed capital improvement and a detailed explanation about how the project meets all the relevant criteria: the category and even the subcategory. So, whatever categories you declare your project in, please provide the documentation that explains to us why you believe they fall in those particular categories.

Also looking for a detailed list of capital costs. What do I mean by "a detailed list"? We need to know that all the costs that you're submitting under the incentive are eligible direct costs to the capital improvement. And I'll get into a little bit more of that lately.

Regarding the eligibility, proof of FERC authorization to operate. And documentation of where are you in the FERC authorization and the NEPA process, or how you are handling NEPA documentation. In other words, the FERC approval process, where are you in that process? Do you already have it? Have you applied? And does FERC have your application?

For our small project category, a statement that you are filing under the small project category. And again, according to our guidance, documentation of why you believe you fit in that particular category.

For project budgets and costs, the amount of incentive payment that you're requesting. And remember that the amount is capped at $5 million per facility. Now, also, we're looking for compliance statements with other federal statutes, like Build America, Buy America and Davis-Bacon. And I'll say a little bit more about in a few minutes. And in addition, you're required by our guidance to file a community benefits plan and to make sure you address each element in the community benefits plan and—yeah, information on the community benefits plan and what we're expecting can be found on our website.

So, those of you—oh. Thank you, Lucci. Just recently, we received some questions on critical energy infrastructure information, CEII. The department has its own regulations on how we handle CEII, and those regulations are now available in the chat. So, in the meantime, we'll also be developing a frequently asked questions on the 247 FAQ webpage.

OK. So, projects with pending FERC authorization—and we are accepting those that have already filed or are already in the FERC authorization process. So, submit proof that a final application for authorization has been filed with FERC and file that along with your full application. For authorizations that have not yet been obtained, any selection, any time we select you it would be conditioned upon successful completion of the permitting. So, we will be issuing what we're calling conditional selections, and that will be based on FERC's ultimate authorization of your particular project. However, in the event that FERC process results in significant modifications to the capital improvement project, recipients may be required to submit a revised application.

So, again, I mentioned earlier—so, let's talk about costs. So, direct costs versus indirect costs. As I said earlier, applicants will be expected to demonstrate that all the costs associated with the eligible improvement are direct costs. So, what is a direct cost? So, direct costs are those costs that can be identified as necessary to make the capital improvement in the facility or can be assigned directly to the capital improvement in the facility relatively easily with a high degree of accuracy. And that also includes community benefit plan costs that can also be identified as a direct cost. So, those are the only costs in the community benefits plan that will count towards the incentive, or those that can be—those plan costs that can be directly tied to the capital improvement.

Timing of the projects. So, what we are looking for here is we are looking in the relative short term. So, projects that you propose under the incentive should be started and completed within 3 years after the projects are selected for incentive payment. Now, we understand that things can happen within those 3 years, so we are allowing you to request time extensions to any milestones that we agree with you on the pathway to making those capital improvements. So, we will review those time extensions and we may approve or deny them at our sole discretion. So, 3 years, projects that are started and completed within 3 years or have already been completed according to the criteria in our guidance.

A lot of people are asking about Build America, Buy America requirements. This is clearly outlined in our guidance, but just to know that this only applies—the Buy America requirements apply to states, local governments, Indian tribes, institutions of higher education, and nonprofit organizations. For-profit entities such as investor-owned utilities do not have to comply with Buy America requirements. Projects completed prior to the application period must still comply with the Buy America requirements. Applicants or recipients may request a waiver from the Buy America requirements, but such waiver must be included with the applicant's full application or after the recipient has been notified of its selection.

Now, a little bit about the Davis-Bacon Act requirements. The Davis-Bacon Act requires contractors and subcontractors to pay laborers and mechanics employed on federal construction contracts no less than locally prevailing wages and fringe benefits for corresponding work on similar projects in the area, as established by the Department of Labor. Contractors must maintain an accurate record of hours, work, and wages paid, including fringe benefits contributions, and submit certified payrolls on a weekly basis to the DOE. Projects completed prior to the application period must still comply with the Davis-Bacon Act requirements. Waivers are not available with respect to compliance with the Davis-Bacon Act requirements.

DOE anticipates contracting with a third party for the Davis-Bacon Act electronic payroll compliance software application, including your full application if you will seek a waiver for a particular contractor or subcontractor from using the specific software. So, I'm contrasting that with the previous bullet about no waivers for compliance with the Davis-Bacon Act, but we will accept waivers for using the software.

OK. So, here is our tentative schedule. Where are we? OK. So, we had the draft guidance public comment period back in February. We issued our final guidance in May. We're opening the solicitation now. We will close October 6th. We're anticipating notifying selectees this spring in 2024. The initial payments will be made upon FERC authorization, and if you already have it right away—and these are the payments of the 10% putting forward for essentially seed money, but the final payments under 247 will not be made until we have evidence that the work has been completed.

And now, I turn everything back to Lucci.

>>Luciana Ciocci: OK. Thank you, Tim. Just to reiterate, the letter of intent window closed on June 22nd. Submit full applications through 5 p.m. Eastern on October 6th. And of course, to be eligible to file a full application, prospective applicants must at first have filed a letter of intent. We are using the Clean Energy Infrastructure Funding Opportunity Exchange for the filing of the full application, just as we used for the letter of intent, and a link is within the chat.

Once again, submit questions to the Hydroelectric Incentives inbox, and we will get back to you as quickly as possible. So, we've included some helpful links within the chat related to the Clean Energy Infrastructure Exchange system as well as our inbox email address.

And this concludes the webinar. We'd like to thank you for joining us today. Please also sign up for news and alerts from the Grid Deployment Office, and a link is also in the chat. So, please sign up. There's some great information included within the monthly newsletters that go out. And thank you. Have a wonderful day.

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