>>*Madden Sciubba:* [side conversation]

Good afternoon and thank you for joining our “Lessons Learned in Filing an Application for the Section 247 Maintaining and Enhancing Hydroelectricity Incentives” public webinar. We'll get started with Webinar Logistics.

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The purpose of this presentation is to provide an overview of the existing application filing requirements for the Maintaining and Enhancing Hydroelectricity Incentive as of Round One. None of the information presented here is legally binding. The content included in this presentation is intended for informational purposes only, relating to the Maintaining and Enhancing Hydroelectricity Incentive, or EPAct 2005, Section 247.

Any content within this presentation that conflicts with the application guidance is superseded by the latter. No new information other than that provided in the application guidance will be discussed. All applicants are strongly encouraged to carefully read the application guidance, and if you have questions specific to an individual project, please contact us separately.

And lastly, there are no particular advantages or disadvantages to participating in this presentation.

Hi, I'm Madden Sciubba, the senior project manager for the Maintaining and Enhancing Hydroelectricity Incentive. Today, we have Shana Wiseman, the program manager for the Hydro Incentives Program, joining us for opening remarks. I will provide an overview of the Section 247 Maintaining and Enhancing Hydroelectricity Incentive. And then, Jeff and Luci will join me in providing an overview of the existing application-filing requirements for Round One. We'll then open the question period at the end of the webinar and have some closing remarks.

Shana, thank you so much for joining us today. And now, I'll pass it over to you.

>>*Shana Wiseman:* So, welcome, everyone. We're excited to talk with you again about the 247 Maintaining and Enhancing Hydroelectric Incentive that our program offers. We're here because we have 293 selectees that have made it to negotiations. We learned a lot through seeing and reviewing those applications, and we wanna share some of what

we've learned with you—hopefully to help provide some food for thought if you're thinking about applying to the next round.

That said, I know we're here to talk about 247 today, but I do wanna mention—just recently, in October, we were also excited to announce selectees for another hydroelectric incentive. And that was the Hydroelectric Production Incentive. Again, that incentive has to do with generating hydroelectricity at existing hydropower projects. We had 39 facilities selected for incentive funding this round.

In that 39 selectees, we had 7 new applicants, and we also had 8 facilities that were located in areas of inadequate service. So, we're always excited to see new applicants, especially when they get to that selection. It's exciting for us to see that people are turning on to these opportunities. Of course, this totaled a total of $12 million in incentive funding for this solicitation.

DOE estimates that we have about $68 million left of the $125 BIL provided for the 242 incentive, so what that means is there's going to be more rounds in the future. I know, again, we're not here to talk about that today, but if you wanna find out more information on those facilities selected—a little more about the program—just take a picture of the QR code we have here, or go to our Hydro Incentives webpage at DOE's website, and there will be more information provided there.

But with that, let's talk about 247. I'm gonna pass it back to Madden.

>>Madden Sciubba: Thank you. OK, so, the Maintaining and Enhancing Hydroelectricity Incentive—just a quick refresher for those of you who know, and maybe some baseline for those of you who don't. The Bipartisan Infrastructure Law, of Investing in Infrastructure and Jobs Act, provided over $550 million for this incentive—to remain available until spent. This incentive is funding for capital improvement projects at qualified facilities that are directly related to improving good resilience, dam safety, and environmental improvements.

The incentive payments will not exceed 30% of the total costs of the applicable capital improvement, and the incentive payment also would not exceed more than $5 million to any facility in a fiscal year.

So today, our speakers are gonna talk about some of the contents of successful applications we found from Round One. So, this will include things such as lessons learned, an explanation of the documentation required, and common pitfalls that we noticed in the process.

In general, successful applications really provided clear and concise documentation. They went beyond just including copies of documents that you may have had to submit to FERC or other federal agencies or as part of your process. They kind of stitched those documents—they provided all of them and they stitched those documents together in a story that helped us understand the projects. So, they were specific to the elements of the

247 incentive that was outlined in the application guidance—provided all the necessary proofs and authorizations for completing the project.

A big one was including a budget justification that supported the proposed budget, helped us make sure the costs were reasonable and allowable, and also made sure that they covered each element of the scoring rubrics that were developed for the event of oversubscription. And those rubrics were specific to the application type category. And those, again, can be found in the guidance.

So, and then—next slide, please?

OK, so, these are the types of things that my colleagues will cover today. Descriptions of the facility and business size, description of the actual proposed capital improvement, the proof of the authorizations, the project budgets and costs, other necessary compliance statements, and then, of course, community benefits plans.

So, with that, I will turn it over to Jeff.

>>Jeffrey Ojala: Thank you, Madden. Hello, everyone. I just wanna get us started here by talking about the fact that you all know your facility in ways that we just can't. It's important to make sure that you explain who you are, where you are, what your license number is, when it was issued. All of those things are really gonna help, and they really streamlined our ability to review these documents when these things were included.

A lot of times, you sort of forget that what you know isn't what everybody else knows, so make sure—the good applications really highlighted who you were and where you all came from. The same is true when it comes to the description of your proposed capital improvement, right? If you get an engineer and a compliance officer in the same room together, they both have this technospeak that they don't even understand each other, even though they're talking about the exact same thing.

Remember to try to wind that back down. Great applications really had a description that was easy to understand in plain language. That plain language really helped successful applicants narrow down the category in which they decided to select themselves in. Although there were some folks who thought that they should probably put themselves in more than one category, those applicants really had a harder time because they actually had to go through twice as much review.

So, good applications really honed in on the description, figured out what category they belonged in, and provided the documentation that helped support that. And in providing that documentation, if there was documents that plain English couldn't be used and you needed to put some information that was perhaps protected, you filed those files as CUI to protect those files.

If you go back to that previous slide, please, Ryan—thank you.

So, one of the things we didn't need to do—because we were not oversubscribed last time, we still decided to give it a test run because we do suspect that we are likely to be oversubscribed in the future—which was how to use scoring rubrics to rank our projects. And we found that successful applicants really read those scoring rubrics, understood what we were asking about, and provided clear support for those rubrics.

On the next slide, we see an example of some of those rubrics. I know this could be a little hard to see, but all those rubrics are currently in our guidance and will continue to be so. But successful applicants really make sure they addressed each of these items in turn and provided either descriptive support or citations back to the documents where we could find that support. Although some really successful applicants elected to self-score themselves, we, of course, can't just blanket take your score. But we did, in fact, find that really successful applicants, in their self-assessment, outlined the documentation that we needed to likely arrive at the exact same score. Again, those rubrics are available online.

The next thing we really needed to do is proof of authorization to construct. When that comes down to FERC-level projects, we were kind of surprised that we didn't get exactly the kind of supporting documents that we wanted. And those supporting documents are so important that we're gonna leave that slide up for just a minute.

And our program lead, Shana Wiseman, would like to talk a little bit more about some of the documentation we were looking for in FERC permits. And Ryan, that's one more slide up, please. Thank you.

[side conversation]

Well, it looks like Shana's having some technical difficulties, so, I'll try to say all of the things that she was going to say.

What's really critical here is that there are a number of FERC-issued documents that can speak to why you have authorization to construct. Those things are listed here on this slide. And it was surprising how many folks did not include these sort of things. Remember that not only does providing amendment orders provide proof of the ability to construct, but it's also going to speed up the process in terms of the fact that applicants that gave us these also therefore provided us with their completion of any consultation that needed to have happened—proof that NEPA documentation was done.

And so, there's a whole lot of important information that was conveyed by making sure that we have these authorizations available to us in successful applications. There are a number of different things that are there, but again, making sure that they were provided or at least directed to—either in a URL, document numbers through the FERC e-library—were all very helpful and successful in us helping determine that you had the authority to construct the project.

The same is true in the next slide when it came to projects that are non-FERC-related. Yes, I know that FERC doesn't issue these licensing and permits, but no matter who you are or whom issued your permit, you definitely went through some sort of probably extensive process to go through consultation, to document your interaction with the public and the agencies, and to get all of the necessary permits and permission that you require. The successful applicants really included all of these things, which made it much easier for us to really see that you, in fact, were eligible to be part of the program.

In the next slide—there were a number of folks who said that they didn't require any authorization whatsoever. When we sort of went back and forth with a number of these folks, we realized that almost none of them was that the case. There's usually always a way to provide some sort of documentation that really effectively pointed us to the fact that that project was eligible for the program. Yes, there are some times when the project that you're proposing is just something that's considered general maintenance with your certified agency, like FERC. But if you can find the paragraph and FERC document that outlines why, in fact, you do not require any further authorization, and it gives us a jumping-off point to really concur with your assertion that you don't need an authorization.

When it comes to budgets, the same thing is still true—the budgets need to be supported. Supporting documents, supporting documents, supporting documents. They also need to be very specific. Itemized spreadsheets, quotes, invoices, bills of sale, etc., are all very important. Remember that if you have quotes, invoices, and bills of sale that are protected information like those other bits of protected information, please mark it as such.

In the next slide, you'll see that there were some interesting kinds of budgets; some were pretty brief, and some were considerably more extensive. When providing us with a brief budget, we're going to have to come back, and we asked a lot of people, “Define this better. What does this mean? How does this relate to the project?”

The successful applicants really broke out what they were spending these monies on, and it was much easier to determine that these costs were directly associated with the project. In the next slide—we really talked about the fact that it's really got to be a direct cost. It's gotta be necessary to the capital improvement, and there needs to be a way to tie that back. By making sure that you provided a detailed budget in the application, it was really pretty clear to see not only that the applicants had clearly tied these costs back but incurred them after that key date of Nov. 15th of 2021.

I'm sure there will be more questions about budget, but I'm gonna turn this over to Luci to start talking about our compliance statements. Thank you, Luci.

>>*Luciana Ciocci:* Thank you, Jeff.

OK, the first compliance statement that I'll speak to is the Build America, Buy America Act, also known as BABA. It does not apply to for-profit entities; it does apply to state, local governments, Indian Tribes, institutions of higher education, as well as nonprofit organizations. It requires the use of iron, steel, manufactured goods, and construction materials in federal-funded infrastructure projects to be manufactured domestically. So, within BABA, there are waivers available, and successful applications should have requested waivers when submitted.

OK, the second compliance doc that I'll speak to is Davis-Bacon Act, or DBA, which requires contractors, paid laborers, and mechanics employed on the project site to work to be paid on a weekly basis—and no less than the prevailing wage for the area, which is determined by the Department of Labor. All projects or successful applications, regardless of completion status, are expected to comply. This act cannot be waived.

The only instance in which it could be waived is in event of not having access to the Internet, and applications were submitted through the Internet. So, the DBA act, or any follow-up to it, may not be waived. And successful applications included a statement that the applicant will comply or has complied with the Davis-Bacon Act.

OK, so, we are moving on to Community Benefits Plan. There are four goals associated with the Community Benefits Plan—they are Community and Labor Engagement, Investing in the American Workforce, Diversity, Equity, Inclusion, and Accessibility, or DEIA, as well as the Justice40 Initiative. So, a successful application spoke to all four elements or goals of the Community Benefits Plan, and it must have advanced—this is key—must have advanced all four goals.

The community benefits initiatives within the Community Benefits Plan will also have been specific to the capital improvement project. So, in terms of this higher level, company-level goals are great, but they will need to be or they needed to be tied to the capital improvement project.

OK, so, successful applications that included smart goals within the CBP, basically, will have an easier time fine-tuning the goals within the negotiations process. So, this is a great lessons learned for us. A smart goal is specific, measurable, achievable, relevant, and timely. We are able to get a sense of exactly what the timeline is and what the goal itself is. So, important to note here, as well—achievable is being realistic, measurable, quantifiable.

OK, so, key to the Community and Labor Engagement goal is the meaningful engagement with community and labor partners, leading to formal agreements with accountability to affected stakeholders. Successful applications explained how they planned to engage with the community, specific to the capital engagement project. And so, we have an example smart goal here that includes the engagement that is going to take place, including a tour, the ability for stakeholders to provide feedback.

As just an important note, this stakeholder engagement goal goes beyond the regulatory process. So, it's not necessarily what's required; this is going beyond that process.

OK, key to the Investing in the American Workforce goal—successful applications were to provide or explain how the capital improvement project, or they, will create quality jobs to attract and retain skilled workers and ensure workers have a voice on the job over decisions that affect them. So, a successful application described specific efforts the applicants planned to make to ensure a well-trained and successful workforce is available and engaged to complete the capital improvement project.

An example smart goal that we have here for you is the two employees being upskilled through the capital improvement project itself, and it provides them with the ability to develop new skills that they'll utilize in the future.

Key to the Diversity, Equity, Inclusion, and Accessibility, or DEIA, goal is the equitable access to wealth-building opportunities. So, this may include teaming, access to quality jobs, business and contracting opportunities. Successful applications described how the applicant will incorporate DEIA objectives into the capital improvement project, and this may include providing details on how the applicant plans to partner with underrepresented businesses, educational institutions, new training organizations that serve workers who face barriers to accessing quality jobs.

So, here, we have an example smart goal that focuses on contracting with a business majority-owned or controlled by an underrepresented person or groups of underrepresented persons for some sort of service associated directly with the capital improvement project.

OK, and under Justice40, basically, the Justice40 Initiative states that 40% of the overall benefits of certain federal investments flow to disadvantaged communities. There were several aspects to the Justice40 section within the guidance application that required applicants to provide or identify applicable disadvantaged communities, or DACs, where the anticipated benefits were expected to flow, identification of applicable benefits—and we'll go over those in a moment—a description of how the anticipated benefits from the capital improvement will flow to those DACs, as well as a discussion of negative and positive environmental impacts on DACs related to the capital improvement project. And so, here, you'll see an example smart goal, where, basically, you see an exact measure. And so, this one states they focused on a decrease in environmental exposure and burdens, and the goal is decrease diesel usage by 30% by a certain date in the service area that is a DAC.

So, the Justice40 policy priorities. Here, you'll see the different policy priorities. They focus on energy burden, environmental exposure, access to low-cost capital, clean energy jobs, job pipeline and training, as well as contracting with MBE or DBE enterprises. We also have energy democracy, including community ownership, parity and clean energy technology access and adoption, as well as energy resilience.

And with that, I will pass it back over to Madden.

>>Madden Sciubba: Thanks so much, Luci.

OK, so, as always, there's more information and helpful links on our website. This includes information about community benefits plans, as well. And so, thank you all for covering such great information today.

If we could move to the next slide?

So, just—here is a little bit more about our tentative schedule. The next solicitation, or Round Two, will open up some time in 2025. We do not have a specific date on that yet, but our website is a great place to keep updated. Again, that QR code will take you to the website. And we have a group inbox—hydroelectricincentives@hq.doe.gov—and that's really a great place for project-specific questions, or if you don't feel as though you wanna ask them today in the chat.

And so, we actually were originally planning a break, but we're actually doing really great on time, so we can keep it moving. So, with that, I'll open up questions. If you have the question, please raise your hand with the Zoom function, and we will answer questions in the order that they come up.

Jeff? Go ahead.

>>Jeff Leahey: Hey, thank you. I was wondering, Shana, if you and/or others can go over the answer or questions that were a response to the Davis-Bacon Act in the chat, 'cause I just wanted to make sure that I understand correctly. Because I think, as I remembered it, there was the differences between 243 and the 247 process in terms of how Davis-Bacon Act compliance applies. And so, the weekly pay requirement, too, and how that plays out for 247 was the thing that I was a little bit confused about.

>>Shana Wiseman: Yep, certainly. So, yeah, 243 and 247 are different incentives—slightly different in terms of requirements. So, for 247, if the project has already been completed or if the construction phase of the project has been completed, you obviously cannot go back and pay weekly because you cannot change the past. So, there is not—for the construction that's already been done, there is not a weekly reporting requirement because you couldn't.

The only requirement, at that point, is that if you happen to not have paid prevailing wages, you do have to go back and sort of make it right, ensure that prevailing wages were paid during the project. And then, for everybody, regardless of whether construction has already been completed or will be completed in the future—everybody, at the end of a project, would have to sign a compliance statement saying that they complied with Davis-Bacon. But if you have not done construction yet, you'll still have to do the weekly reporting for 247.

And I know that's a hot question, and I hope that that provided clarity, but otherwise, I would hope to keep questions specific to the application process from Round One and not necessarily selections and negotiations things.

>>Jeff Leahey: Well, thank you, Madden; that was helpful. Just as a quick follow-up, 'cause I know this is a—it's sort of—for some companies examining whether or not they will apply in Round Two, this question [crosstalk] become a hot topic. So, just to confirm, for projects that are not yet completed or have not yet started that would be applying in Round Two, for 247, you would have the weekly compliance obligations that you have to do through the reporting system, the LCP tracker.

And because you have the weekly reporting requirements, I believe that means that you do have to pay weekly. Am I wrong in that? Again, I might have that wrong, and so I just wanted to get clarification.

>>Madden Sciubba: No, that is correct. And I will just say, from the application perspective, the only thing we ask in the application is whether you plan to comply with Davis-Bacon. But I understand that that's part of weighing that—but yes, for projects not started yet, they will have to pay and report that weekly.

>>Jeff Leahey: Thank you.

>>David Bockrath: Can you speak more about the DACs and the Justice40 Initiatives? We were working on a private dam project that was not approved this time due to the status of the FERC registration requirements, but we are intending to apply again. We're just trying to figure out—our project was not within the DAC but surrounded by DACs, and so we're trying to figure out how to best document the value that the company can bring to the surrounding community.

>>Luciana Ciocci: Yep, so, applications did include, you know, if the facility was not located within a DAC—a lot of applications did include that they were within the vicinity of a DAC, or a DAC was part of the service area, or several DACs. So, those are also considered when looking at the CBP.

>>Madden Sciubba: Yeah, people were able to draw a line of how the benefits would flow to a disadvantaged community, even if the project itself wasn't in one, whether the service territory the energy resilience benefits, or whether that's workers who support the project coming from a disadvantaged community. Yeah, they were able to make sure that they showed how benefits flowed, even if it wasn't directly where the project was located.

>>David Bockrath: Thank you, I appreciate that.

>>Madden Sciubba: Do we have anymore questions? I know people might be a little shy.

>>David Bockrath: Is there an estimated timeline on when a Round Two would be announced?

>>Madden Sciubba: We don't know at this time. It depends on a lot of things. We're also trying to keep the negotiations moving. So, the best we can say is sometime in 2025, and there will be enough time for the applications. So, that's our best thing to say at this point.

>>David Bockrath: Appreciate it, thank you.

>>Madden Sciubba: Jeff?

>>Jeff Leahey: Hey, there. Sort of as a follow-up question to that: Do you all anticipate any major changes or possible changes in terms of how the program will be implemented

in Round Two? I ask because, you know, I was just on a conference call for the GRIP Program, and they mentioned that they were taking learnings from Rounds One and Two and may change topic areas. And I think there was more flexibility in the GRIP Program, but that raised the question for me whether or not there would potentially be any sort of changes proposed for Round Two for this program. Thank you.

>>Madden Sciubba: Yeah, we can't really speak to that too much. But my take is—most of our requirements are grounded in what has been the statute, kind of like you suggested, that, yeah, those are three categories, and unless something changes … Like, the definition of qualified hydroelectric facility isn't gonna change, the caps aren't gonna change. So, the overall structure is rooted in the statute, so, I don't, for that reason, anticipate too many changes.

Anybody else have anything? [brief silence] All right, I will take that as a no.

So, thank you all for joining. If any other questions come to mind, please feel free to reach out to us. And like I mentioned earlier, a recording of this will be shared on our website as soon as we have it.

So, thank you all very much for attending, and I hope you have a great rest of your day.

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