

Building a Better Grid

Transmission Facilitation Program: Notice of Intent/Request for Information

Michelle Manary and Bill Magness

5/26/2022

Welcome and Housekeeping

- Thank you for joining!
- This webinar is being recorded and slides will be made available on the Transmission Facilitation Planning website
- All participants are in listen-only mode
- We welcome your comments and questions
 - Questions for speakers can be entered into your chat box



Michelle Manary

Acting Deputy Assistant Secretary,
Energy Resilience Division



Bill Magness

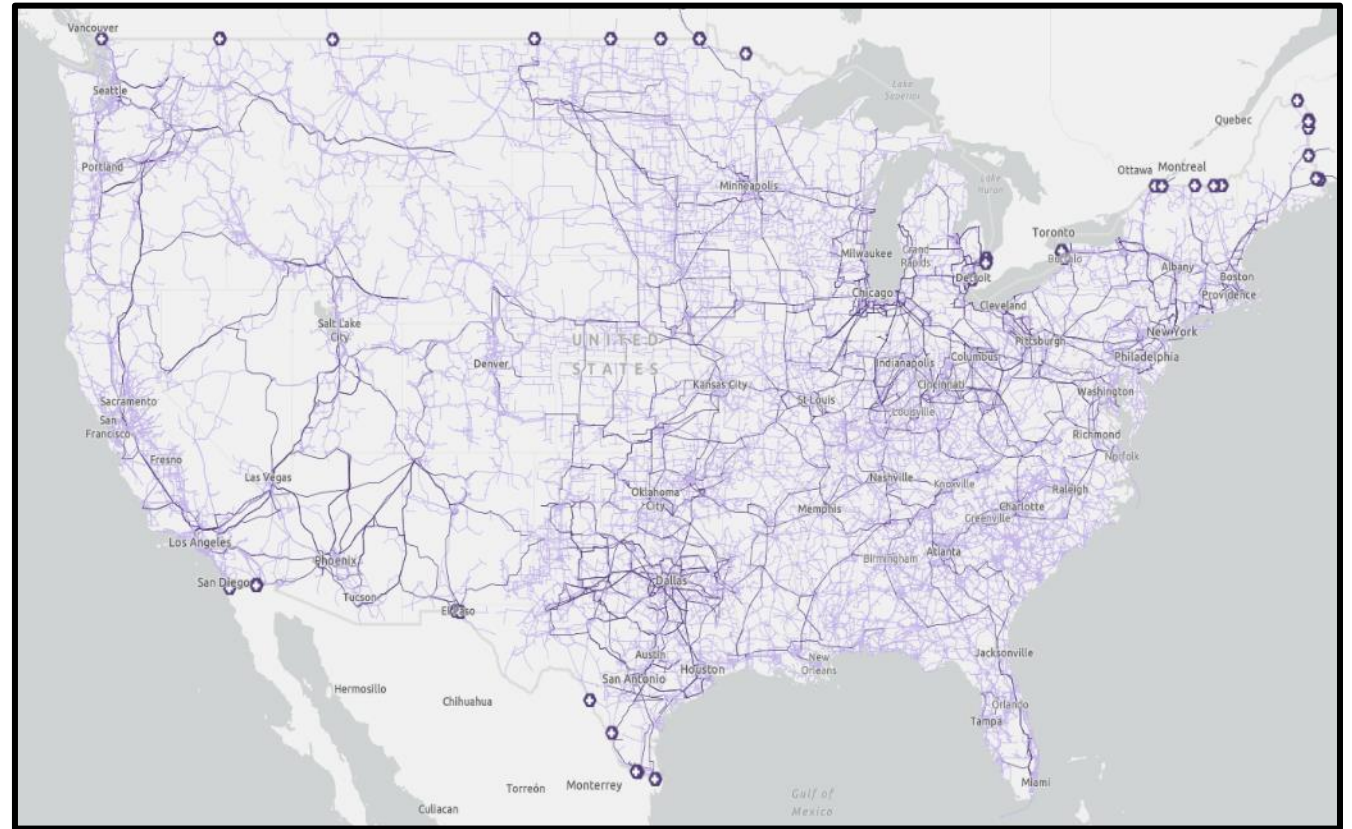
Senior Consultant

Meeting Objectives

- **Building a Better Grid Initiative**
- **Transmission Facilitation Program**
 - Overview (and NOI/RFI)
 - Who (eligible entities)
 - Where (location specifications and regional consultation)
 - What (eligible projects, DOE's statutory requirements)
 - How (three forms of facilitation)
 - When (phased approach)
- **Stakeholder Feedback Requested**
- **Next Steps**
 - Slides will be posted at: [Transmission Facilitation Program | Department of Energy](#)
- **Q&A**

Today's Grid: The Need for Transmission Expansion

- 70% of transmission and power transformers are >25 years old
- Increasing frequency of extreme weather events requires greater system resilience
- Expanding capacity to transfer power across regions extremely challenging
- To meet clean electricity goals, need to expand transmission systems **by 60% by 2030** and **triple those systems by 2050***



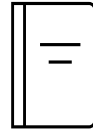
Electricity | U.S. Energy Atlas ([eia.gov](https://www.eia.gov))

Building a Better Grid



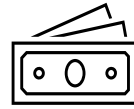
Engagement and collaboration

- States
- Tribal nations
- Stakeholders



Enhanced transmission planning

- Transmission Needs Study
- National Transmission Planning Study
- Atlantic Offshore Wind Transmission Study



Federal financing tools (\$20+B)

- **Transmission Facilitation Program (\$2.5B)**
- Smart Grid Investment Grant Program (\$3B)
- Grid resilience grants for states, Tribes, and utilities (\$10+B)
- Loan guarantee programs
 - WAPA Transmission Infrastructure Program (\$3+B)
 - Loan Programs Office



Transmission permitting process

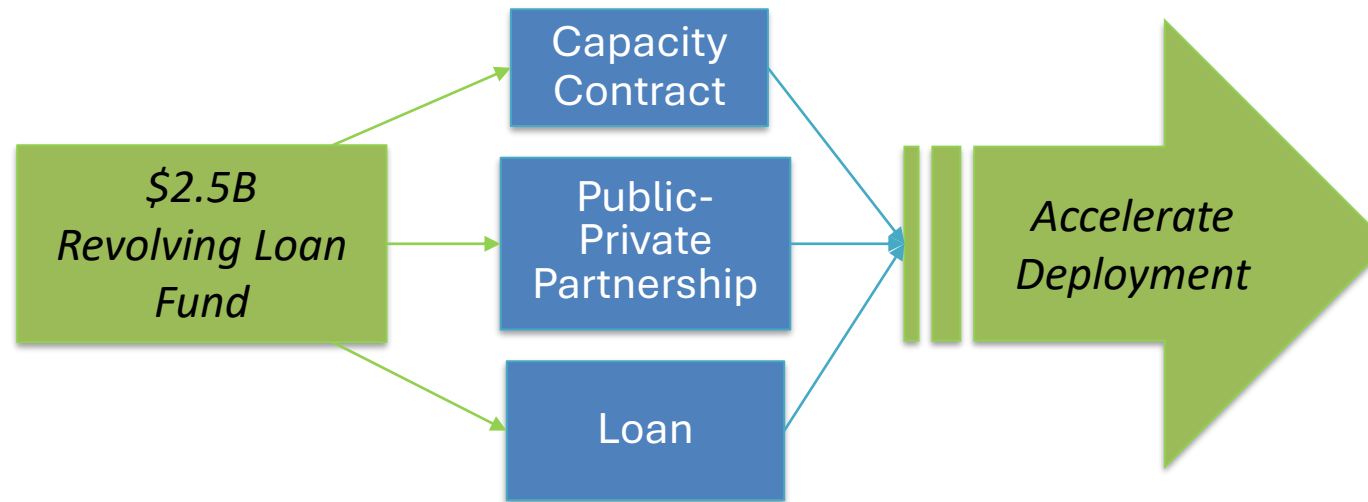
- Streamline of permitting with federal agencies
- Public private partnerships
- Designation of corridors



Transmission-related R&D

- “Next generation” electricity delivery technologies
- Supporting activities

Transmission Facilitation Program (TFP): Overview



- Section 40106 of the Infrastructure Investment and Jobs Act (IIJA), codified at 42 U.S.C. §18713
- TFP is funded through a \$2.5B revolving fund to facilitate the construction of electric power transmission lines and related facilities
- Legislation allows DOE to engage with *eligible entities* through:
 - Capacity Contracts to buy up to 50% of planned eligible project *commercial* capacity for up to 40 years
 - Public Private Partnerships, where DOE participates in designing, owning, developing, maintaining or owning an eligible project
 - Loans to carry out eligible projects

TFP: Notice of Intent / Request for Information

- DOE issued an NOI/RFI seeking comment on program design – comments due by June 13, 2022
- Responses should be submitted electronically to www.regulations.gov.
- Not required to answer all questions
 - Please label which question you are answering

TFP: Who

- **Eligible entity:** *an entity seeking to carry out an eligible project*
- Entities eligible to apply for support from the TFP include:
 - Investor-owned utilities
 - Community-owned, not-for-profit electric utilities
 - Independent transmission project developers
 - States, Tribes, or other governmental entities

TFP: Where

- There is no limitation on the location of **transmission line** projects eligible for TFP
- Projects to connect **isolated microgrids** must be located in Alaska, Hawaii, or a territory of the U.S.
- The statute requires that DOE consult with the relevant transmission planning region before entering **capacity contracts**, to *minimize duplication or conflict with the transmission planning region's needs determination and selection of projects to meet such needs.*
- TFP **public-private partnerships** could be located in areas designated as *national interest electric transmission corridors* under the Federal Power Act

Eligible projects must include either:

- **Construction** of a new or replacement transmission line of at least 1,000 megawatts;
- **Upgrade** of an existing transmission line or construction of a new transmission line in an existing transmission, transportation, or telecommunication infrastructure corridor of at least 500 megawatts; or
- **Connection** of an isolated microgrid to an existing transmission, transportation, or telecommunications infrastructure corridor located in Alaska, Hawaii, or a U.S. territory.

TFP: What

When selecting projects, DOE must certify:

- The eligible project is in the public interest and is *unlikely to be constructed in as timely a manner or with as much transmission capacity in the absence of facilitation provided from the TFP*;
- There is a reasonable expectation that the *proceeds from the eligible project will be adequate* to recover the cost of a capacity contract, repay a loan, or repay any amounts borrowed from the U.S. Treasury as part of a TFP public-private partnership.

TFP: What

When considering TFP applications, DOE must prioritize projects that:

- Use **technology** that enhances the capacity, efficiency, resilience, or reliability of an electric power transmission system, including the use of advanced technology;
- Improve the **resilience and reliability** of an electric power transmission system;
- Facilitate **interregional transfer capacity** that supports strong and equitable economic growth; and
- Contribute to national or subnational goals to **lower electricity sector greenhouse gas emissions**.

TFP: How

Three Tools Available to DOE

- 1. Capacity Contracts:** DOE can serve as “anchor tenant” on new and upgraded transmission lines, by buying up to 50% of the planned commercial capacity of lines for a term of up to 40 years
- 2. Loans:** DOE can make loans at fixed rate, considering current market conditions
- 3. Public-Private Partnerships:** DOE can participate with an eligible entity in designing, developing, constructing, operating, maintaining, or owning an eligible project, as long as that project is either:
 - Within a national interest electric transmission corridor
 - Necessary to accommodate an increase in electricity demand across more than one State or transmission planning region

Capacity Contract Framework

- DOE can serve as "anchor tenant" on new and upgraded transmission lines:
 - Buy up to 50% of the total proposed transmission capacity for terms up to 40 years
 - Contract with 3rd party to market the capacity, seeking to maximize return to Federal Government
 - Sell the capacity contract to recover remaining costs incurred once the project's long-term financial viability is secured
- TFP Capacity Contract:
 - Represents the contractual right to schedule and use transmission service for the term of the agreement
 - Contract form should ensure marketability of DOE's interest to enable DOE to rapidly recycle funding for additional projects
 - Payment for service will begin once transmission line is in commercial operation

TFP: When

- **DOE is planning a phased approach for TFP solicitations, starting in 2022 and expanding in 2023**
- **The first solicitation would be limited to requests for Capacity Contracts for projects that can be completed by December 31, 2027**



Phase 1: Capacity Contracts



Phase 2: Capacity Contracts,
Loans and Public-Private
Partnerships

Stakeholder Feedback Requested

Requests for Information (RFI) seek input on several topics, including:

- The sequencing of the TFP solicitations, *i.e.*, focusing first solicitation on Capacity Contracts
- The ongoing process for receiving and reviewing TFP applications
- The information that will be required of TFP applicants and the due diligence process applicants will participate in with DOE
- How DOE will measure the benefits of proposed projects (especially the priorities of using new technology, improving resilience and reliability, facilitating increased interregional power transfer, and contributing to greenhouse gas reduction)
- The form of capacity contracts and agreements to remarket DOE's interest in projects facilitated by TFP.

RFI Responses due on June 13, 2022



TFP: Next Steps

- May 26: Public webinar (recording + FAQs to be posted at [Transmission Facilitation Program | Department of Energy](#))
- June 13, 2022: RFI comments due
- August 2022: Technical Conference on Capacity Contracts
- September 2022 (*tentative date*): Release Phase 1 solicitation (Capacity Contracts only)

Good Jobs Summit Resource

At the Good Jobs Summit on June 21, 2022, the Department of Labor will bring together a variety of stakeholders, including state/local government officials, businesses, labor, and community organizations, to highlight the most effective partnerships that facilitate successful implementation of IIJA funds with labor and equity standards.

For more information and to register, please visit <https://www.dol.gov/general/good-jobs>.

Questions?

To submit feedback to DOE, please find the NOI/RFI [Federal Register :: Notice of Intent and Request for Information Regarding Establishment of a Transmission Facilitation Program](#) and submit comments electronically to www.regulations.gov by June 13, 2022.

REMINDER: *Not required to answer all questions and please label which question you are answering*



Thank You!

TransmissionFacilitation@hq.doe.gov