

# DOE Request for Information Listening Session: Hydroelectric Incentive Programs under EPCRA 2005 Sections 243, and 247

August 9, 2022

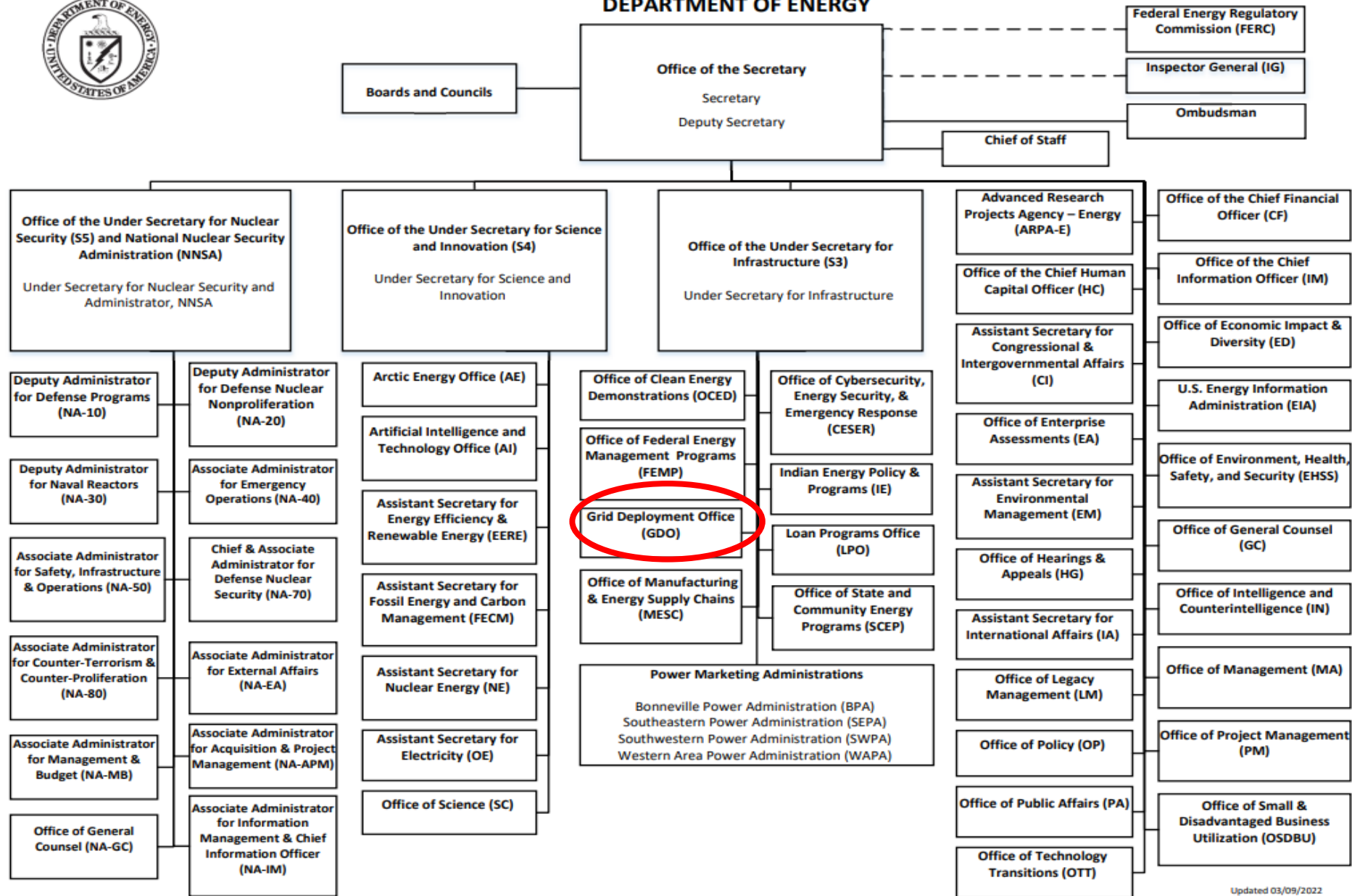


# DOE Listening Session Agenda for the Hydroelectric Incentive Programs Sections 243 and 247 Request for Information

- **Introduction:** Luciana Ciocci, Stakeholder Engagement Lead
- **Opening Remarks:** Maria Robinson, Director, DOE Grid Deployment Office
- **RFI Overview:** Tim Welch, Hydroelectric Incentives Program Manager
- **Public Feedback:** Luciana Ciocci, GDO, Corey Vezina, WPTO
- **Next Steps & Closing Remarks:** Tim Welch, Hydroelectric Incentives Program Manager



# DEPARTMENT OF ENERGY



Updated 03/09/2022



# Energy Policy Act of 2005 Amendments: Hydroelectric Incentives Provisions

- Section 242: Adding power to nonpowered dams and generation to existing facilities (**\$125M**).
    - Guidance for Section 242 Hydropower production incentives has been established, 242 is not a subject of this webinar/RFI
  - Section 243: Improving existing hydropower facility efficiency (**\$75M**)
  - Section 247: Maintaining and enhancing existing hydropower through Grid Resiliency, Dam Safety, and Environmental Improvements (**\$554M**)
- ❖ 242/243 are extensions of programs previously authorized. 247 is a brand-new program.

# Section 243: Hydroelectric Efficiency Improvement Incentives Program



- Improving generation efficiency by at least **3 percent** (enacted under the original EAct 2005, but unfunded until now).
- Maximum percentage of federal funds going to the capital improvement raised from **10% to 30%**, and the total cap raised from **\$750,000 to \$5,000,000**.
- **\$75,000,000** for fiscal year 2022 to remain available until expended.

# Section 247: Maintaining & Enhancing Hydroelectricity Incentives

## Qualifying facilities:

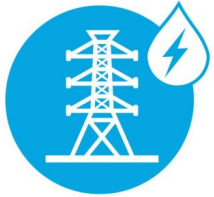
Federal Energy Regulatory Commission (FERC) licensed and placed in service before enactment of this section or pursuant to a permit or valid existing right-of-way granted prior to June 10, 1920.

## Funding:

- Incentive payments under this section shall not exceed **30%** of the costs of the applicable capital improvement.
- Not more than **\$5M** to any facility in any fiscal year.
- **\$553,600,000** (half made available in FY22, half in FY23) to remain available until expended.



# Section 247: Maintaining & Enhancing Hydroelectricity Incentives



Improving Grid Resiliency



Improving Dam Safety



Environmental Improvements

# Section 247: Maintaining & Enhancing Hydroelectricity Incentives Program



## Improving Grid Resiliency

- Adapting more quickly to changing grid conditions.
- Providing ancillary services.
- Integrating other variable sources of electricity generation.
- Managing accumulated reservoir sediments.



# Section 247: Maintaining & Enhancing Hydroelectricity Incentives Program



## Improving Dam Safety

- Maintenance/upgrade of spillways or other appurtenant structures.
- Dam stability improvements, including erosion repair and enhanced seepage controls.
- Upgrades/replacements of floodgates or natural infrastructure restoration.

# Section 247: Maintaining & Enhancing Hydroelectricity Incentives Program



## Environmental Improvements

- Adding or improving fish passage.
- Improving water quality.
- Promoting downstream sediment transport processes and habitat maintenance.
- Improving recreational access.

# RFI for EPO Act 2005 Section 243/247 Hydroelectric Incentive Programs

- On June 30, 2022, DOE released a Request for Information (RFI) seeking responses to help DOE's Grid Deployment Office establish guidance for implementing two Hydroelectric Incentive Programs (Sections 243 and 247 of the Energy Policy Act 2005) funded by the Bipartisan Infrastructure Bill (BIL).
- The 243 and 247 guidance will interpret statutory provisions and set forth eligibility requirements for future incentive payments.
- The responses will assist DOE in establishing draft guidance for these two programs.
- DOE will release the draft guidance for comment prior to finalizing it for the initial solicitation.

# RFI for EPO Act 2005 Section 243/247 Hydroelectric Incentive Programs

The RFI includes a total of 38 questions under these categories:

1. **General:** Questions regarding the definition of “capital improvement” and timing of funding
2. **Section 243:** Program design, Eligible efficiency improvements, Validation of efficiency improvements
3. **Section 247:** Program design, Prioritization & distribution of funds, Grid resiliency improvements, Dam safety improvements, Environmental improvements
4. **Equity, Environmental, and Energy Justice and Labor Priorities:** Incorporation of EEEJ, Job creation
5. **Expanding Union Jobs and Effective Workforce Development:** Workforce and union job impacts

# Mechanisms to Respond to RFI for EPA Act 2005 Section 243/247 Hydroelectric Incentive Programs

- RFI has a 60-day public comment period ending September 6, 2022. Written and oral responses are being accepted.
- Today's listening session provides an opportunity for the public to provide oral responses in a group setting and hear feedback from other members of the public.
- 30-minute verbal response with a DOE staff member must be received no later than 5:00 pm (ET) on **Friday, August 19, 2022**. Submit requests to [WPTORFI@ee.doe.gov](mailto:WPTORFI@ee.doe.gov).
- Written responses to the RFI must be submitted electronically to [WPTORFI@ee.doe.gov](mailto:WPTORFI@ee.doe.gov) no later than 11:59 pm (ET) on **Tuesday, September 6, 2022**.



# Listening Session Logistics

The purpose of today's meeting is to ask for your input regarding the DOE Request for Information on the Hydroelectric Incentive Programs under EAct 2005 Sections 243, and 247. To that end, it would be most helpful to us that you provide us, based on your personal experience, your individual advice, information, or facts regarding this topic. It is not the object of this session to obtain any group position or consensus. Rather, the Department of Energy is seeking as many recommendations as possible from all individuals at this meeting. To most effectively use our limited time, please refrain from passing judgment on another participant's recommendations or advice, and instead concentrate on your individual experiences.

# Listening Session Logistics

- This webinar will be recorded and made available to registrants afterwards.
- If you have technical issues, try calling into the webinar via phone.
- Attendees that pre-registered to make 2-minute general statements will speak first within each topic, public comments will then be taken in order of raised hands.
- If you'd like to provide feedback, please raise your hand using the Zoom function.
- DOE will review and consider all responses in its formulation of program strategies for the identified materials of interest that are the subject of this request.

# Category 1: General



- Defining Capital Improvement
- Timing of Funds
- Collaboration with FERC



# Category 1: General

## Public Feedback Period

Please limit your feedback to 2 minutes

# Category 1: General

- **DOE is considering the following definition of capital improvement:**
  - “The addition, improvement, modification, replacement, rearrangement, reinstallation, renovation, or alteration of tangible assets, such as real property, buildings (facilities), equipment, and intellectual property (including software) used in hydroelectric operations that have a useful life of more than one year, which are capitalized in accordance with generally accepted accounting principles within the Federal Energy Regulatory Commission (FERC) project boundary of a hydroelectric facility or the defined boundary pursuant to a permit or valid existing right-of-way granted prior to June 10, 1920.”
- 1. Are there other terms, definitions, or alterations to the proposed definition of capital improvement that DOE should consider?
- 2. What benefits and/or limitations would result from requiring an eligible capital improvement to be exclusively within the FERC defined project boundary?
- 3. Are there common methods to define capital improvement under U.S. Department of Treasury or other regulatory guidance that should be considered for the purpose of Sections 243/247?

# Category 1: General

- **Timing of Funds**
  - When in the project development process would the funding from these incentive programs be best applied? This could include preliminary engineering stage, detailed engineering stage, pre-equipment procurement, post-procurement, pre-construction, or post-construction.
- **Collaboration with Federal Energy Regulatory Commission**
  - How should DOE collaborate with the FERC's dam safety and license compliance programs to implement the incentive programs?

# Hydroelectric Incentive Programs under EPCRA 2005 Sections 243, and 247

## Five Minute Break

# Category 2: Section 243 of the Energy Policy Act of 2005



## Hydroelectric Efficiency Improvement Incentive Program

Improving existing hydropower facility efficiency by at least 3 %

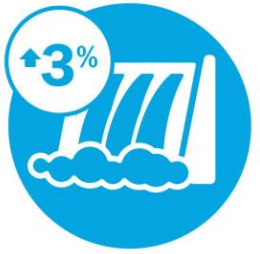
- Program design
- Eligible efficiency improvements
- Validation of efficiency improvements

# Category 2: Section 243 of the Energy Policy Act of 2005



## Registered Prepared General Statements

# Category 2: Section 243 of the Energy Policy Act of 2005



## Public Feedback Period

Please limit your feedback to 2 minutes



# Category 2: Section 243 of the Energy Policy Act of 2005



## Program Design

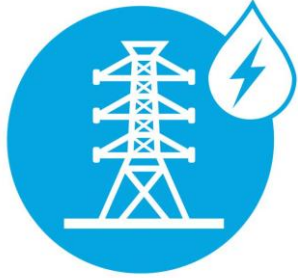
1. What type of capital improvements are needed to improve operational efficiency at existing facilities by at least 3%?
2. How might DOE validate the efficiency improvements to ensure the capital improvements meet the 3% requirement?
3. Should DOE limit eligibility for incentive payments to only efficiency improvements that include specific project components (e.g., turbines, generators, and intakes) typically associated with electricity generation?
4. Should DOE consider other capital improvements that may improve overall facility efficiency?
5. Among existing federal and state programs that identify hydropower efficiency improvements (e.g., state clean energy standards/renewable portfolio standards, FERC Renewable Energy Production Tax Credit for Incremental Hydropower Production), are certain features or approaches within these programs particularly useful?



# Hydroelectric Incentive Programs under EPCRA 2005 Sections 243, and 247

## Five Minute Break

# Category 3: Section 247 of the Energy Policy Act of 2005



## Maintaining & Enhancing Hydroelectricity Incentives Program

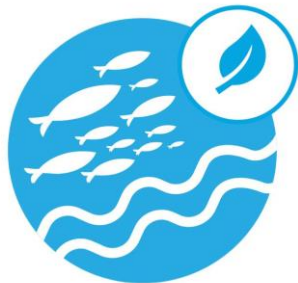
### Improving Grid Resiliency

- Adapting more quickly to changing grid conditions.
- Providing ancillary services.
- Integrating other variable sources of electricity generation.
- Managing accumulated reservoir sediments.



### Improving Dam Safety

- Maintenance/upgrade of spillways or other appurtenant structures.
- Dam stability improvements, including erosion repair and enhanced seepage controls.
- Upgrades/replacements of floodgates or natural infrastructure restoration.



### Environmental Improvements

- Adding or improving fish passage.
- Improving water quality.
- Promoting downstream sediment transport processes and habitat maintenance.
- Improving recreational access.

# Category 3: Section 247 of the Energy Policy Act of 2005

## Registered Prepared General Statements



# Category 3: Section 247 of the Energy Policy Act of 2005

## Public Feedback Period on 247 Topics

Please limit your feedback to 2 minutes

# Category 3: Section 247 of the Energy Policy Act of 2005

## A. Prioritization & Distribution of Funds

A key design of Section 247 incentive program will be to determine how to best allocate resources specifically to this Section across three categories.

1. What are some ways to prioritize the funding for the Section 247 incentive across the three categories of capital improvements (grid resiliency, dam safety, and environmental improvements)?
2. On what basis might DOE prioritize specific incentives (e.g., type of investment, investment impact, first-in-line application, first-time applicant, geographic diversity, ownership type) within each category of the capital improvement?
3. Other incentive programs offer guidelines, which when met, automatically qualify for incentive payments, as well as "custom" tracks for equipment, services, and/or other activities that require additional analysis to determine incentive payments. Which type of incentive model would be most appropriate to consider in designing hydroelectric incentive programs?
4. Are there other considerations DOE should make in terms of distributing funding when designing the Section 247 program?



# Category 3: Section 247 of the Energy Policy Act of 2005



## B. Grid Resiliency Improvements

1. What types of grid resiliency improvements should receive the highest priority under Section 247?
2. What are typical project costs, risks, and timelines for different types of grid resiliency improvements (e.g., adapting more quickly to changing grid conditions, providing ancillary services (including black start capabilities, voltage support, and spinning reserves), integrating other variable sources of electricity generation, and managing accumulated reservoir sediments)?
3. What methods and metrics should DOE consider for evaluating proposed grid resiliency improvements? How might these methods and metrics consider both cost and performance at the facility (e.g., increased ramp rate, automatic generation control capability) and value to the power system (e.g., system cost, system reliability, emissions reduction)?





# Category 3: Section 247 of the Energy Policy Act of 2005

## C. Dam Safety Improvements

1. Are there any highly effective governmental or association-level dam safety programs that should be considered in developing the Section 247 incentive program? What type of dam safety improvements are most likely to be submitted for consideration?
2. Section 247 includes the potential for “natural infrastructure restoration” for flood risk reduction as a type of dam safety activity. What types of activities might DOE consider as eligible under this part of the provision?
3. How might DOE consider prioritizing dam safety capital improvements? Should DOE consider prioritizing the specific aspects of dam safety investments, such as hazard classifications, improvements required by FERC, or measures to extend the life of the dam?
4. Please indicate any recommendations associated with dam safety metrics or independently available tools that DOE should consider when establishing the program under this provision.

# Category 3: Section 247 of the Energy Policy Act of 2005



## D. Environmental Improvements

1. How might DOE weigh capital investments under this provision with competing and mutually exclusive benefits such as an improvement that would improve environmental outcomes for one species, activity, or facility at the expense of another?
2. How might DOE prioritize the following aspects of environmental improvements: a. Acute environmental conditions or conditions that require immediate remediation by regulatory requirement. b. Potential and anticipated effects of climate change.
3. This provision includes capital improvements that improve water quality. How and where in relation to the facility should investments be made to achieve the greatest improvements in water quality?
4. What criteria is available to evaluate applications that address improving water quality?
5. How might DOE evaluate, monitor, and/or measure the results of water quality improvements?
6. The provision for environmental improvements, includes capital improvements that improve recreation access to project vicinity. How should DOE determine that such an improvement is eligible under this provision and how should DOE verify that recreation is meaningfully improved beyond simply evaluating compliance with regulatory requirements?





# Category 3: Section 247 of the Energy Policy Act of 2005

## General Feedback

Please limit your feedback to 2 minutes



# Category 4: Equity, Environmental, and Energy Justice (EEEJ) and Labor Priorities

1. What strategies, policies, and practices can DOE deploy in the design of this program to support EEEJ goals (e.g., Justice40)? How should these be measured and evaluated for the hydroelectric incentive programs?
2. What EEEJ concerns or priorities are most relevant for the hydroelectric incentive programs?
3. What measures should applicants take to ensure that harm to communities with environmental justice concerns are mitigated in the capital improvements?
4. How can applicants ensure community-based stakeholders/organizations are engaged and included in the planning, decision-making, and implementation processes (e.g., including community-based organizations are advisory to the decision or directly benefit)?
5. How might DOE support meaningful and sustained engagement with relevant disadvantaged communities?
6. How can DOE best support the creation and retention of high-quality jobs, and clear workforce training pathways into those jobs, through these programs?



# Category 5: Expanding Union Jobs and Effective Workforce Development

1. In what ways, if any, do you anticipate the capital improvements incentivized by this program could impact the workforce? For example:
  - a. To what extent do you anticipate job creation, loss, or changes in job quality?
  - b. To what extent do you anticipate the creation of construction jobs? Ongoing operations and maintenance jobs? Other jobs across the supply chain?
2. What tools could be utilized to meet the goal of creating work opportunities for residents in the construction phase and long-term operations phase of the project? How should short-term build-out (i.e., construction phase) employment and long-term operational employment opportunities be measured and evaluated?
3. What tools could be utilized to meet the goals of providing opportunities for workers displaced from fossil industries and resource-based industries in decline?
4. How should the quality of and access to construction phase employment and operations and maintenance phase employment be measured and evaluated?



# Mechanisms to Respond to RFI for EPA Act 2005 Section 243/247 Hydroelectric Incentive Programs

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- Written responses to the RFI must be submitted electronically to [WPTORFI@ee.doe.gov](mailto:WPTORFI@ee.doe.gov) no later than 11:59 pm (ET) on **Tuesday, September 6, 2022**.



# Section 243/247 Hydroelectric Incentive Programs Schedule

## Tentative Schedule

\* Dates are subject to change

	FY 22			FY 23		
	June/July 2022	July - Sept 2022	Oct - Dec 2022	Jan - Mar 2023	Apr - June 2023	July - Sept 2023
<b>Section 243 (40332)</b>	Publish RFI (Open 60 days)	Hold Public Workshop August 9	<u>Prepare Guidance</u>	Request Public Comment on Draft Guidance.	<b>Issue Guidance &amp; Open Solicitation</b>	<b>Issue Payments</b>
<b>Section 247 (40333)</b>	Publish RFI (Open 60 days)	Hold Public Workshop August 9	<u>Prepare Guidance</u> Request Public Comment on Draft Guidance.	<b>Issue Guidance &amp; Open Solicitation</b>	Review Applications	<b>Issue Payments</b>



# Process for Applying for Hydroelectric Incentives

- Read the published guidance thoroughly and in its entirety.
- Incentives are for qualified eligible hydroelectric facilities as defined in the published guidance.
- Submit an application addressing all the requirements and supporting documentation.
- Submit before the application deadline.

# Qualified Payment Steps

- Obtain a Tax Identification number for the qualified hydroelectric generation facility.
  - Applying for a Tax Identification Number is a free service offered by the Internal Revenue Service. The online application process is available for all entities whose principal business, office or agency, or legal residence (in the case of an individual), located in the United States or U.S. Territories <https://www.irs.gov/businesses>
- Create or update your Federal System for Award Management (SAM) account.
  - Entities registering in SAM.gov are assigned a Unique Entity ID (UEI). The Unique Entity ID is the official identifier for doing business with the U.S. Government as of April 4, 2022. Register to get started doing business with the federal government at <https://sam.gov>
- Create or access your Vendor Inquiry Payment Electronic Reporting System (VIPERS) account.
  - Once notified of eligibility and amount of the incentive due, you will access or create an account through the Vendor Inquiry Payment Electronic Reporting System (VIPERS). This web-based system allows submission of invoices through a secure portal to receive the incentive at <https://vipers.doe.gov>

**Thank you for joining us!**

## **Respond to the Hydroelectric Incentive Programs RFI**

Requests for 30-minute **verbal** responses are due,  
**Friday, August 19, 2022**

Written responses are due,  
**Tuesday, September 6, 2022**

