

**SUBJECT: INFRASTRUCTURE INVESTMENT AND JOBS ACT OF 2021 STATE ENERGY PROGRAM
FORMULA GRANT APPLICATION INSTRUCTIONS**

1.0 PURPOSE

To establish Formula Grant Application Instructions and management information for the Infrastructure Investment and Jobs Act (IIJA) of 2021 State Energy Program (SEP), including (1) Administrative and Legal Requirements Document (ALRD), (2) IIJA Allocations, (3) the IIJA Application Checklist, (4) IIJA Annual Summary Template, (5) IIJA Transmission & Distribution Template, and (6) Transformation Collaboratives Opt-in Template.

SEP emphasizes each state's role as the decision maker and administrator for program activities tailored to its unique resources, delivery capacity, and clean energy goals. U.S. Department of Energy (DOE) Project Officers maintain a partnership with states that results in a deep understanding of project performance. Through its collaborative work with states, SEP contributes to the DOE vision for an equitable, strong, and prosperous America powered by clean, affordable, and secure energy.

2.0 SCOPE

The provisions of this Program Notice apply to states, U.S. territories, and the District of Columbia (hereinafter referred to as "states")¹ applying for formula grant financial assistance under DOE's SEP with appropriations provided by the IIJA under Section 40109. Much of the information in this Program Notice is summarized from the volumes of the Code of Federal Regulations (CFR) applicable to SEP, namely [10 CFR Part 420](#) (covering SEP), and [2 CFR Part 200](#) as amended by [2 CFR Part 910](#) (the DOE Financial Assistance Rules).

These regulations are the official sources for program requirements.

2.1 ELIGIBLE APPLICANTS

In accordance with 2 CFR Part 910.126 and DOE Program Rule 10 CFR Part 420, eligibility for this award is restricted to states applying for formula grant financial assistance under SEP.

3.0 LEGAL AUTHORITY

SEP is authorized under the Energy Policy and Conservation Act, as amended (42 U.S.C. 6321 et seq.). All grant awards made under this program shall comply with applicable laws including, but not limited to, the SEP statutory authority (42 U.S.C. § 6321 et seq.), 10 CFR Part 420, and 2 CFR Part 200 as amended by 2 CFR Part 910.

¹ Per 10 CFR 420.2, "State" means a state, the District of Columbia, Puerto Rico, or any territory or possession of the United States.

4.0 PROGRAM OVERVIEW & GOALS

Projects awarded under this ALRD will be funded, in whole or in part, with funds appropriated by IJJA,² also known as the Bipartisan Infrastructure Law (BIL).

The BIL is a once-in-a-generation investment in infrastructure, designed to modernize and upgrade American infrastructure to enhance United States competitiveness, drive the creation of good-paying union jobs, tackle the climate crisis, and ensure stronger access to economic, environmental, and other benefits for disadvantaged communities (DACs)³. The BIL appropriates more than \$62 billion to the Department of Energy (DOE)⁴ to invest in American manufacturing and workers; expand access to energy efficiency and clean energy; deliver reliable, clean, and affordable power to more Americans; and demonstrate and deploy the technologies of tomorrow through clean energy demonstrations.

As part of and in addition to upgrading and modernizing infrastructure, DOE's BIL investments will support efforts to build a clean and equitable energy economy that achieves a zero-carbon electricity system by 2035, and to put the United States on a path to achieve net-zero emissions economy-wide by no later than 2050⁵ to benefit all Americans.

Through this funding action, the BIL will invest appropriations of \$500,000,000 for the five (5) year period encompassing fiscal years (FYs) 2022 through 2026 to be distributed to the states in accordance with the applicable distribution formula in effect on January 1, 2021, to enhance energy security, advance state-led energy initiatives, and increase energy affordability. States are strongly encouraged to spend their entire allocation by the end of this five-year period. States have an important role in the broader government-wide approach to modernizing and upgrading the nation's energy infrastructure, including improving energy security and resilience, increasing access to affordable clean energy, and helping communities maximize the benefits of the energy transition that is underway as the nation works to curb the climate crisis, empower workers, and advance environmental justice.

² Infrastructure Investment and Jobs Act, Public Law 117-58 (November 15, 2021).
<https://www.congress.gov/bill/117th-congress/house-bill/3684>

³ Pursuant to E.O. 14008 and the Office of Management and Budget's Interim Justice40 Implementation Guidance M-21-28, DOE has developed a definition and tools to locate and identify disadvantaged communities. These resources can be located at <https://energyjustice.egs.anl.gov/>. DOE will also recognize disadvantaged communities as defined and identified by the White House Council on Environmental Quality's Climate and Economic Justice Screening Tool (CEJST), which can be located at <https://screeningtool.geoplatform.gov/>.

⁴ U.S. Department of Energy. November 2021. "DOE Fact Sheet: The Bipartisan Infrastructure Deal Will Deliver For American Workers, Families and Usher in the Clean Energy Future." <https://www.energy.gov/articles/doe-fact-sheet-bipartisan-infrastructure-deal-will-deliver-american-workers-families-and-0>

⁵ [Executive Order \(EO\) 14008](#), "Tackling the Climate Crisis at Home and Abroad," January 27, 2021.

SEP is uniquely positioned to help states achieve shared goals and priorities and deliver benefits to communities throughout their jurisdictions. Below are examples of general activities and goals states can pursue that align with the Administration's goals and DOE priorities:

- **Support greater uptake of energy efficiency strategies throughout the U.S. economy.** Develop and implement state-led energy programs such as energy code improvements, lead-by-example policies for state operations, and utility and public benefit programs.
- **Develop and implement energy security, resilience, and emergency preparedness plans.** Advance energy security planning and state-led stakeholder engagement for the prioritization of resilience in critical infrastructure.
- **Reduce energy costs and carbon emissions.** Develop renewable energy deployment programs focused on state markets gaps that facilitate the reduction of greenhouse gas emissions.
- **Increase investments to expand the use of clean energy resources and infrastructure, including the transmission and distribution system.** Adopt state plans or policies to modernize the current transmission system and enable the cost-effective integration of clean energy technologies including the adoption of transportation electrification technologies or mobility strategies.
- **Support state and local governments in helping underserved sectors and communities (e.g., public housing, multifamily housing, schools, small businesses, rural communities, hospital or healthcare facilities, and wastewater treatment facilities) benefit from clean energy opportunities.** Promote the development of affordable clean energy strategies for housing and business such as community solar and clean fuels. Deploy building and facility retrofit projects within the MUSH market (municipalities, universities, schools, and hospitals) through innovative financing, including energy savings performance contracts.
- **Promote economic growth and job creation.** Educate and train the clean energy workforce to perform comprehensive energy audits and upgrades in state-specific sectors.

As states develop the plans they will submit to apply for the IJIA 40109 formula funding, it will be important to connect their goals, objectives, and activities with other available IJIA and annual funding streams from relevant programs at DOE and other federal agencies. In addition, 40109 funds can be used to leverage additional funding through financing, including to capitalize new or existing community financing programs, such as loan loss reserves and other credit enhancements that can attract and maximize private capital. States will be encouraged to use revolving loan funds to introduce the market to a variety of innovative financing tools, such as energy service performance contracts (ESPC), on-bill financing, property assessed clean energy (PACE), and public-private partnerships. SEP will provide resources to states that are interested in using 40109 funds for educational or training programs that complement BIL provision 40502, the Energy Efficiency Revolving Loan Fund Grant Capitalization Program. Financial and technical assistance will be delivered to states with all BIL provisions in mind. SEP will provide technical assistance resources (e.g., topic-specific webinars, clean energy financing boot camp) aimed at helping states leverage private capital while achieving gains in energy efficiency, economic growth, and job creation in the U.S. economy.

DOE recognizes the important role that a state’s energy plans and strategies, including those developed under the IIJA Section 40109, play in guiding efforts to modernize and upgrade energy infrastructure, support communities during the energy transition, and increase access to cheaper and clean energy. These plans and strategies may take on even greater importance as states consider major infrastructure investment opportunities presented by the BIL. Especially at a time when energy costs and opportunities are changing rapidly, states may want to update plans and strategies, and DOE is offering technical assistance to that end.

As part of the whole-of-government approach to advance equity and encourage worker organizing and collective bargaining,^{6,7,8} and in alignment with BIL section 40109, this funding action and any related activities will seek to encourage meaningful engagement and participation of workforce organizations, including labor unions, as well as underserved communities and underrepresented groups, including consultation with Tribal Nations.⁹ Consistent with Executive Order 14008,¹⁰ this funding action is designed to help meet the goal that 40% of the overall benefits of certain federal investments in clean energy and climate solutions flow to disadvantaged communities, as defined by the Department pursuant to the Executive Order and to drive the creation of good-paying jobs with the free and fair chance for workers to join a union.

4.1 DIVERSITY, EQUITY, INCLUSION, AND ACCESSIBILITY

It is the policy of the Administration that:

“[T]he Federal Government should pursue a comprehensive approach to advancing equity¹¹ for all, including people of color and others who have been historically underserved, marginalized, and adversely affected by persistent poverty and inequality. Affirmatively advancing equity, civil rights, racial justice, and equal opportunity is the responsibility of the whole of our government. Because advancing equity requires a systematic approach to embedding fairness in decision-making processes, executive departments and agencies must recognize and work to redress inequities in their policies and programs that serve as barriers to equal opportunity.

⁶ EO 13985, “Advancing Racial Equity and Support for Underserved Communities Through the Federal Government” (January 20, 2021).

⁷ EO 14025, “Worker Organizing and Empowerment,” April 26, 2021.

⁸ EO 14052, “Implementation of the Infrastructure Investment and Jobs Act,” November 18, 2021.

⁹ EO 13175, “Consultation and Coordination with Indian Tribal Governments,” November 6, 2000, charges all executive departments and agencies with engaging in regular, meaningful, and robust consultation with Tribal officials in the development of federal policies that have Tribal implications.

¹⁰ EO 14008, “Tackling the Climate Crisis at Home and Abroad,” January 27, 2021.

¹¹ The term “equity” means the consistent and systematic fair, just, and impartial treatment of all individuals, including individuals who belong to underserved communities that have been denied such treatment, such as Black, Latino, and Indigenous and Native American persons, Asian Americans and Pacific Islanders and other persons of color; members of religious minorities; lesbian, gay, bisexual, transgender, and queer (LGBTQ+) persons; persons with disabilities; persons who live in rural areas; and persons otherwise adversely affected by persistent poverty or inequality. Executive Order 13985.

By advancing equity across the Federal Government, we can create opportunities for the improvement of communities that have been historically underserved, which benefits everyone.”¹²

As part of this whole of government approach, this funding action seeks to encourage states to include the participation of underserved communities¹³ and underrepresented groups in the activities states undertake with these funds. States are highly encouraged to include contractors and sub-contractors from groups historically underrepresented^{14,15} in their project scoping and ensure STEM education programs are inclusive of traditionally underrepresented populations and geographies.¹⁶ Further, Minority Serving Institutions¹⁷, Minority Business Enterprises, Minority Owned Businesses, Woman Owned Businesses, Veteran Owned Businesses, or entities located in an underserved community that meet the eligibility requirements (See Section III) are encouraged to be considered as sub-recipients for proposed state projects.

¹² Executive Order 13985, “Advancing Racial Equity and Support for Underserved Communities Through the Federal Government” (Jan. 20, 2021).

¹³ The Office of Management and Budget [Interim Implementation Guidance for J40](#) defines a disadvantaged community as either: (1) a group of individuals living in geographic proximity (such as census tract), or (2) a geographically dispersed set of individuals (such as migrant workers or Native Americans), where either type of group experiences common conditions.

¹⁴ According to the National Science Foundation’s 2019 report titled, “[Women, Minorities and Persons with Disabilities in Science and Engineering](#)”, women, persons with disabilities, and underrepresented minority groups—blacks or African Americans, Hispanics or Latinos, and American Indians or Alaska Natives—are vastly underrepresented in the STEM (science, technology, engineering and math) fields that drive the energy sector. For example, in the U.S., Hispanics, African Americans and American Indians or Alaska Natives make up 24 percent of the overall workforce, yet only account for 9 percent of the country’s science and engineering workforce. DOE seeks to inspire underrepresented Americans to pursue careers in energy and support their advancement into leadership positions. <https://www.energy.gov/articles/introducing-minorities-energy-initiative>

¹⁵ Note that Congress recognized in section 305 of the American Innovation and Competitiveness Act of 2017, Public Law 114-329: “[I]t is critical to our Nation’s economic leadership and global competitiveness that the United States educate, train, and retain more scientists, engineers, and computer scientists; (2) there is currently a disconnect between the availability of and growing demand for STEM-skilled workers; (3) historically, underrepresented populations are the largest untapped STEM talent pools in the United States; and (4) given the shifting demographic landscape, the United States should encourage full participation of individuals from underrepresented populations in STEM fields.”

¹⁶ Note that Congress recognized in Section 10301 of the CHIPS and Science Act of 2022, Public Law 116-167: “[T]he Federal Government must utilize the full talent and potential of the entire Nation by avoiding undue geographic concentration of research and STEM education funding, encouraging broader participation of populations underrepresented in STEM, and collaborating with nongovernment partners to ensure the leadership of the United States in technological innovation.”

¹⁷ Minority Serving Institutions (MSIs), including Historically Black Colleges and Universities/Other Minority Institutions as educational entities recognized by the Office of Civil Rights (OCR), U.S. Department of Education, and identified on the [OCR’s Department of Education U.S. accredited postsecondary minorities’ institution list](#).

4.2 JUSTICE40 INITIATIVE (J40)

SEP is a Justice40-covered program¹⁸ and as such contributes to the President's goal that 40% of the overall benefits of certain federal investments in clean energy and climate solutions flow to disadvantaged communities that for too long have faced disinvestment and underinvestment.

Benefits include (but are not limited to) measurable direct or indirect investments or positive project outcomes that achieve or contribute to the following in DACs: (1) a decrease in energy burden; (2) a decrease in environmental exposure and burdens; (3) an increase in access to low-cost capital; (4) an increase in job creation, the clean energy job pipeline, and job training for individuals; (5) increases in clean energy enterprise creation and contracting (e.g., minority-owned or disadvantaged business enterprises); (6) increases in energy democracy, including community ownership; (7) increased parity in clean energy technology access and adoption; and (8) an increase in energy resilience.

DOE strongly encourages states to maximize these benefits and describe how applicable project benefits will flow to disadvantaged communities to the greatest extent practicable. DOE has released [General Guidance on Justice40 Implementation](#) designed to help states and other interested parties incorporate Justice40 Initiative goals into DOE-funded projects. DOE will work with interested states to develop methods for identifying and tracking these benefits.

As a best practice, DOE's Office of Economic Impact and Diversity recommends that recipients develop and sustain procedures and systems that can easily track what benefits are flowing to specific communities or locations (e.g., connecting benefits accrued with zip codes, and/or census tracts). Tracking benefits will allow funding recipients to measure progress and ensure programs are meeting intended goals. Further analysis of this data can also be used to empower program designers and lawmakers with information that is often needed to update or create new programs that better assist communities most in need.

To understand state needs around equity and the Justice40 Initiative, SEP hosted a listening session for states that discussed the Justice40 Initiative and separately received information on equity and Justice40 needs as part of the FY22 SEP ALRD application documents. Feedback provided to SEP on equity and Justice40 informed this document and IJA application materials.

SEP will host a special session on the Justice40 Initiative at the upcoming SEP National Training Forum scheduled to be held in Denver from September 27-29, 2022. During this session, SEP and DOE will share information that will help states gain access to organizations with capacity and experience (e.g., nonprofits, academic institutions, community-based organizations, and/or foundations) to provide state programs hands-on technical support to assist the implementation of the Justice40 Initiative under 40109. DOE is also considering launching cohorts that states may opt into to form peer networks to discuss approaches to program design, implementation, and data collection and analysis. If undertaken, the launch will likely occur sometime between winter 2022 and spring 2023. DOE will also support training on tools

¹⁸ [Justice40 Initiative | Department of Energy](#)

(J40 dashboard, EJ Screen, LEAD tool, etc.), webinars and workshops. Further, the Office of Economic Impact and Diversity will continue to provide technical assistance concerning Justice40 and advancing equity.

4.3 JOB GROWTH AND QUALITY

As an agency whose mission is to help strengthen our country's energy prosperity, DOE strongly supports efforts to invest in the American workforce. This includes investments that expand quality jobs by adopting labor standards; ensure workers have a free and fair chance to join a union; engage responsible employers; reduce systemic barriers to accessibility of quality jobs; foster safe, healthy, and inclusive workplaces and communities; and develop a diverse workforce well-qualified to build and maintain the country's energy infrastructure and to grow domestic manufacturing.

DOE intends to support states in efforts to support good-paying jobs with the free and fair choice to join a union and support labor-management training partnerships, such as registered apprenticeships. In their project planning, states are highly encouraged to engage with an inclusive collection of local stakeholders including labor unions and community-based organizations that support or work with disadvantaged communities. The DOE Justice40 Guidance provides a helpful template strategy for undertaking strategic stakeholder engagement.

Stakeholder engagement is a relatively small cost that delivers high value. Proactive and meaningful engagement with stakeholders ensures stakeholders' perspectives can be incorporated into the project plan, allows for transparency, and helps reduce or eliminate certain risks associated with the project. States are encouraged to include information in their application about how they have engaged labor and community stakeholders in ways that foster the negotiation of new community and workforce agreements.

DOE will provide future guidance and resources to assist states in incorporating workforce and community agreements and other tools into their programs. SEP is currently working to provide states analysis, resources, and peer exchange opportunities to advance investments in the clean energy workforce. SEP recently published a report that established regional baselines for energy efficiency and renewable energy jobs and forecasted the landscape for those jobs over the next five to ten years.¹⁹

SEP will offer information, best practices, and other resources to states interested in advancing state-local-community partnerships that support 1) enhancements to state workforce programs and 2) adoption and/or use of workforce and community agreements to create jobs and sustained economic benefits for communities where large-scale energy project development is proposed

¹⁹ [New Report Details States' Workforce Needs for Deploying Clean Energy Technologies | Department of Energy](#)

States will have the opportunity to engage further on workforce decision-making strategies and ideas at the SEP National Training Forum, which will include a facilitated discussion on leveraging IJA provisions for workforce deployment. DOE will also share best practices through webinars, web-accessible materials, and other mechanisms.

4.4 TECHNICAL ASSISTANCE

DOE will continue to provide technical assistance and guidance to states to assist with implementation of efficient and effective programs. DOE provides technical assistance support to states to help accelerate their efforts and preparations to leverage other IJA funding and additional future funding streams.

DOE has identified a few key areas where its support and partnership with states can have significant impact and proposes to design cohort-based assistance around these topics in the form of “Transformation Collaboratives.” DOE has also identified some topics that lend themselves to a more broad-based technical assistance approach, since many/most states may benefit from the support DOE can provide in these areas.

TRANSFORMATION COLLABORATIVES

Transformation Collaboratives represent a voluntary opportunity to participate in a learning and best practices partnership. Through participation in one or more Transformation Collaboratives, states will have the opportunity to:

- Coordinate efforts on one or more topic area(s) of their choice.
- Receive technical assistance from SEP, including best-in-class DOE resources and subject matter expertise which may come from a national laboratory or other entity on the topic, including tools and guides, planning and modeling/systems analysis, multi-jurisdiction convenings with national and local experts and stakeholders, and other support to help states increase the impact of their IJA-funded work.

Through state listening sessions and direct insights from states, SEP has identified five topics to which states may dedicate a portion of their SEP IJA funds to participate in a Transformation Collaborative. The five topic areas are:

1. Energy Planning: Transmission and Distribution (T&D) Planning

Section 40109 of IJA added a **new mandatory SEP requirement for T&D planning**. This Transformation Collaborative will help states enhance their T&D planning efforts. States will have the opportunity to participate in facilitated regional engagements to coordinate both state-specific and regional perspectives in their T&D planning. For example, engagement could include state and local planning to accommodate increased electricity loads from electric vehicle expansion; identification of best practices to ensure affected stakeholders are engaged in efforts to integrate clean energy technologies; technical assistance exploring how to better incorporate equity into the T&D planning process; or technical assistance in designing grid modernization strategies

to enable effective integration and utilization of distributed energy resources for maximum economic impact, resilience, and other benefits.

2. Energy Planning: System-wide Planning for Grid Expansion, Modernization, and Clean Energy Technology Integration

In an era of rapidly changing energy technologies and costs, deciding how to best invest significant resources in the electricity system requires a strong system planning approach, using up-to-date cost forecasting and best practices for modeling and analyzing the role newer technologies can play on the grid in order to maximize cost savings for ratepayers while maximizing resilience and other needs and benefits. States will engage with each other to collectively address needs for system-wide planning for grid expansion, modernization, and the integration of clean grid technologies that support cost-reduction opportunities, resilience, and clean energy technology markets. For example, technical assistance may focus on state development or use of grid assessment tools or direct expert assistance from subject matter experts.

3. State Energy Security Plans (SESP)

States will work together to identify and address common gaps in SESP. Technical assistance may include, for example, assistance with regional coordination, Tribal engagement, analysis of cross sector interdependencies, formation of outreach and education strategies increase coordination with disadvantaged communities, or matching energy hazard mitigation projects/solutions to risks identified in the state risk assessments.

4. Community Energy Planning

States and communities will connect with experts and with each other, including in cohorts created on a regional or other basis, to enhance clean energy and resilience planning, especially in disadvantaged and rural communities. This program will include a particular emphasis on delivering energy justice benefits as part of the Justice40 framework, as well as on supporting and maximizing benefits for energy transition communities. Technical assistance may include, for example, data collection in disadvantage communities and engagement with local governments and community-based organizations to map resilience and equity needs and plan projects that address those needs.

5. Clean Energy Manufacturing Planning

Technical assistance will support states in coordinating their clean energy technology and equipment needs to grow domestic manufacturing and supply chains. Examples include exploring how existing facilities or infrastructure can be retooled or repurposed as part of clean energy transition, and helping states better align their natural resource and infrastructure needs to make their workforce more suitable for supply chains. Technical assistance will also help states identify shared solutions, such as joint procurement strategies or regional cluster analyses.

Within each of the five areas, SEP will work with states to identify focused issues of interest. Examples listed in each of the five areas are provided for illustrative purposes only.

By participating in one or more Transformation Collaboratives, states will receive:

- Programmatic design and development assistance from DOE and SEP, where appropriate.
- Involvement of internal and external subject matter experts, including technical analysis and modeling from National Laboratories, DOE Technology Offices, and third-party subject matter experts, as needed.
- Opportunities for DOE-supported convenings and regular peer networking among states with similar needs or challenges.
- A collective set of success stories developed based on the best practices, results, and lessons learned from each of the Collaboratives.

To participate, a state will commit to the following:

- a. Complete the “Transformation Collaboratives Opt-in Template” included as an attachment to this document indicating topic areas of interest and return it with the application package. States may select as many topics as they have the capacity to participate.
- b. Create an activity in the annual file application documents and dedicate a portion of the state’s IJA funds to the Transformation Collaborative topic, specified in the budget submitted with the state plan in their application for the formula funds. States would dedicate a minimum of \$45,000 of their formula allocation to activities related to the Transformation Collaborative topic. If a state chooses to participate in 3 or more Transformation Collaboratives, they must dedicate a minimum of \$25,000 to each topic.
- c. Develop one or more specific outcomes, a measurable goal, or target that will be achieved by a date or within a specified timeframe.

More information about this voluntary initiative is included in the “Transformation Collaborative Opt-in Template” attachment. DOE will provide additional information on this initiative through upcoming webinars and at the SEP National Training Forum.

SEP will review states’ topic selections to identify groups/cohorts of states and design technical assistance approaches accordingly. SEP will organize Transformation Collaboratives in each topic area with sufficient state interest.

DOE will kick off the Transformation Collaboratives in mid-2023 with a convening of the states that have signed on along with key partners and highlight the most impactful issues to address in each and outline initial approaches.

BROAD-BASED TECHNICAL ASSISTANCE TO ADDRESS STATES NEEDS

Curated technical assistance will be developed as needed to support the broader network of states on topics not covered by the Transformation Collaboratives. DOE will work with states and other key stakeholders to design these technical assistance offerings and identify and disseminate best practices. Technical assistance is anticipated to be needed to focus on

developmental/instructional resources relevant to Justice40 and workforce, as well as longstanding state priorities such as adopting financing programs (e.g., energy efficiency revolving loan fund capitalization grants and ESPC); developing and implementing energy plans; and accessing and using energy data.

Technical assistance developed to meet these topics/areas of interest/need for most/all states will be as flexible as possible to address state-identified needs over time and will emphasize shared or readily accessible information (e.g., fact sheets, webinars) on longstanding state priorities aligned with the SEP statute (e.g., financial, planning). DOE may opt to use general technical assistance through third-parties to discuss strategies for how various IIJA provisions can collectively support cross-cutting topics or to showcase best practices on accessing third-party resources such as private capital or philanthropic funds that will further maximize the impact of IIJA.

5.0 FUNDING

Funding for all awards and future budget periods is contingent upon the availability of funds appropriated by Congress for the purpose of this program and the availability of future-year budget authority.

5.1 IIJA FORMULA ALLOCATIONS

Individual state IIJA allocations are included as an attachment to this document. See 10 CFR Part 420.11 for the allocation process.

5.2 COST MATCH

IIJA states that SEP funds shall not be subject to the cost matching requirement. Accordingly, cost match is not required. DOE encourages states to consider how they may leverage philanthropic and private sector funding to advance their goals and amplify the impact of the IIJA funding and include strategies to facilitate it to the extent practicable in the plans they are submitting for IIJA section 40109 funding. DOE will provide ideas and assistance toward the states' efforts during the application phase and implementation of the IIJA SEP funds.

5.3 PROGRAM INCOME

DOE encourages states to earn income in connection with SEP activities to defray program costs. If the State Plan includes such activities, states should include an estimated amount of earned income in the budget portion of the Grant Application. Program income is defined in federal regulations as gross income earned by the recipient that is directly generated by a supported activity or earned because of the award. Program income includes but is not limited to:

- Income from fees for services performed.
- The use or rental of real or personal property acquired with grant funds.
- The sale of commodities or items fabricated under a grant agreement.
- License fees and royalties on patents and copyrights.
- Payments of principal and interest on loans made with grant funds.

Program income does not include interest on grant funds except as otherwise provided in this subpart, program regulations, or the terms and conditions of the award. Nor does it include rebates, credits, discounts, refunds, etc., or interest earned on any of them.

(See [2 CFR Part 200.80](#) and [2 CFR Part 200.307](#) for further information.)

6.0 APPLICATION INSTRUCTIONS FOR IIJA SEP FORMULA GRANTS

6.1 OVERVIEW

The application package for SEP grants consists of the State Plan and a number of required forms. The State Plan is the heart of the application package. It is divided into three sections—the Budget, the Master File, and the Annual File (see section 6.3 below). Applications must be submitted in accordance with the IIJA SEP ALRD. Application due dates are identified on the cover page of the ALRD.

As a reminder, application documents, forms, and data submitted to SEP may be made available to the public at DOE’s discretion following all applicable laws and regulations that protect confidential or proprietary information.

6.2 IIJA AWARDS

IIJA awards will consist of a 5-year Project and Budget Period. States do not have to spend their entire allocation by the end of this five-year period, as the IIJA provides that this funding is “available until expended.”

6.3 STATE APPLICATION

The State Application consists of:

- Standard Form 424 (Application form)
- Standard Form 424A (Budget summary)
- Budget Justification
- Master File
- Annual File
- Various certifications
- A link to the state’s latest single or program-specific audit as required by 2 CFR 200 Subpart F
- An environmental questionnaire (if applicable)
- A Transformation Collaborative opt-in template (if applicable).

Program regulations govern all funds budgeted in the State Application, whatever their source. All funds must be spent on the activities described in the State Application and addressed in the financial and performance reports required under the grant.

6.3. A. STANDARD FORM 424 (APPLICATION)

A completed and signed Standard Form 424 (SF424) containing current information must be submitted. Please ensure all sections have been updated to reflect any changes, including changes to the person to be contacted on matters involving the application and the authorized representative. States should select “New” in section 2.

The list of certifications and assurances referenced in Field 21 may be found [here](#). Please verify compliance with Intergovernmental Review ([SPOC List](#)).

Once the SF424 is completed, **add an attachment to the document with the name, title, phone number and email address for both the Principal Investigator and the Business Officer.**

6.3. B. STANDARD FORM 424A (BUDGET)

The budget includes Standard Form 424A Summary which includes a Budget Justification. Each of these forms should be completed following the guidelines set out below.

6.3. B.1. Standard Form 424A: Applications must include a budget for all funds. It should be completed as follows:

- Section A: Budget Summary Lines 1-4, Columns (a) through (g). On line 1, enter new DOE funds.
- Section B: Budget Categories. Separate column headings (with the same name as the rows in Section A) should be utilized for each funding source. The total in column g, Section A, must equal the total of all columns in Section B.

6.3. B.2 Budget Justification: The Budget Justification consists of a detailed explanation of the object class categories listed in line 6, Section B, of Standard Form 424A. In preparing the Budget Justification, states should address the following as requested for each budget category.

- Personnel: Identify all positions to be supported by title and the amounts of time (e.g., % of time) to be expended on SEP, the base pay rate, and the total direct personnel compensation. Personnel must be direct costs to the project and not duplicative of personnel costs included in the indirect pool that is the basis of any indirect rate applied for this project.
- Fringe Benefits: If fringe cost rates are approved by a federal agency, identify the agency and date of latest rate agreement and include a copy of the rate agreement with the application. If fringe cost rates are not approved by a federal agency, explain how total fringe benefit costs were calculated. Your calculations should identify all rates used along with the base they were applied to (and how the base was derived), and a total for each (along with the grand total). If there is an established computation methodology approved for state-wide use, provide a copy with the SF424 Application.

- **Travel:** Provide the purpose of travel, such as professional conference(s), DOE sponsored meeting(s), project monitoring, etc. Identify the number of trips, and the destination/location if known. Provide the basis for the travel estimate such as past trips, current quotations, federal or state travel regulations, etc. All listed travel must be necessary or beneficial to the performance of SEP. All foreign travel must be identified and requires pre-approval.
- **Equipment:** Equipment is defined as an item with an acquisition cost greater than \$5,000 and a useful life expectancy of more than one year. List all proposed equipment and briefly justify its need as it applies to the objectives of this award. Provide a basis of cost such as vendor quotes, catalog prices, prior invoices, etc. If the equipment is being proposed as cost match and was previously acquired, provide the value of its contribution to the project and a rationale for the estimated value shown. If it is new equipment that will retain a useful life upon completion of the project, provide a rationale for the estimated value shown. Also, indicate whether the equipment is being used for other projects or is 100% dedicated to this project.
- **Supplies:** Supplies are defined as items with an acquisition cost of \$5,000 or less or a useful life expectancy of less than one year. Supplies are generally consumed during the project performance. List all proposed supplies and the estimated cost and briefly justify the need for the supplies as they apply to the objectives of this award. Supply items must be direct costs to the project and not duplicative of supply costs included in the indirect pool that is the basis of any indirect rate applied for this project. Provide a basis of cost for each item listed. Examples include vendor quotes, prior purchases of similar or like items, published price list, etc.
- **Contractual:** All sub-recipients, vendors, contractors and consultants and their estimated costs should be identified. Use TBD if the entity is unknown. Provide a brief description of the work to be performed or the service to be provided and reference the individual activity the work or service falls under. Include the basis of cost for each item listed (competitive, historical, quote, catalog, etc.).
- **Other Direct Costs:** Other direct costs are direct cost items required for the project that do not fit clearly into other categories. These direct costs must not be included in the indirect costs (if indirect costs are proposed for this project). Examples are conference fees, meetings within the scope of work, subscription costs, printing costs, etc. that can be directly charged to the project and are not duplicated in indirect (overhead) costs. Provide a general description, cost, and justification of need for each direct cost item. Provide a basis of cost for each item. Examples include vendor quotes, prior purchases of similar or like items, published price list, etc.
- **Indirect Costs:** If the indirect cost rate has been approved by a federal agency, identify the agency and the date of the latest rate agreement and submit a copy of the

agreement with the application. If the indirect cost rate has not been approved by a federal agency, provide the basis for computation of rates including the types of benefits to be provided, the rate(s) used and the cost basis for each rate.

6.3. C. MASTER

The Master File should include, wherever practicable, information on the state's overall strategic energy plan and its key elements, its strategic goals and objectives, and how its SEP activities fit into that overall plan. The Master File should:

1. Explain how implementing the plan will conserve energy.
2. Explain how the state will measure progress toward attaining its goals.
3. Explain how the plan satisfies the minimum criteria for the required (mandatory) activities.
4. Provide a plan for state monitoring that describes how the state conducts the administrative and programmatic oversight for programs implemented by other agencies within the state, contractors employed by the state, or sub-recipients of financial assistance from the state.

6.3. D. ANNUAL FILE

The Annual File section of the State Plan describes each Activity for which the state requests financial assistance, including budget information and milestones for each Activity, and the intended scope and goals to be attained either qualitatively or quantitatively.

These Activities and checkboxes have been designed to capture the overarching activities in which states engage, the sectors that are impacted, and the technologies and/or topic areas of focus of state-administered programs. This framework ensures that emerging state policies and programs are uniformly captured, and that best practices and replicable models can be more readily shared among all states. The "STATE ENERGY PROGRAM (SEP) ANNUAL FORMULA GRANT APPLICATION INSTRUCTIONS: SELECTING ACTIVITIES, SECTORS, TECHNOLOGIES AND/OR TOPIC AREAS" can be accessed in the Reference Library in PAGE.

The Annual File must account for all funds budgeted, including funds for administrative activities. The Annual File must include at least one metric for each Activity. Activities that are administrative only are exempt from this requirement.

As program-wide performance indicators are valuable to all SEP stakeholders, metrics are an important element of formula grant reporting. How best to use metrics is described in detail in SEP Program Notice 10-006E "DOE Reporting Requirements for the State Energy Program." The guidance can be found [here](#). "Unpaired" metrics should be avoided. For example, if a state reports the number of buildings retrofitted, the square footage retrofitted must be included as well. DOE is working to identify metrics for future reporting on how states' investments of DOE financial assistance impact additional topics including energy equity and environmental justice and how they relate to disadvantaged communities. DOE will provide guidance and technical assistance to assist states in addressing these metrics.

States are encouraged to consult their Project Officers to identify metrics that best capture the work they will be performing. SEP activities that do not fit well into the metrics section should be reported in the Milestone section. States should list planned milestones in the Program Year Milestones section in their applications.

For each Activity, states should identify the dollar amounts allocated. The sum of the budgets of each Activity must equal the totals in Section A of the SF424A. See 10 CFR Part 420.13 for more specific requirements on State Plans.

MANDATORY REQUIREMENTS

A State Plan must address the mandatory requirements in [10 CFR Part 420.15](#). These include, but are not limited to:

- Establish mandatory lighting efficiency standards for public buildings.
- Promote carpools, vanpools, and public transportation.
- Incorporate energy efficiency criteria into procurement procedures.
- Implement mandatory thermal efficiency standards for new and renovated buildings.
- Permit right turns at red traffic lights and left turns from a one-way street onto a one-way street at a red light after stopping.
- Ensure effective coordination among various local, state and federal programs within the state that pertain to energy efficiency, renewable energy, and alternative transportation fuels.
- The mandatory conduct of activities to support T&D planning, including:
 - Support for local governments and Indian Tribes.
 - Feasibility studies for transmission line routes and alternatives.
 - Preparation of necessary project design and permits.
 - Outreach to affected stakeholders.

TRANSMISSION AND DISTRIBUTION PLANNING

Please note that IJIA added a seventh mandatory measure – Transmission and Distribution (T&D) planning. DOE will update the CFR in the future to reflect the seventh mandatory measure. States must submit via the Master File a forward-looking T&D template (see “IJIA Transmission and Distribution Template” in the Reference Material) that outlines a menu or categorical set of activities in line with the new statutory requirements that they can draw from when defining their T&D plans.

SEP emphasizes the state's role as the decision maker and administrator for program activities within their state. Each state's T&D plan should be tailored to its unique resources, delivery capacity, and energy goals.

DOE emphasizes that a key focus of a state T&D plan should be how to accommodate the anticipated increase in electric vehicles (EVs) in the future as well as greater deployment and installation of clean energy technology. Any state T&D plan should, where possible, define transmission and/or distribution activities that support decarbonization, grid modernization,

resilience, electrification, and/or energy efficiency and renewable energy policy goals. States are encouraged to include future T&D-related activities including those in support of the Justice40 Initiative²⁰ which establishes a goal that 40 percent of the overall benefits of certain federal investments in climate and clean energy infrastructure flow to disadvantaged communities.

SEP and DOE will review state T&D templates to inform expertise and organizational support available under the Transformation Collaborative. The program will be collaborating with the Grid Deployment Office (GDO) on T&D planning and on future technical assistance needs, as there is significant overlap in program objectives associated with IJA sections 40101, 40103, 40107, 40108, and 40109.²¹

Technical Assistance – Transformation Collaboratives on T&D

When submitting 40109 application materials, states are requested to outline any technical assistance needs to support implementation of T&D priorities. Technical assistance needs should be based on activities in scope with SEP’s Transformation Collaborative technical assistance (defined in Section 4.4). The following activities are examples of what DOE may provide as technical assistance for states depending on needs. Specific implementation-support mechanisms could include:

- **T&D convenings** – supporting regional coordination by participating in regional transmission organization (RTO) or regional planning processes or hosting such discussions with specific stakeholders (e.g., local governments, community partners)
- **State energy planning** – ensuring T&D investments are accounted for in the state energy planning process through use of technical experts and inclusion of utilities, RTOs, and developers.
- **Expert support** – engaging subject matter expert familiar with state, utility or RTO planning efforts.
- **DOE and Lab resources** – utilizing best-in-class DOE resources (tools and guides) to help address permitting, planning/zoning, environmental review, and procurement barriers that may impact T&D efforts.
- **State, local, or Tribal government partnerships** – leading or participating in government-to-government discussions to identify and implement shared priorities for T&D, notably access to the grid for EV stations or clean energy technologies.

See [10 CFR Part 420.15](#) for more specific requirements on mandatory activities.

²⁰ [Justice40 Initiative | Department of Energy](#)

²¹ For more context, see: <https://www.energy.gov/oe/articles/doe-launches-new-initiative-president-bidens-bipartisan-infrastructure-law-modernize>.

OPTIONAL PROGRAM ACTIVITIES

States may wish to consider for inclusion in their State Plans the following optional activities as listed in the SEP authorizing statute (see [10 CFR Part 420.17](#)):

- Program activities of public education to promote energy efficiency, renewable energy, and alternative transportation fuels.
- Program activities for financing energy efficiency measures and renewable energy measures, which may include loan programs and performance contracting programs for leveraging of additional public and private sector funds and program activities that allow rebates, grants, or other incentives for the purchase of energy efficiency measures and renewable energy measures.
- Program activities for encouraging and for carrying out energy audits with respect to buildings and industrial facilities (including industrial processes) within the state.
- Program activities to promote the adoption of integrated energy plans that provide for (a) periodic evaluation of a state's energy needs, available energy resources (including greater energy efficiency), and energy costs; and (b) utilization of adequate and reliable energy supplies, including greater energy efficiency, that meet applicable safety, environmental, and policy requirements at the lowest cost.
- Program activities to identify unfair or deceptive acts or practices that relate to the implementation of energy efficiency measures and renewable energy measures and to educate consumers concerning such acts or practices.
- Program activities to modify patterns of energy consumption to reduce peak demands for energy and improve the efficiency of energy supply systems, including electricity supply systems.
- Program activities to promote energy efficiency as an integral component of economic development planning conducted by state, local, or other governmental entities or by energy utilities.
- Program activities (enlisting appropriate trade and professional organizations in the development and financing of such programs) to provide training and education (including, if appropriate, training workshops, practice manuals, and testing for each area of energy efficiency technology) to building designers and contractors involved in building design and construction or in the sale, installation, and maintenance of energy systems and equipment to promote building energy efficiency.
- Program activities to provide support for prefeasibility and feasibility studies for projects that utilize renewable energy and energy efficiency resource technologies in order to facilitate access to capital and credit for such projects.
- Program activities to support industrial energy efficiency and combined heat and power.

In addition, IJJA added two additional optional program activities:

- Program activities to increase transportation energy efficiency, including programs to help reduce carbon emissions in the transportation sector by 2050 and accelerate the use of alternative transportation fuels for, and the electrification of, State government

vehicles, fleet vehicles, taxis and ridesharing services, mass transit, school buses, ferries, and privately owned passenger and medium- and heavy-duty vehicles.²²

- Program activities that promote the installation and use of demand-response technology and demand-response practices.²³

Finally, IIJA provided that financial assistance could be used for the development, implementation, review, and revision of a State Energy Security Plan.²⁴

For more specific information on the optional activities authorized in statute, see [10 CFR Part 420.17](#) and Section 40109 of IIJA.

STATE ENERGY SECURITY PLANS

IIJA states that all future distributions of financial assistance through SEP will require the submission to DOE of a State Energy Security Plan (SESP) that meets the statutory requirements set out in Section 40108 of the IIJA.

At minimum, the SESP must:

1. Address all energy sources and regulated and unregulated energy providers.
2. Provide a state energy profile, including an assessment of energy production, transmission, distribution, and end-use.
3. Address potential hazards to each energy sector or system, including physical threats and vulnerabilities and cybersecurity threats and vulnerabilities.
 - a. Provide a risk assessment of energy infrastructure and cross-sector interdependencies.
 - b. Provide a risk mitigation approach to enhance reliability and end-use resilience.
 - c. Address multi-state and regional coordination, planning, and response, and coordination with Indian Tribes with respect to planning and response; and to the extent practicable, encourage mutual assistance in cyber and physical response plans.

On March 28th, 2022, SEP released the State Energy Security Plan ALRD. This funding announcement allowed states to apply for up to \$200,000 to begin the process of updating plans to meet the new requirements. The ALRD can be accessed [here](#). In addition, DOE shared framework and guidance for SESP with states. The guidance provides DOE's interpretation of how the requirements in IIJA section 40108 could be met. The framework included references to "drop-in" resources that the Office of Cybersecurity, Energy Security, and Emergency Response (CESER) developed to support states updating their SESP. These documents can be found on [DOE CESER SLTT Energy Security Planning Resource Hub](#).

²² This optional element was added by IIJA, replacing a similar element related to transportation.

²³ This optional element was added by IIJA.

²⁴ IIJA added a requirement for states to submit a State Energy Security Plan and provides that states may use SEP funds for the development, implementation, review, and revision of a State Energy Security Plan.

In addition to the guidance, DOE seeks to provide technical assistance to states on development of their SESP through a Transformation Collaborative, as outlined in Section 4.4 of this document.

6.3. E. EXPENDITURE PROHIBITIONS AND LIMITATIONS

States are prohibited from using SEP financial assistance to:

- Fund construction, such as construction of mass transit systems and exclusive bus lanes, or for the construction or repair of buildings or structures.
- Purchase land, a building or structure, or any interest therein.
- Subsidize fares for public transportation.
- Subsidize utility rate demonstrations or state tax credits for energy conservation or renewable energy measures.
- Conduct or purchase equipment to conduct research, development, or demonstration of energy efficiency or renewable energy techniques and technologies not commercially available.

Limitations:

1. No more than 20 percent of the financial assistance awarded to the state for this program shall be used to purchase office supplies, library materials, or other equipment whose purchase is not otherwise prohibited.
2. Demonstrations of commercially available energy efficiency or renewable energy techniques and technologies are permitted and are not subject to the construction prohibition or the 20 percent on equipment and direct purchase limitations.
3. A state may use regular or revolving loan mechanisms to fund SEP activities that are consistent with SEP rules and that are included in the approved State Plan. Loan repayments and interest on loan funds may be used only for activities that are consistent with the rules and are included in the state's approved plan.
4. A state may use funds for the purchase and installation of equipment and materials for energy efficiency measures and renewable energy measures, subject to the following:
 - Such use must be included in the state's approved plan (and if petroleum violation escrow funds are used, the use must be consistent with any judicial or administrative terms and conditions imposed upon state use of such funds).
 - Such use is limited to no more than 50 percent of all funds allocated by the state to SEP in any given year, regardless of source, except that this limitation shall not include regular and revolving loan programs funded with petroleum violation escrow funds. States may request a waiver of the 50 percent limit from DOE for good cause. For regular and revolving loan funds, loan documents shall ensure repayment of principal and interest within a reasonable period of time and shall not include provisions for loan forgiveness.
5. Funds may be used to supplement, and no funds may be used to supplant, weatherization activities under the Weatherization Assistance Program for Low-Income Persons.
6. States must document their National Environmental Policy Act (NEPA) and National Historic Preservation Act (NHPA) Section 106 determinations for DOE review.

See [10 CFR Part 420.18](#) for more detailed expenditure prohibitions and limitations.

6.3. F. OTHER FORMS

The following files should be submitted as attachments with your application if applicable:

1. Indirect Rate Agreement or Rate Proposal.
2. Certifications regarding Lobbying (SF-LLL Disclosure Form to report lobbying).
3. A document providing the name, phone number and email address of the Principal Investigator and Business Officer.

6.3. G. NATIONAL ENVIRONMENTAL POLICY ACT INFORMATION

DOE must comply with NEPA prior to authorizing the use of Federal funds. DOE must also consider the effects on historic properties, pursuant to Section 106 of the NHPA. Additionally, DOE must consider the impacts to floodplains and wetlands, pursuant to 10 CFR Part 1022— Compliance with Floodplain and Wetland Environmental Review Requirements. To streamline these required reviews, DOE carries out each of these reviews under the umbrella of its NEPA review. States should review and follow the NEPA determination in their award documents for restrictions, and the list of activities that have been categorically excluded from further NEPA review.

DOE has developed a NEPA training website with PowerPoint presentations, sample template documents (including a NEPA log, project scope of work, and a project layout), word document of an Environmental Questionnaire-1 (EQ1) and an EQ1 submission guide. States are responsible for reviewing the online NEPA training and sample documents at www.energy.gov/node/4816816 prior to initiating projects and contacting NEPA with any questions at NEPALogs@ee.doe.gov. Subgrantees and 3rd party loan administrators are also encouraged to review the training website.

Most, but not all states have a DOE executed Historic Preservation Programmatic Agreement (PA) to assist DOE with historic preservation compliance. States that do NOT have a PA must follow the added restrictions in the NEPA determination to ensure compliance with the National Historic Preservation Act. The list of states and their PAs and amendments can be found [here](#).

There are two paths to complete a NEPA review for SEP projects covered by the IIJA ALRD NEPA determination: 1) states determine and document that a project falls within a Bounded Category (see your NEPA determination for the complete list of Bounded Categories and restrictions), or 2) states determine a project does not fit within a Bounded Category and submits an Environmental Questionnaire (EQ-1) in the Project Management Center for DOE to complete a NEPA review. Bounded Categories are activities listed in a NEPA determination that restrict the size, location, installation methods, or other elements to complete a project. States will receive approval from a DOE Contracting Officer with a NEPA determination for their records. Both paths require a documented NEPA review. DOE has developed a NEPA log as a tool to assist states in documenting that their projects fit within the Bounded Categories. A sample NEPA log can be found at www.energy.gov/node/4816816.

The two lists of Bounded Categories (one list for states with a PA and one list for states that do not have a PA) detailed below apply to activities funded by the IIJA ALRD. Most Bounded Categories are more restrictive than the Categorical Exclusion. The restrictions must be followed for the Bounded Category to be applicable.

NEPA reviews must be completed prior to initiating project activities; this includes DOE NEPA reviews and states' documentation of their review of Bounded Categories in a NEPA log. Project expenses incurred without either a DOE NEPA review or completion of a state's NEPA log, as applicable for Bounded Categories activities, may be deemed unallowable and States may be required to repay any unallowable funds to DOE.

The following list of Bounded Categories of activities is applicable to states with a DOE executed PA. The list of states and their PAs and amendments can be found [here](#). This list may be slightly different than the NEPA determination. The NEPA determination included in each state's award documents must be followed.

Bounded Categories:

1. Administrative activities associated with management of the designated state and management of programs and strategies to encourage energy efficiency and renewable energy, including energy audits.
2. Development of plans including but not limited to Transmission & Distribution plans and state energy conservation plans that may require feasibility studies, preparation of preliminary project design, outreach, and technical support to local governments, Indian Tribes and affected stakeholders. All project activities identified and funded from this ALRD must be listed within the Bounded Categories. Projects not listed within these Bounded Categories would require submission of an Environmental Questionnaire (EQ-1).
3. Development and implementation of programs and strategies to encourage energy efficiency and renewable energy such as policy development and stakeholder engagement.
4. Development and implementation of training programs.
5. Development and implementation of building codes including inspection services, and associated activities to support code compliance and promote building energy efficiency.
6. Implementation of financial incentive programs including rebates and energy savings performance contracts for existing facilities; grants and loans to support energy efficiency, renewable energy and energy/water saving projects. All project activities funded under a financial incentive program must be listed within the Bounded Categories or would require submission of an Environmental Questionnaire (EQ-1).
7. Funding commercially available energy or energy/water efficiency or renewable energy upgrades, provided that projects adhere to the requirements of the respective state's DOE

executed Historic Preservation Programmatic Agreement, are installed in existing buildings, do not require structural reinforcement, no trees are removed, are appropriately sized and are limited to:

- a. Installation of insulation.
 - b. Installation of energy efficient lighting.
 - c. HVAC upgrades (to existing systems).
 - d. Weather sealing.
 - e. Purchase and installation of energy efficient or energy/water efficient home appliances and equipment (including, but not limited to, energy or water monitoring and control systems, and thermostats).
 - f. Retrofit of energy efficient pumps and motors, for such uses as wastewater treatment plants, where it would not alter the capacity, use, mission or operation of an existing facility.
 - g. Retrofit and replacement of windows and doors.
 - h. Installation of Combined Heat and Power System—systems sized appropriately for the buildings in which they are located, not to exceed peak electrical production at 300kW.
8. Development, implementation, and installation of onsite renewable energy technology from renewable resources, provided that projects are installed in or on an existing structure or within the boundaries of a facility (defined as an already disturbed area due to regular ground maintenance), do not require structural reinforcement, no trees are removed, are appropriately sized, and are limited to:
- a. Solar Electricity/Photovoltaic—appropriately sized system or unit not to exceed 60 kW.
 - b. Battery storage, if applicable, would be attached to a structure (e.g., inside a garage), or within the boundaries of a facility.
 - c. Wind Turbine—20 kW or smaller.
 - d. Solar Thermal (including solar thermal hot water)—system must be 200,000 BTU per hour or smaller.
 - e. Ground Source Heat Pump—5.5 tons of capacity or smaller, horizontal/vertical, ground, closed-loop system
 - f. Biomass Thermal—3 MMBTUs per hour or smaller system with appropriate Best Available Control Technologies (BACT) installed and operated.
9. Installation of fueling pumps and systems for fuels such as compressed natural gas, hydrogen, ethanol and other commercially available biofuels, (but not storage tanks) installed on the site of a current fueling station.
10. Purchase of alternative fuel vehicles.

11. Installation of electric vehicle charging stations attached to a structure and may include permanent or temporary testing measures to assess the safety and functionality of electric vehicle charging stations.

States shall adhere to the restrictions of their DOE executed Historic Preservation Programmatic Agreement.

The following list of Bounded Categories of activities is applicable to states without a DOE executed Historic Preservation Programmatic Agreement (PA). This list may be slightly different than the NEPA determination. The NEPA determination included in each state's award documents must be followed.

Bounded Categories:

1. Administrative activities associated with management of the designated state and management of programs and strategies to encourage energy efficiency and renewable energy, including energy audits.
2. Development of plans including but not limited to T&D plans and state energy conservation plans that may require feasibility studies, preparation of preliminary project design, outreach and technical support to local governments, Indian Tribes and affected stakeholders. All project activities identified and funded from this ALRD must be listed within the Bounded Categories. Projects not listed within these Bounded Categories would require submission of an Environmental Questionnaire (EQ-1).
3. Development and implementation of programs and strategies to encourage energy efficiency and renewable energy such as policy development and stakeholder engagement.
4. Development and implementation of training programs.
5. Development and implementation of building codes including inspection services, and associated activities to support code compliance and promote building energy efficiency.
6. Implementation of financial incentive programs including rebates and energy savings performance contracts for existing facilities; grants and loans to support energy efficiency, renewable energy and energy/water saving projects. All project activities funded under a financial incentive program must be listed within the Bounded Categories or will require submission of an Environmental Questionnaire (EQ-1).7.

7. Funding commercially available energy or energy/water efficiency or renewable energy upgrades, provided that projects are **installed in or on existing buildings less than 45 years old**, do not require structural reinforcement, remove no trees, are appropriately sized and are limited to:
 - a. Installation of insulation.
 - b. Installation of energy efficient lighting.
 - c. HVAC upgrades (to existing systems).
 - d. Weather sealing.
 - e. Purchase and installation of energy efficient or energy/water efficient home appliances and equipment (including, but not limited to, energy or water monitoring and control systems, and thermostats).
 - f. Retrofit of energy efficient pumps and motors, for such uses as wastewater treatment plants, where it would not alter the capacity, use, mission or operation of an existing facility.
 - g. Retrofit and replacement of windows and doors.
 - h. Installation of Combined Heat and Power System—systems sized appropriately for the buildings in which they are located, not to exceed peak electrical production at 300kW.
8. Development, implementation, and installation of onsite renewable energy technology from renewable resources, provided that projects are installed in or on an existing structure **less than 45 years old** or within the boundaries of a facility **less than 45 years old**, (defined as an already disturbed area due to regular ground maintenance), do not require structural reinforcement, no trees are removed, are appropriately sized, and limited to:
 - a. Solar Electricity/Photovoltaic—appropriately sized system or unit not to exceed 60 kW.
 - b. Battery storage, if applicable, would be attached to a structure (e.g., inside a garage), or within the boundaries of a facility.
 - c. Wind Turbine—20 kW or smaller.
 - d. Solar Thermal (including solar thermal hot water)—system must be 200,000 BTU per hour or smaller.
 - e. Ground Source Heat Pump—5.5 tons of capacity or smaller, horizontal/vertical, ground, closed-loop system.
 - f. Biomass Thermal—3 MMBTUs per hour or smaller system with appropriate Best Available Control Technologies (BACT) installed and operated.
9. Installation of fueling pumps and systems for fuels such as compressed natural gas, hydrogen, ethanol and other commercially available biofuels, (but not storage tanks).
10. Purchase of alternative fuel vehicles including but not limited to cars, buses, ferries, and other forms of transportation.

11. Installation of electric vehicle charging stations attached to a structure less than 45 years old. May include temporary testing measures to assess the safety and functionality of electric vehicle charging station.

States must document all activities (e.g., a NEPA log) to ensure compliance with the restrictions of the Bounded Categories. The documentation must be available for DOE review upon request and submitted quarterly to NEPALogs@.ee.doe.gov.

States are responsible for identifying and promptly notifying DOE of extraordinary circumstances, cumulative impacts, or connected actions that may lead to significant impacts on the environment, or any inconsistency with the “integral elements” (as contained in 10 C.F.R. Part 1021, Appendix B) as they relate to a particular Project; compliance with Section 106 of the NHPA and 10 CFR Part 1022.4—Compliance with Floodplain and Wetland Environmental Review Requirements, as applicable.

States must adhere to the requirements included in the “Historic Preservation” term included in the Special Terms and Conditions of the financial assistance agreement.

DOE is required to consider floodplain management and wetland protection as part of its environmental review process (Subpart B of 10 CFR 1022). As part of this required review, DOE determined requirements set forth in Subpart B of 10 CFR 1022 are not applicable to the activities described in Bounded Categories 1–7g above that would occur in a floodplain or wetland because the activities would not have short-term or long-term adverse impacts to the floodplain or wetland. These activities are administrative or minor modifications of existing facilities to improve environmental conditions. All other integral elements and environmental review requirements are still applicable. All projects (except those under Bounded Categories 1–7g) must document that project activities do not occur in a floodplain or wetland. If the project activities do occur in a floodplain or wetland (except those under Bounded Categories 1–7g), those project activities are subject to additional NEPA review and approval by DOE.

For activities/projects requiring additional NEPA review, states must complete the environmental questionnaire (<https://www.eere-pmc.energy.gov/NEPA.aspx>) for review by DOE.

6.4. APPLICATION FORMAT AND CHANGES

6.4. A. CONTENT AND FORM OF APPLICATION

The State Plan application must be submitted via the PAGE online system [here](#).

The PAGE Help System has detailed instructions for creating and submitting an annual application. The Help instructions can be found in PAGE by selecting ‘help’ from the blue horizontal menu bar, and under the Contents in the left panel selecting ‘SEP’ and the subtopic for ‘New Grant Application’.

From the Home PAGE, select 'Create New Application' then select the 'Add New Application Package'. Once the plan has been completed, be sure to validate and submit the plan.

6.4. B. OTHER SUBMISSION AND REGISTRATION REQUIREMENTS

Submission of application documents and award documents, including modifications, through electronic systems used by the DOE, including PAGE and FedConnect, constitutes the authorized representative's approval and acceptance of the terms and conditions of the award. Award acknowledgement via FedConnect constitutes the authorized representative's electronic signature.

6.4. C. QUESTIONS/AGENCY CONTACTS

Questions relating to the registration process, system requirements, how an application form works, or the submittal process must be directed to the PAGE hotline at 866-492-4546, or page-hotline@ee.doe.gov. States should contact their respective Project Officer on state-specific questions. Below is a list of current DOE Project Officers assigned to each state.

<u>States</u>	<u>Project Officer</u>	<u>E-Mail</u>	<u>Telephone</u>
Alabama, New Hampshire	Pete Davis	pete.davis@ee.doe.gov	720-356-1606
Hawaii, Louisiana, South Carolina, Texas, West Virginia	Monica Andrews	monica.andrews@ee.doe.gov	202-236-6541
Alaska, American Samoa, Guam, Michigan, Montana, Northern Marianas, Oregon, Washington	Kelsie Bell	kelsie.bell@ee.doe.gov	720-356-1643
Arizona, Idaho, Maine, Maryland, Massachusetts, New Mexico, Pennsylvania, Rhode Island, Vermont	Henry Fowler	henry.fowler@ee.doe.gov	720-356-1595
Colorado, Florida, Nebraska, Oklahoma, Puerto Rico, Tennessee, Virgin Islands	Pete Gingrass	pete.gingrass@ee.doe.gov	720-356-1314
California, Connecticut, Iowa, Minnesota, Nevada, Utah	Julie Howe	julie.howe@ee.doe.gov	720-356-1628
Georgia, Kansas, Kentucky, Mississippi, North Dakota, South Dakota, Wyoming	John Merenda	john.merenda@ee.doe.gov	720-356-1620
Arkansas, Missouri, New York, Ohio, Virginia	Jason Nguyen	jason.nguyen@hq.doe.gov	970-817-4220
Delaware, District of Columbia, Illinois, Indiana, New Jersey, North Carolina, Wisconsin	Megan Plog	megan.plog@ee.doe.gov	240-562-1664

6.5 REPORTING REQUIREMENTS

Guidance has been published that provides the scope and purpose of reporting for SEP formula grants. SEP Program Notice 10-006E “DOE Reporting Requirements for the State Energy Program”. The guidance can be found [here](#).

Reporting requirements are identified on the Financial Assistance Reporting Checklist (FARC), DOE EERE 355, attached to the award agreement.

Additional policy documents may be found [here](#).

The awards initiated since 10/1/2010 are subject to the requirement of Reporting Subawards and Executive Compensation at <https://www.fsr.gov>. Please see Part V.C. of the Administrative and Legal Requirements Document (ALRD) for additional information.

6.6 STATE ENERGY PROGRAM OPERATIONS MANUAL

[The State Energy Program Operations Manual](#) is a reference tool for states and program officials within DOE. The Manual was recently updated in February 2022 and will continue to be updated as needed.

CONCLUSION

As SEP and its partners continue to draw both on regular federal appropriations and the valuable lessons and benefits learned throughout the years, DOE looks forward to continuing to work with its state partners to implement effective SEP programs.

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Office of Energy Efficiency and Renewable Energy

REFERENCE MATERIAL

IIJA Administrative and Legal Requirements Document
IIJA SEP Formula Allocations
IIJA Formula Award Application Checklist
IIJA Annual Summary Template
IIJA Transmission & Distribution Template
Transformation Collaboratives Opt-in Template