



U.S. DEPARTMENT OF ENERGY

Office of Inspector General

DOE-OIG-25-35

September 25, 2025

The Grid Deployment Office's Implementation of the Puerto Rico Energy Resilience Fund Program



INSPECTION REPORT



Department of Energy
Washington, DC 20585

September 25, 2025

MEMORANDUM FOR THE DIRECTOR, GRID DEPLOYMENT OFFICE

SUBJECT: Inspection Report: *The Grid Deployment Office's Implementation of the Puerto Rico Energy Resilience Fund Program*

The attached report discusses our inspection of the implementation of the Puerto Rico Energy Resilience Fund Program. We found that the Grid Deployment Office was not fully prepared to implement the Puerto Rico Energy Resilience Fund Program, as it had not developed the requisite oversight tools and resources to conduct separate and appropriate oversight to ensure that it will meet its intended goals and objectives. Our report contains one recommendation that, if fully implemented, should ensure the Grid Deployment Office's oversight tools and resources are adequate for the Puerto Rico Energy Resilience Fund Program.

We conducted this inspection from September 2023 through April 2025 in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation* (December 2020). We appreciated the cooperation and assistance received during this inspection.

A handwritten signature in blue ink, reading "Sarah Nelson", is positioned above the typed name.

Sarah Nelson
Assistant Inspector General
for Management
Performing the Duties of Inspector General
Office of Inspector General

cc: Chief of Staff



Department of Energy
Office of Inspector General
The Grid Deployment Office's Implementation of the
Puerto Rico Energy Resilience Fund Program
(DOE-OIG-25-35)

**WHY THE OIG
PERFORMED THIS
INSPECTION**

The Consolidated Appropriations Act, 2023, authorized \$1 billion in appropriations for the purchase and installation of renewable energy, energy storage, and other grid technologies. The Department of Energy's Grid Deployment Office (GDO) will administer the \$1 billion through the Puerto Rico Energy Resilience Fund (PR-ERF) Program, which focuses on energy resilience investments to grow Puerto Rico's clean energy economy, while pursuing the goal to meet 100 percent of its electricity needs with renewable energy by 2050.

We initiated this inspection to determine the GDO's readiness to implement the PR-ERF Program.

What Did the OIG Find?

We found that the GDO was not fully prepared to implement the PR-ERF Program, as it had not developed the requisite oversight tools and resources to conduct separate and appropriate oversight to ensure that it will meet its intended goals and objectives. We identified six areas related to the GDO's implementation of the PR-ERF Program where additional oversight and resources are needed.

The lack of preparedness and planned oversight occurred due to the GDO's reliance on other entities. Specifically, while the GDO delegated management and execution duties to other entities, it did not assess the readiness and ability of these entities to oversee the PR-ERF Program, nor prepare a plan to oversee the work performed by these entities.

What Is the Impact?

The GDO's ability to achieve PR-ERF Program objectives is vulnerable without the establishment of independent, robust oversight, and resources.

What Is the Path Forward?

To address the issues identified in this report, we have made one recommendation that, if fully implemented, should help ensure that the GDO's oversight tools and resources are adequate for the PR-ERF Program.

BACKGROUND

In 2017 and 2022, hurricanes caused electrical blackouts and infrastructure damage in Puerto Rico. To improve the resilience of the Puerto Rican electric grid, the Consolidated Appropriations Act, 2023, authorized \$1 billion in appropriations for the Department of Energy to carry out activities for the purchase and installation of renewable energy, energy storage, and other grid technologies. The Department's Grid Deployment Office (GDO), established in 2022, administers the \$1 billion through the Puerto Rico Energy Resilience Fund (PR-ERF) Program. The PR-ERF Program focuses on both residential and community-based energy resilience investments to grow Puerto Rico's clean energy economy, which supports the goal Puerto Rico set in 2019 to meet 100 percent of its electricity needs with renewable energy by 2050.

While the GDO is responsible for the PR-ERF Program, it leverages other Department and contractor services to assist with the implementation. First, through a Memorandum of Agreement, the National Energy Technology Laboratory (NETL)—a Department Government-owned, Government-operated laboratory—supports the GDO with project management, financial assistance, legal support, and other program functions. This Memorandum of Agreement encompasses over \$900 million in awards via cooperative agreements. Cooperative agreements are a type of financial assistance agreement used by the Federal Government to partner with non-Federal entities to carry out public purposes and allow the Government to have substantial involvement. Further, the GDO receives support from the National Renewable Energy Laboratory for program implementation as well as multiple contractors to assist with program management and operation, legal counsel, and financial advising.

The GDO is launching the PR-ERF Program in multiple funding rounds. The first round targets 30,000–40,000 single-family households in Puerto Rico with the goal of reducing energy bills, improving home energy resilience, and ensuring households can maintain power during extreme weather events. Future rounds of funding will potentially be allocated toward energy resilience solutions like community solar, microgrids, and other grid modernization solutions.

We initiated this inspection to determine the GDO's readiness to implement the PR-ERF Program.

INSUFFICIENT PROGRAM IMPLEMENTATION

We found that the GDO was not fully prepared to implement the PR-ERF Program. Specifically, it had not developed the requisite oversight tools and resources to conduct separate and appropriate oversight to ensure that the PR-ERF Program will meet its intended goals and objectives. We identified six areas related to the GDO's implementation of the PR-ERF Program where additional oversight and resources are needed.

Conflicts of Interest Policy Compliance Not Ensured

The GDO did not establish a plan to ensure compliance with the *Department of Energy Interim Conflict of Interest Policy* for non-Federal entities, dated December 2021. According to the policy, non-Federal entities must require that any person responsible for the purpose, design,

conduct, or reporting of a Department-funded project disclose significant conflicts of interest annually. Each non-Federal entity must designate an official(s) to review and manage any financial conflicts of interest and provide reports to the Department. Recipients are responsible for ensuring that conflict of interest criteria flow down to subrecipients and for ensuring adherence to the policy. GDO officials stated that NETL's contracting officers are responsible for training and supporting applicants to help them comply with conflict of interest requirements, while the GDO or NETL monitor that compliance. However, the GDO furnished no evidence for how it determined that NETL's processes were sufficient to manage the risk of recipients failing to implement required controls, or how it would monitor recipients to ensure compliance.

Further, the GDO is relying on recipients and subrecipients to self-certify compliance with the Department's conflict of interest policy. This reliance has its risks. For example, the Government Accountability Office and the Pandemic Response Accountability Committee found self-certification to be insufficient to provide adequate oversight. We found no evidence that the GDO considered Puerto Rico's history of corruption¹ when designing oversight measures for the \$1 billion PR-ERF Program, including conflicts of interest. This history included cases involving Government employees and contractors attempting to exploit Government programs for personal gain. Without additional oversight activities, self-certification alone could lead to fraud, waste, and abuse.

Performance Measures Not Finalized

The GDO did not establish performance measures for the execution of the PR-ERF Program. Specifically, it was unable to furnish milestones or other performance measures to monitor program execution and its likelihood of success. The Government Accountability Office's *Standards for Internal Control in the Federal Government* states that management should design control activities, such as establishing and reviewing performance measures and indicators as a means of evaluating the entity's performance in achieving objectives. Further, GDO officials stated that they had not finalized a set of financial, operational, and performance indicators, but would continue to develop performance measures for the PR-ERF Program. Once developed, the GDO would include the performance measures in the PR-ERF Program Guidelines, and NETL would incorporate appropriate performance measures into the award terms and award management process. We reviewed a draft version of NETL's *Puerto Rico Energy Resilience Fund: Monitoring Plan*, dated April 2024. While the plan states that GDO staff would be involved in NETL's monitoring, the GDO did not provide performance measures for how it would monitor the work performed by NETL and other non-Government contractors. Without performance measures for the PR-ERF Program, the GDO may not be aware of issues or delays in program implementation. Since our review, the GDO stated that it had an updated monitoring plan.

¹ <https://www.justice.gov/usao-pr/pr/ex-director-technical-education-program-contractor-and-company-plead-guilty-theft-over>, <https://www.justice.gov/usao-pr/pr/federal-grand-jury-indicts-19-individuals-roles-fraudulent-scheme-obtain-covid-19-relief>, <https://www.justice.gov/usao-pr/pr/two-business-owners-pleaded-guilty-federal-program-theft-relation-misappropriation>.

The GDO Not Maximizing Advantages of Cooperative Agreements

The GDO did not have a plan for substantial involvement. For example, it did not document how it would fulfill its responsibilities under the cooperative agreements that recipients² and subrecipients receive to ensure they meet project objectives, comply with award terms and conditions, and account for funds. Title 31 United States Code § 6305, *Using cooperative agreements*, states that substantial involvement is expected between the executive agency and the recipient. Further, the Funding Opportunity Announcement stated that the Department does not limit its involvement to the administrative requirements of the award. Instead, the Department has substantial involvement in the direction and redirection of the technical aspects of the award. GDO officials stated that they selected cooperative agreements to allow for substantial involvement in work performed, which included the administrative requirements and technical aspects of the award. While the GDO stated that the Department (GDO and NETL) would be substantially involved, we still have concerns that the GDO, as the responsible entity for the program, will rely on NETL and not be substantially involved with PR-ERF Program activities to ensure goals and objectives are met.

Risk of Insufficient Staffing for Oversight of Other Organizations

We determined there was risk that the GDO might not have allocated the proper staffing resources to oversee the PR-ERF Program. Because the GDO launched the PR-ERF Program while it was less than a year old, it was simultaneously building its organizational structure and staff expertise while administering and overseeing it. Therefore, the GDO was delegating execution responsibility to NETL and other organizations but did not have a documented plan to provide oversight of those organizations. When asked about staffing, GDO officials expressed concerns with their ability to recruit and attract top talent and onboard them expeditiously. GDO officials added that they were using tools available, such as special hiring authorities and contractor support, while providing funding to NETL for a specified number of staff. Further, the PR-ERF Program is only 1 of the GDO's 15 new programs, with over \$26 billion in Federal funding allocated by the Infrastructure Investment and Jobs Act, Inflation Reduction Act of 2022, and the Consolidated Appropriations Act, 2023. As such, we are concerned that the GDO will not have sufficient Federal staff resources to properly oversee all GDO and PR-ERF Program activities.

System Interconnection Ability Delegated to Recipients

The GDO had no plan to validate whether the installed solar systems were connected to the power grid. Specifically, it structured the PR-ERF Program so that award recipients are responsible for ensuring their solar system can connect to the existing power grid and participate in Net Metering Programs.³ Per the PR-ERF Program's guidelines, all solar systems funded through the PR-ERF Program must be interconnected to the local power system. Award

² Recipients are entities that receive an award directly from a Federal agency to carry out an activity under a Federal program.

³ Net metering is the process to measure and credit the energy exported by the customer's electric generation system to Puerto Rico's electrical grid.

recipients are required to apply for this connection on behalf of the beneficiary.⁴ However, recipient responsibilities were considered satisfied upon submitting the request, rather than when the determination was made by the local power authority or when connection to the grid was completed. GDO officials stated that they considered solar systems below a certain kilowatt threshold were automatically connected to the grid if they conformed to interconnection regulations. Further, the application to the local power administration was not for interconnection but rather for participation in net metering. Yet, this was inconsistent with the language in the PR-ERF Program’s guidelines. GDO officials also stated that they structured the program this way because the local power administration had a backlog of net metering applications to review. Delaying payments to the award recipients until the backlog is resolved would negatively impact cashflow needs. Finally, GDO officials stated that they would request quarterly reporting on installations participating in net metering. At that point, if there were discrepancies in total installations and participating solar systems, the GDO would investigate and address them, as needed. However, if recipient responsibilities are considered complete upon submitting the request, it may be too late to address this concern.

The GDO Not Monitoring the Sourcing of Materials

The GDO had no plan to ensure award recipients follow the “Buy America” requirements. Specifically, it included a term in the assistance agreements identifying a legislative preference for award recipients to purchase American-made equipment and products to the greatest extent practicable. GDO officials stated this was a standard Department term required in all Department financial assistance awards. Therefore, given the standard term is a legislative preference and encourages American-made equipment and supplies “to the greatest extent practicable,” officials stated that no formal tracking process was required. Without the ability to track or enforce this contractual term, foreign companies may be able to capture a significant portion of the PR-ERF Program’s billion-dollar allocation. This is not an unrealistic outcome. In August 2022, the International Energy Agency claimed that China’s share in all the manufacturing stages of solar panels exceeded 80 percent.

CONTRIBUTING FACTORS

The lack of preparedness and planned oversight occurred due to the GDO’s reliance on other entities. Specifically, while it delegated management and execution duties to NETL, the National Renewable Energy Laboratory, and other outside entities, the GDO did not assess the readiness and ability of these entities to oversee the PR-ERF Program and did not have a plan to oversee the work performed by these entities. The GDO stated that although a formal oversight plan was not in place at the time of program launch, it has since established mechanisms to maintain consistent oversight. These measures provide the GDO with ongoing visibility into implementation activities and the ability to issue timely direction and guidance. Further, officials

⁴ A beneficiary is an individual, family, or privately owned household that receives direct services or benefits from this Funding Opportunity Announcement. Beneficiaries include: (1) very low-income single-family households where an individual with an energy-dependent disability resides (no geographic restriction); or (2) very low-income single-family households located in a Last Mile Community.

stated that they relied on NETL and the National Renewable Energy Laboratory because they were identified as service centers to assist in the implementation of the Infrastructure Investment and Jobs Act and Inflation Reduction Act of 2022.

GAPS POSE RISK TO PROGRAM OBJECTIVES AND TAXPAYER FUNDS

The GDO's ability to achieve PR-ERF Program objectives is vulnerable without the establishment of increased oversight and resources. Specifically, its reliance on other entities may not allow it to identify potential risks and vulnerabilities that could negatively impact outcomes. For example, a lack of appropriate staffing could lead to fraud going undetected; not having finalized performance measures could delay detection of the program straying from its stated goals; and unidentified conflicts of interest could lead to a lack of transparency and a loss of trust in the program's integrity. Further, should organizations that the GDO depends on for assistance fail to effectively implement PR-ERF Program-related work processes or controls, issues could occur, such as cost share requirements not being met or payments made prior to achievement of program goals. The GDO stated that while it initially launched the PR-ERF Program without a comprehensive implementation and oversight plan in place, it has since developed oversight mechanisms in collaboration with its implementation partners.

RECOMMENDATIONS

We recommend that the Director, the GDO:

- Ensure the enhancement of internal controls and independent oversight systems by conducting and documenting a full assessment of the work processes other organizations perform on the GDO's behalf.

MANAGEMENT RESPONSE

Management fully concurred with our findings and recommendation. The GDO plans to develop a PR-ERF Program Plan in collaboration with NETL, aligning with the key guiding principles identified in Department Policy 410.3, *Program Management*. This plan will detail program-level planning and governance structures, and outline project-specific processes carried out by the GDO and implementation partners, respectively. Management stated that this will facilitate more transparent communication, engagement, and oversight by the GDO to ensure that program- and project-specific internal controls are aligned. The estimated completion date is June 30, 2026.

INSPECTOR COMMENTS

Management's comments and corrective actions are responsive to our recommendation.

Appendix 1: Objective, Scope, and Methodology

OBJECTIVE

We conducted this inspection to determine the Grid Deployment Office's readiness to implement the Puerto Rico Energy Resilience Fund Program.

SCOPE

The inspection was performed from September 2023 through April 2025 at the Grid Deployment Office located in Washington, DC. The scope was limited to the Grid Deployment Office's implementation of the Puerto Rico Energy Resilience Fund Program. The inspection was conducted under Office of Inspector General project number S23RL017.

METHODOLOGY

To accomplish our inspection objective, we:

- Held discussions with Department of Energy personnel with knowledge and experience in the inspection area;
- Reviewed Federal and Department regulations, policies, procedures, and guidance;
- Reviewed the current status of the Puerto Rico Energy Resilience Fund Program; and
- Coordinated with other Government agencies.

We conducted our inspection in accordance with the Quality Standards for Inspection and Evaluation (December 2020) as put forth by the Council of the Inspectors General on Integrity and Efficiency. We believe that the work performed provides a reasonable basis for our conclusions.

We held an exit conference with management officials on August 27, 2025.

Office of Inspector General

- Special Report: [*The Department of Energy's Considerations and Use of Data Analytics*](#) (DOE-OIG-24-14, March 2024). This report found that while Federal efforts to promote information as a valuable national resource and strategic asset have increased, the Department of Energy often lacks the data necessary to make critical decisions, evaluate and effectively manage risks, or gain visibility into program results. The Department relies on contractors to execute much of its diverse mission, creating a decentralized environment in which authoritative source data may be uncollected or is collected and stored in various systems and databases throughout the complex. This presents data access, management, and analytics challenges that hinder the Department's ability to enhance data-driven decision making, detect fraud, and ensure appropriate stewardship of Federal resources. Absent a coordinated and federated approach using common data standards with different use cases for various programs, efforts to monitor contractor costs and manage fraud risks may continue to be hampered. This will ultimately result in unidentified fraud, waste, and abuse of the Department's resources.
- Special Report: [*Prospective Considerations for Projects Awarded Through Financial Assistance Awards*](#) (DOE-OIG-22-40, August 2022). This special report identified six major risk areas based on prior audits, inspections, and investigations that warrant immediate attention and consideration from Department leadership to prevent similar problems from recurring. Specifically, this included: (1) recipient fraud; (2) insufficient Federal staffing; (3) inadequate oversight of projects; (4) circumvention of project controls; (5) inadequate internal controls; and (6) lack of recipient-level controls.
- Audit Report: [*The Department of Energy's \\$700 Million Smart Grid Demonstration Program Funded through the American Recovery and Reinvestment Act of 2009*](#) (OAS-RA-13-08, January 2013). This audit found the Department had not always managed the Smart Grid Demonstration Program effectively and efficiently. Our review of 11 projects, awarded \$279 million in Recovery and Reinvestment Act of 2009 (Recovery Act) funding and \$10 million in non-Recovery Act funding, identified weaknesses in reimbursement requests, cost share contributions, and coordination efforts with another Department program. These issues resulted in about \$12.3 million in questioned costs.
- Audit Report: [*The Department's Management of the Smart Grid Investment Grant Program*](#) (OAS-RA-12-04, January 2012). This audit revealed several opportunities to enhance management of the Smart Grid Investment Grant Program. The problems that were discovered could jeopardize achievement of Recovery Act goals. In particular, the audit found that: (1) Department officials approved Smart Grid projects that used federally sourced funds to meet cost share requirements—which is specifically prohibited; and (2) grantee required cyber security plans were not always complete. The issues were caused, in part, to the accelerated planning, development, and deployment approach adopted by the Department for the Smart Grid Investment Grant Program.

Appendix 3: Management Comments




Department of Energy

Washington, DC 20585

August 12, 2025

MEMORANDUM FOR SARAH NELSON
ASSISTANT INSPECTOR GENERAL FOR MANAGEMENT

FROM: NICK ELLIOT 
DIRECTOR
GRID DEPLOYMENT OFFICE

SUBJECT: The Grid Deployment Office's Implementation of the Puerto Rico
Energy Resilience Fund Program (S23RL017)

Thank you for the opportunity to review and comment on the subject draft report. The Grid Deployment Office appreciates the auditors' audit work and provides the following comments below:

We concur with the auditors' findings. The attachment to this memorandum details actions planned to be taken by the Grid Deployment Office.

If you have any questions regarding this response, please contact Kathy Bittner, Audit Liaison, Grid Deployment Office, 240.937.7765.

Enclosure

Appendix 3: Management Comments

Enclosure

Management Response
OIG Draft Report: “Grid Deployment Office’s Implementation of the Puerto Rico Energy Resilience Fund Program” (S23RL017)

Recommendation #1:

“[The OIG] recommend[s] that the Director, [Grid Deployment Office (GDO)], ensure the enhancement of internal controls and independent oversight systems by conducting and documenting a full assessment of the work processes other organizations perform on GDO’s behalf.” (Recommendation 1)

DOE Response: Concur

- 1) GDO plans to develop a Puerto Rico Energy Resilience Fund (PR-ERF) Program Plan in collaboration with National Energy Technology Laboratory (NETL), aligning with the key guiding principles identified in DOE Policy 410.3, Program Management. This Program Plan will detail program-level planning and governance structures, and outline project-specific processes carried out by GDO and implementation partners respectively. This will facilitate more transparent communication, engagement, and oversight by GDO to ensure that program and project specific internal controls are aligned.

Estimated Completion Date: 6/30/2026

FEEDBACK

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