

Federal Funding Opportunities for Oregon

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Investing In America

- 1. The Backbone: <u>Bipartisan Infrastructure Law</u> (November 2021) makes the largest long-term investment in our nation's infrastructure in nearly a century
- 2. The Brain: <u>CHIPS and Science Act</u> (July 2022) invests in cutting-edge science and innovation to boost American competitiveness, including for semiconductors, and to bring jobs and supply chains home
- 3. The Lungs: Inflation Reduction Act or IRA (August 2022) breathes life into our clean energy economy by incentivizing deployment of clean technologies and lowering energy costs for American families



Congress has given DOE new mandates and unprecedented funding



State and Community Focused Programs

State BIL Provisions

Weatherization Assistance Program (WAP)



- \$3.2 Billion
- Reduces energy costs for lowincome households by increasing the energy efficiency of their homes, while ensuring their health and safety.
- Additional readiness funds to address the causes of deferrals such as major home repairs, clean-up or remediation beyond the scope of WAP
- 2 additional competitive innovation grant opportunities

State Energy Program (SEP)



- \$500 Million
- Nearly 10x as much funding as in previous years
- New requirement for State Energy Conservation Plans:
 - Transmission and distribution planning

Energy Efficiency & Conservation Block Grant (EECBG)



- \$550 Million
- Formula and competitive grant program for state, local, and tribal governments
- Funds to implement strategies to reduce fossil fuel emissions, reduce total energy use, and improve energy efficiency

Energy Efficiency Revolving Loan Fund Capitalization Grant Program



- \$250M available until expended
- Provides capitalization grants to states to establish a revolving loan fund
- States may use these funds for loans and grants for energy efficiency audits, upgrades, and retrofits for residential and commercial buildings
- DOE released RFI on best practices for designing revolving loan fund programs

State IRA Provisions

Home Efficiency Rebates (HOMES)



- \$4.3 Billion
- Award grants to State Energy
 Offices to develop and implement a "HOMES" rebate program
- Provides rebates to homeowners and aggregators for certain whole-house energy-saving retrofits
- For low- and moderate-income households

Home Electrification and Appliance Rebates (HEAR)





- \$4.5 Billion
- Award grants to State Energy
 Offices and Indian tribes for qualified electrification project rebates
- Develop and implement a highefficiency electric home rebate program
- For low- or moderate-income households

Building Codes Adoption Grants



- \$1 Billion
- Award grants to states & local governments to adopt the latest building codes or the zero energy provisions or other stretch codes for residential and commercial buildings and implement a plan to achieve full compliance with the selected code(s).

BIL and IRA Energy Efficiency Workforce Development Programs

	Statute	Total Appropriations & Availability	Allocation of Funds	Building Segment Served
Training for Residential Energy Contractors (TREC)	IRA Sec. 50123	\$200,000,000 Until September 30, 2031	State Energy Offices	Residential
Energy Auditor Training Program	BIL Sec. 40503	\$40,000,000 Until Fiscal Year 2026	State Energy Offices	Residential, Commercial
Building Training and Assessment Centres Program	BIL Sec. 40512	\$10,000,000 Until expended	Institutions of higher education	Commercial, Institutional
Career Skills Training Program	BIL Sec. 40513	\$10,000,000 Until expended	Nonprofits	All buildings

Energy Improvements in Rural or Remote Areas







\$1 Billion to improve resilience, safety, reliability, and availability of energy in rural or remote areas and increase environmental protection from adverse impacts of energy use

Rural or remote areas are defined as cities, towns, or unincorporated areas with fewer than 10,000 inhabitants

Current Status

- Issued \$300M funding announcement in March 2023
- Issued \$50M grant funding announcement in May 2023
- Announced the \$15M Energizing Rural Communities Prize in March 2023
- Developing focused Technical Assistance through national labs and EPA TCTACs

Grid Modernization & Clean Electricity Delivery

- Transmission Siting and Economic Development Grants program, catalyzes permitting and siting of certain high-voltage interstate or offshore electricity transmission lines and supports economic development activities in communities that may be affected by the construction and operation of a covered transmission project. (\$760 million)
 - Currently developing FOA, expected release in Summer 2023
- Grid Resilience State and Tribal Formula Grants to states, territories, and Tribes to strengthen and modernize America's power grid against wildfires, extreme weather, and other natural disasters exacerbated by climate change (\$2.3 billion over five years)
 - Currently processing applications for FY22/FY23 from states and territories, application deadline for tribes is August 31, 2023
 - Made first awards in late May \$50 million to 4 states and 2 tribes
 - Expected to open FY24 applications in FY24 Q1.



Grid Modernization & Clean Electricity Delivery

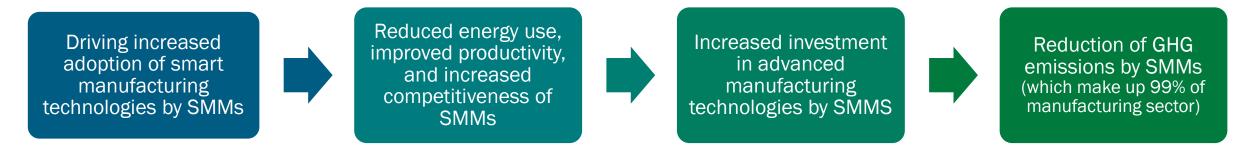
- <u>Grid Resilience and Innovation Partnerships (GRIP) program</u> includes funding opportunities to improve the resilience of the grid, enhance grid flexibility, and support the development of transmission and distribution infrastructure through three financing mechanisms: <u>Grid Resilience Utility and Industry Grants</u>, <u>Smart Grid Grants</u>, and the <u>Grid Innovation Program</u>. (\$10.5 billion)
 - Currently reviewing full applications for the first round of funding \$3.8 billion
 - High interest in GRIP, GDO received 700+ concept papers for the first round of funding
 - The next GRIP FOA will be released in FY24 Q1
- Hydroelectric Production Incentive Program \$125 Million
- Hydroelectric Efficiency Improvement Incentives Program \$75 Million
- Maintaining and Enhancing Hydroelectricity Incentives \$553 Million



Manufacturing and Industrial Focused Programs

State Manufacturing Leadership Program

\$50 million program (BIL 40534) supporting new or expanded State programs to accelerate the deployment of smart manufacturing technologies and access to high-performance computing resources



States will lead implementation through:

- Identifying existing challenges to use of smart manufacturing technologies by SMMs throughout the state
- Identifying local, state, and national resources to leverage for maximizing the benefit to SMMs (including NIST MEPs, DOE National Labs, Manufacturing USA Institutes, IHEs, and IACs)
- Creating a plan for and deploying federal funding to help remove barriers to access and use of these technologies
- Establishing new partnerships and networks for ongoing benefit to SMMs

Advanced Energy Manufacturing & Recycling Grant Program



Greenhouse Gas Emission Reduction Projects

Projects to re-equip existing industrial/manufacturing facilities with equipment designed to reduce the GHG emissions of a facility substantially below current best practices through:

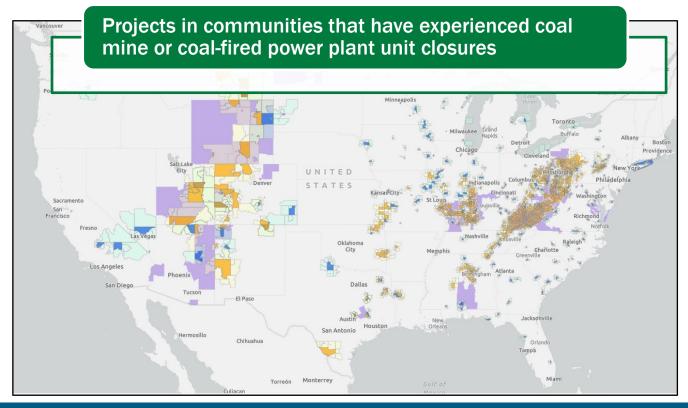
- Low- or zero-carbon heat systems;
- Carbon capture, transport, removal, utilization, and sequestration / storage;
- Energy efficiency and industrial waste reduction technologies;
- other industrial technologies that reduce greenhouse gas emissions substantially below current best practices.



Projects to establish, re-equip, or expand facilities to produce or recycle clean energy property

\$750 Million in funding through FY2026 (BIL 40209)

Benefiting small- and medium-sized manufacturing firms with priority for minority-owned firms



Advanced Energy Project Tax Credit (48C)

- Competitively-awarded Investment Tax Credit (ITC) established in 2009 ARRA and functions very similar to DOE Funding Opportunity Announcement (FOA)
- Expanded by IRA with \$10B for
 - (1) clean energy manufacturing & recycling
 - (2) critical materials, and
 - (3) industrial GHG emissions reduction projects
- Projects receive 30% ITC when prevailing wage and apprenticeship requirements are met



- DOE will accept a first round of applications in 2023 to allocate up to \$4B, with additional competitive application rounds in future years
- Approximately 40% of credits (\$1.6B) will be allocated to projects in coal communities (if sufficient meritorious applications are received)

Loans and Loan Guarantees

Loan Programs Office – Title 17 + SEFI



The U.S. Department of Energy Loan Programs Office (LPO) works with the private sector to finance the deployment and scale-up of innovative clean energy technologies, build energy infrastructure and domestic supply chains, create jobs, and reduce emissions in communities across the United States.

Four Project Categories



Innovative Energy (1703)

Financing for commercial-scale deployment of innovative energy projects



Innovative Supply Chain (1703)

Financing for commercial-scale deployment of innovative manufacturing processes and technologies



State Energy Financing Institutions (1703)

Financing that aligns federal dollars with state clean energy priorities



Energy Infrastructure Reinvestment (1706)

Financing to leverage existing U.S. energy infrastructure for the clean energy future

Loan Guarantee Features

- LPO offers senior secured debt priced competitively with commercial rates:
- > Treasury + 3/8ths (0.375%) + risk-based charge
- No minimum or maximum loan size, though loans under \$100 million are uncommon
- Total loan amount up to 80% of eligible project costs
- LPO can offer 100% guarantee of U.S. Treasury's Federal Finance Bank (FFB) loans or partial guarantees (up to 90%) of commercial loans.
- DOE can serve as sole lender or as a co-lender.
- Structures may include project finance, structured corporate, corporate or warehousing lines.

LPO's Energy Infrastructure Reinvestment Program

Financing to leverage existing U.S. energy infrastructure for the clean energy future.



EIR projects retool, repower, repurpose, or replace energy infrastructure that has ceased operations or enable operating energy infrastructure to reduce air pollutants or emissions of greenhouse gases.

- > EIR projects are not required to employ innovative technology.
- > Environmental remediation costs are eligible for EIR financing as part of a larger reinvestment plan.
- Conditional commitments must be issued by September 30, 2026.

Example Projects

- Power plant (or associated infrastructure) <u>retooled</u>, <u>repowered</u>, <u>repurposed</u>, <u>or replaced</u> with:
 - Renewable energy (and storage)
 - Distributed energy (e.g., VPPs)
 - Transmission interconnection to off-site clean energy
 - New manufacturing facilities for clean energy products or services
 - Nuclear generation

- Reconductoring transmission lines and upgrading voltage
- Installing emissions control technologies, including carbon capture, utilization, and storage
- Repurposing oil and gas pipelines (e.g., for H₂, CO₂)
- Upgrading refineries for biofuels or hydrogen
- Upgrading or uprating existing generation facilities (with emissions control technologies for projects involving fossil generation

Tax Credits

Consumer Energy Cost Savings

IRA empowers consumers to shape their own clean energy future

Home Energy Equipment tax credits:

- Residential rooftop solar panel credits at up to 30% of cost can save roughly \$7,500 for the average household
- The average household can save more than \$9,000 over the lifetime of their solar system, or nearly \$400 annually

Incentives for Energy Saving Investments

- Up to a \$2,000 tax credit for purchase and installation of efficient heating, cooling, and water heating equipment, such as an electric heat pump.
- Up to a \$1,200 tax credit for other home improvements that reduce energy waste



Energy Savings Hub | Department of Energy

Clean Electricity Tax Credits

Technology-neutral clean electricity Production Tax Credits (PTCs) and Investment Tax Credits (ITCs)

- 6% base tax credit, 30% if prevailing wage and apprenticeship requirements are met
- All zero-emitting technologies qualify, including renewables, new nuclear, and energy storage
- Includes bonuses for energy communities, domestic content, and wind and solar benefiting low-income communities
- PTC for existing nuclear through 2032
- New provisions allow a wider variety of investors, including nonprofits and public power, to benefit from clean electricity tax incentives



Direct Payment of Tax Credits

Tax exempt organization, states, local governments, tribal governments, rural co-ops and other non-profit organizations can now receive the following tax credits as a direct payment from the Treasury:

Tax Code	Credit	Summary Description
30C*	Alternative Fuel Refueling Property Credit	30% of investment cost, including EV chargers
45/45Y*+	Clean Electricity Production Credit	\$26/MWh for 10 years, with bonuses possible
48/48E*+	Clean Electricity Investment Credit	30% of investment cost, with bonuses possible
45Q*	Carbon Oxide Sequestration Credit	Up to \$85/metric ton sequestered for 12 years
45V*	Clean Hydrogen Production Credit	Up to \$3/kg of hydrogen for 10 years
45W	Commercial Clean Vehicles	Up to \$7,500 for a light duty clean vehicle, or up to \$40,000 for a medium or heavy-duty clean vehicle
45X	Manufacturing Production Credit	Credits for production of solar, wind, and battery components or critical minerals
45Z*	Clean Fuel Production Credit	Credits for production of low carbon fuels
48C*	Advanced Energy Project Credit	30% investment credit for facilities manufacturing clean energy products

^{*}prevailing wage and apprenticeship requirements must be met for max credit, otherwise 5x lower in value

U.S. DEPARTMENT OF ENERGY

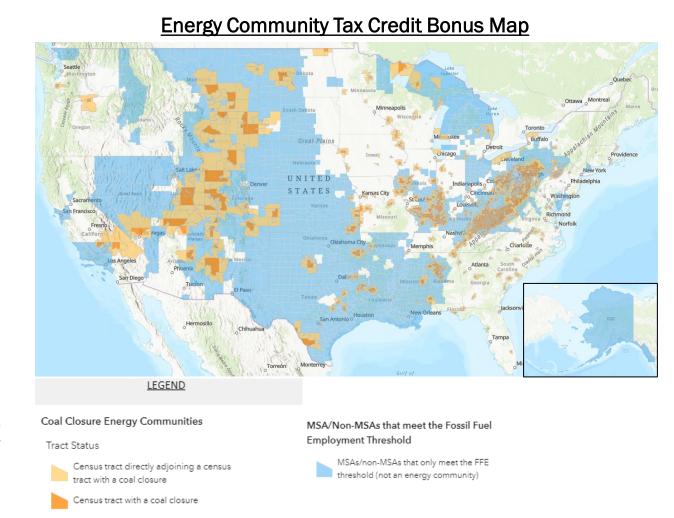
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⁺over time, projects must meet domestic content criteria in order to be eligible for direct pay

Energy Community Tax Credit Bonus

- Bonus credit available for clean electricity projects located in communities that have previously hosted fossil energy infrastructure, including retired coal plants and coal mines
- Bonus is a 10% increase in the production credit or a 10 percentage point increase for the investment credit
- This bonus credit can stack with other bonus credits for domestic content and environmental justice

Additional Guidance for the Qualifying Advanced Energy Project Credit Allocation Program under Section 48C(e) (irs.gov)



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Allocated Environmental Justice Bonus

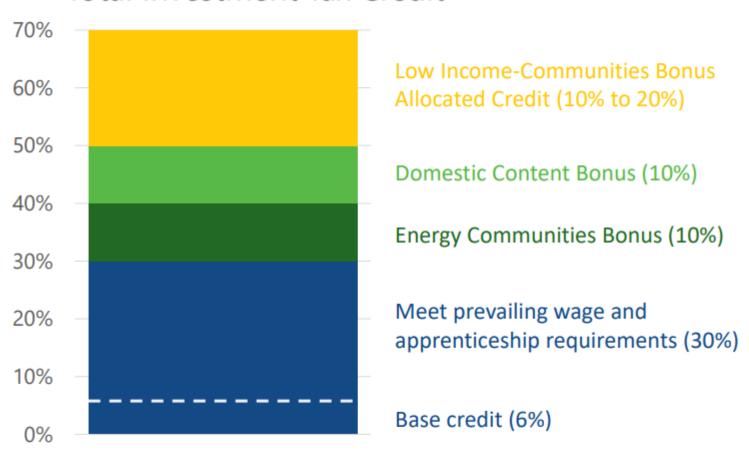
- Additional investment tax credit bonus for clean electricity projects benefiting environmental justice communities
- These bonuses cannot stack with each other but can stack with the energy community and domestic content bonuses
- Limited to 1.8 GW/year total, and to projects 5 MW or smaller

Category	Bonus Credit	Proposed Capacity Limit
Located in low-income community	10 percentage points	700 MW
Located on Indian land	10 percentage points	200 MW
Located on a low-income residential building (includes buildings supported by tribally designated housing entity)	20 percentage points	200 MW
Projects that provide over 50% of total financial benefits to low-income households	20 percentage points	700 MW

Federal Register :: Additional Guidance on Low-Income Communities Bonus Credit Program

Example Direct Pay and Bonus Stacking

Total Investment Tax Credit



A hypothetical 1 MW community solar facility costing \$1 million could earn a 70% tax credit worth \$700,000

If it is owned by a tax-exempt entity, state, local government or Tribal government this could be a **direct cash payments** from the IRS

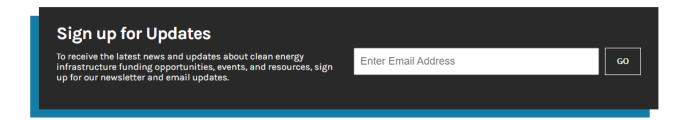
Applies to clean electricity investment and production tax credits, available until at least 2032

DOE loans from TELGP or the new EIR program can stack with relevant tax credits

Idea credit Paul Horn, Inside Climate News

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Clean Energy Infrastructure Programs at Department of Energy



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