

Bipartisan Infrastructure Law - SECTION 40101(d)

PREVENTING OUTAGES AND ENHANCING THE RESILIENCE OF THE ELECTRIC GRID

State of North Dakota

Represented by the North Dakota Transmission Authority

Submitted: Date

Program Narrative

The Program Narrative is provided by the North Dakota Transmission Authority (NDTA), as the officially designated applicant for the state of North Dakota, as part of the application for funding under the U.S. Department of Energy's IJJA Preventing Outages and Enhancing the Resilience of the Electric Grid Formula Grant Program. Note: Authorization for the NDTA to serve this role for the state of North Dakota can be found in the North Dakota Head of Government letter.

The electricity needs of North Dakota residents are met by investor-owned, cooperative, and municipal utilities. These utilities vary widely in geographic service territory, regulatory, governance, consumer base, and sales volume. As electrical demand grows and grid infrastructure ages, the NDTA is seeking to fund grid modernization projects that result in a more resilient electrical grid and promote a clean and equitable energy economy in North Dakota. Special attention will be given to disadvantaged, vulnerable, and underserved communities as designated by Justice40 and other U.S. government directives.

The NDTA has recently conducted a high-level assessment of the reliability of the grid in North Dakota, which can be found in Appendix A. Additionally, through the North Dakota State Energy Research Center, a grid reliability assessment is being performed in conjunction with an updated overall State Energy Emergency Plan. These will be completed by September 2023.

In conjunction with this grant, NDTA, on behalf of the state of North Dakota, has identified the following objectives and associated metrics for implementing electrical grid resilience enhancement initiatives in North Dakota.

1. Objectives and Metrics:

Objective #1: To reduce the magnitude and duration of grid outages caused by major disruptive (storm/non-storm) events and ensure that North Dakota grid infrastructure is less impacted by these events.

Metrics:

- Magnitude of interruptions to the critical customers (for storm and non-storm events, separately)
- Length of time for restoration/recovery after extended outages

- The number of personnel trained to manage the resilience project once it is finished

Objective #2: To reduce the frequency and impacts of grid outages caused by major disruptive events (storm/non-storm).

Metrics:

- Frequency of interruptions to critical customers
- Qualitative assessment of the physical durability of the grid (how much the grid can withstand the initial and frequent disruptions of one hour or more)
- Qualitative assessment of the grid operational flexibility (how adaptable the grid is in terms of damage)
- Restoration/recovery times after frequent outages of one hour or more

Objective #3: Implement grid modernization projects to develop energy solutions that provide lower-cost energy access to disadvantaged/underserved communities and promote energy sufficiency and energy justice in these communities while providing clean energy in alignment with the Biden Administration’s Justice40 Initiative. Renewable energy (RE) and distributed energy resources (DER) that are installed and managed locally give disadvantaged communities the opportunity to meet the energy needs of their community, take control of their energy resources, and enjoy the long-term environmental and economic advantages of these resources. These initiatives not only offer a source of clean, local, renewable energy but also reduce energy costs, generating savings that can be reinvested back into the community.

Metrics:

- The number and type of RE/DER installations under grid modernization initiatives
- Estimate the financial impact to households as a result of avoided outages.
- The number of workforce development programs developed for the disadvantaged/underserved communities
- The number of energy businesses/jobs created for the disadvantaged/underserved communities from new RE/DER installations

2. Criteria:

Program funding will be allocated based on the following criteria:

1. Level of risk mitigation
2. Benefit ratio (i.e., risk reduction per population)
3. Amount of cost share proposed

4. Estimated number of jobs created
5. Project cost
6. Least significant environmental impacts

Level of risk mitigation: Applicants should highlight, based on stated objectives, how their project will reduce the frequency and/or the magnitude/duration of grid outages.

Benefit ratio: Based on the level of risk mitigation and the customer base of the applicant, a benefit ratio will be determined in an attempt to normalize and compare applications.

Cost share proposed: Applicants must propose at least the minimum required cost share. Applicants that propose cost share more than the minimum will receive additional consideration.

Estimated job creation: Applicants should attempt to quantify temporary (and permanent) job creation as part of their proposed projects in their application.

Project cost: Proposed project cost will be a component of application screening. In addition to total project costs, the committee will evaluate the potential to partially fund projects to distribute available funds more broadly.

Environmental impact: The committee will perform a high-level evaluation of the environmental impacts associated with the project to identify significant concerns to be addressed.

3. Methods:

The method is broken into the solicitation, selection, and methods of awards, tracking, and reporting.

Solicitation

Prior to the first solicitation of projects, NDTA will hold an open meeting, following North Dakota open meeting rules, to discuss the breadth and philosophy of fund distribution in North Dakota and to gather input on the criteria and methodology of selection. Based on the federal requirements and the state priorities, a formal solicitation will be developed. This solicitation may be revisited yearly.

The solicitation will be broadcast annually across North Dakota utilizing industry groups as well as broadcast through North Dakota Open Meetings methodologies. Upon a chosen timeline, the opportunity to submit ideas will be stopped and the selection process initiated.

Selection

The Director of NDTA will form an advisory group to help in the review and ranking of the projects submitted. The Director will then make a recommendation to the North Dakota Industrial Commission (NDIC), and NDIC will have final project approval. NDIC comprises the Governor, Attorney General, and Agricultural Commissioner of North Dakota. NDIC is the parent organization of NDTA, and it is common practice to have final authority lie with NDIC in situations such as these.

Awards

Awards will be made through the contracting arm of NDIC. NDIC has standard contracting methods regularly used for administration of funds such as these.

Tracking and Reporting

All projects selected will be required to submit an annual report that highlights the appropriate metrics for the project for five years from the implementation of the project. The annual reports for each project selected will be combined into an overall annual report by NDTA that will be provided to NDIC. The report is intended to be public; however, should it be necessary to hold some information in confidence, standard confidentiality procedures (North Dakota Century Code 17-05-14) for NDTA will be followed.

4. Funding Distribution:

The state of North Dakota will provide the 15% cost match in the form of cash contribution.

The funds will be directly distributed to the utilities that will implement the projects. It is not anticipated that the state or NDTA will take on any projects beyond administering the funds. Each of the utilities will be expected to provide the appropriate cost share, depending on size, as stated in the solicitation.

5. Equity Approach:

According to the Department of Energy's Disadvantaged Communities Reporter tool (<https://energyjustice.egs.anl.gov/>), the state of North Dakota has a limited number of locations that are classified as disadvantaged communities or tribal lands. The disadvantaged

communities are largely rural counties. Tribal entities will be pursuing funding individually; however, it is anticipated that projects brought forward to NDTA will directly affect tribal entities.

North Dakota as a whole is a rural state; however, the majority of the population is concentrated in only a few counties. Since many projects are often initiated based on the number of people affected, the rural areas of the state can sometimes be ignored and not be treated equitably. Though this is not specifically addressed in the Justice40 criteria, it is important to consider when making funding decisions.

The selected projects will be required to adhere to all terms and conditions of the grant agreement, including those that pertain to wages, American-made products, and a free and fair choice to join or form a union. Additionally, the projects will incorporate, where applicable, training to obtain education and certification(s) needed to operate and maintain the investments, promoting a well-trained workforce. This well-trained workforce will ensure the viability of the electric grid infrastructure and its components moving forward.

6. Technical Assistance and Administration:

NDTA, with the support of NDIC staff, will provide the technical assistance and administration for this opportunity. NDTA will utilize 5% of the federal funds, as allowable, in addition to 1/3 of the state-provided funds to provide this support. This will equate to approximately 10% of the total federal and state funding combined. These funds will be used for the following:

- Developing and administrating the solicitation process
- Quarterly tracking of project status
- Developing an annual public report
- Completing annual applications for continued grant funding

7. Public Notice and Hearing:

The notice of public hearing was released on August 31, 2022, through the traditional open meeting information-release process of NDIC. Additionally, notices were sent via email to the utilities operating in North Dakota and the non-government organizations that represent them. The notice of public hearing is provided in Appendix B.

The public hearing was held on September 15, 2022, (1:00-5:00 p.m., CST). The hearing was also offered via Microsoft Teams for those wanting to participate but not able to physically attend. The hearing was attended by the following:

- X people from NDTA and supporting personnel for the proposal
- X people from NDIC
- X legislators
- X people representing utilities

- X people representing the press
- X people from the general public

NDTA shared the provisional objectives and associated metrics with the attendees. The draft criteria listed above were shared and discussed with attendees. NDTA also shared the desired outcomes and funding available. NDTA does not intend to hold another public meeting unless it desires to modify the criteria or objectives.