

# Energy and Clean Technology Alert: Smart Grid Investment Grant Program Deadlines Looming

7/15/2009

## General Info

The Department of Energy's (DOE) Smart Grid Investment Grant Program (SGIG) aims to accelerate the modernization of the nation's electric transmission and distribution systems. It will pursue this goal through merit-based, competitive solicitation of projects to receive federal grants for up to 50% of eligible project costs and by promoting investments in smart grid technologies, tools, and techniques that increase flexibility, functionality, interoperability, cyber-security, situational awareness, and operational efficiency.

Eligible investments and projects will support the manufacturing, purchasing, and installation of smart grid devices and related technologies, tools, and techniques for *immediate* commercial use in electric system and customer-side applications, including electric transmission systems, electric distribution systems, building systems, advanced metering, appliances, and equipment. The ultimate aim is to enable smart grid functions on the electric system as soon as possible.

\$3.4 billion is expected to be available for new awards under this announcement. There are two categories:

- Smaller projects in which the federal share would be in the range of \$300,000 to \$20 million.
- Larger projects in which the federal cost share would be in the range of \$20 million to \$200 million.

Approximately 40% of SGIG funding will be allocated for smaller projects, while the remainder will be allocated for larger projects.

The following are the **critical milestone dates** for both Letters of Intent to Apply (LOI) and Applications:

| Phase | LOI Due Date  | Application Due Date | Expected Award Notification | Expected Award Payment |
|-------|---------------|----------------------|-----------------------------|------------------------|
| 1     | July 16, 2009 | August 6, 2009       | By Nov. 5, 2009             | Oct./Nov. 2009         |

|   |                  |                  |                    |            |
|---|------------------|------------------|--------------------|------------|
| 2 | Oct. 23,<br>2009 | Nov. 4, 2009     | By Feb. 3,<br>2010 | March 2010 |
| 3 | Feb. 10,<br>2009 | March 3,<br>2009 | By June 2,<br>2010 | June 2010  |

## Qualifications for SGIG Grant

The proposed applicants, projects, and investments must meet the eligibility requirements, which are summarized below.

### Eligible Applicants

Eligible applicants include individual entities or teams of entities. Organizations eligible for both lead and/or supporting roles include, *but are not limited to*:

- Electric power companies, utilities, cooperatives, and organizations
- State, county, local, or municipal government agencies
- Universities and colleges
- Electricity consumers (singly or aggregated together)
- Appliance manufacturers
- Electrical equipment manufacturers
- Software providers
- Communications and information services providers
- Other private companies (retail electricity suppliers, energy services companies, independent power producers, demand response services providers, metering services providers, project developers, electricity marketers, and consultants).

### Eligible Projects

Eligible projects will help implement digital upgrades to:

- Electric transmission and distribution systems
- Residential, commercial, industrial, and public buildings
- Appliances
- Equipment that connect with those systems.

The DOE will favor projects that support the two-way flow of both electric power and information between electric power companies and electricity consumers and projects that specifically address interoperability (the capability of two or more components to share and use information securely and effectively with little or no inconvenience to the user).

It is expected that SGIG grants will be awarded primarily to projects that enable the entire electricity supply and delivery chain (including power plants, transmission lines, substations, distribution lines, meters, and customer systems) to operate in a more reliable, efficient, secure, and affordable manner, through operational improvements in areas such as:

- Outage detection
- Equipment maintenance
- Asset deferral
- Reduced environmental impact.

To be eligible for a SGIG grant, the project must be completed within **3 years** of the grant award. In awarding grants, however, the DOE has a preference for a shorter period of performance.

Finally, the eligible projects are required to support or advance one or more of the “smart grid functions” as listed in the Energy Independence and Security Act §1306(d). Among the listed functions are:

- The ability to generate and transmit digital information concerning electricity use and costs
- The ability to measure or monitor electricity use
- The ability to automatically sense and fix power flows disruptions
- The ability to prevent cyber-security threats and terrorism.

The full list of eligible functions can be found here: [Energy Independence and Security Act §1306\(d\)](#).

## Eligible Investments

It appears that approved expenditures are those incurred to purchase, design, manufacture, or install smart grid functioning technology.

Some expenditures are explicitly ineligible for SGIG consideration. Among the excluded expenditures are those for:

1. Projects that fail to incorporate the interoperability standards, once they are published
2. Ongoing salaries, benefits, or personnel costs not incurred in the initial installation, training, or startup of smart grid functions
3. Travel, lodging, or meals
4. Routine operation, billing, customer relations, security, and maintenance expenditures.

The full list of eligible and ineligible investments can be found here: [Energy Independence and Security Act §§1306\(b\)-\(c\)](#).

## Review & Award Process

The DOE expects to review all applications and notify grant recipients within 90 days of each application deadline. Grants will be awarded on the basis of merit and policy considerations.

## Merit Review

The DOE has published the categories it will consider in reviewing applications. Additionally, the relative importance of each category in the review process has been outlined:

- Adequacy of the Technical Approach for Enabling Smart Grid Functions (40%)
- Adequacy of the Plan for Project Tasks, Schedule, Management, Qualifications, and Risks (25%)
- Adequacy of the Technical Approach for Addressing Interoperability and Cyber–Security (20%)
- Adequacy of the Plan for Data Collection and Analysis of Project Costs and Benefits (15%)

## Policy Factors

After the technical merit review process is complete, the DOE may choose to apply policy factors in the selection of grant recipients. In so doing, the DOE reserves the right to select applications of lesser merit than other applications. The DOE’s stated goal is to ensure that the selection process results in an appropriate mix of methods, approaches, concepts, and strategies. Policy factors that the DOE likely will consider are (1) type and size of applicant organization, (2) geographic area, and (3) topic area. Finally, the DOE has explicitly stated it will favor projects with cost share in excess of the minimum required 50%.

## Application Steps

To view and/or download a comprehensive outline of the steps required for application, [click here](#).

Applicants must download the application package, application forms and instructions, from [Grants.gov](#).

Applicants must submit their application through the [FedConnect portal](#).

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*If you have any questions about the new regulations or the regulatory process, please call your Mintz Levin service professional or any of those listed below.*

## BOSTON

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**Thomas R. Burton III**  
Chair, Energy and Clean Technology

(617) 348-3097  
[TRBurton@mintz.com](mailto:TRBurton@mintz.com)

**Richard A. Kanoff**  
Energy Regulatory and Project Development  
(617) 348-3070  
[RAKanoff@mintz.com](mailto:RAKanoff@mintz.com)

**David L. O'Connor**  
Senior Vice President for Energy and Clean Technology, ML Strategies  
(617) 348-4418  
[DOConnor@mlstrategies.com](mailto:DOConnor@mlstrategies.com)

**Patrick J. Kealy**  
Corporate  
(617) 348-1679  
[PJKealy@mintz.com](mailto:PJKealy@mintz.com)

**Sahir C. Surmeli**  
Corporate  
(617) 348-3013  
[SSurmeli@mintz.com](mailto:SSurmeli@mintz.com)

**Travis L. Blais**  
Tax Law  
(617) 348-1684  
[TLLBlais@mintz.com](mailto:TLLBlais@mintz.com)

**Evan M. Bienstock**  
Corporate  
(617) 348-3090  
[EMBienstock@mintz.com](mailto:EMBienstock@mintz.com)

**Ralph A. Child**  
Environmental  
(617) 348-3021  
[RChild@mintz.com](mailto:RChild@mintz.com)

**Jonathan M. Cosco**  
Real Estate  
(617) 348-4727  
[JMCosco@mintz.com](mailto:JMCosco@mintz.com)

**David F. Crosby**  
Intellectual Property

(617) 348-1830  
[DFCrosby@mintz.com](mailto:DFCrosby@mintz.com)

**Kevin Fay**  
Corporate, Immigration  
(617) 348-1625  
[KFay@mintz.com](mailto:KFay@mintz.com)

**Irwin M. Heller**  
Corporate  
(617) 348-1654  
[IHeller@mintz.com](mailto:IHeller@mintz.com)

**Katherine Comer Holliday**  
Corporate  
(617) 348-1796  
[KHolliday@mintz.com](mailto:KHolliday@mintz.com)

**Jonathan L. Kravetz**  
Chair, Securities Practice Group  
(617) 348-1674  
[JLKravetz@mintz.com](mailto:JLKravetz@mintz.com)

**Cynthia J. Larose**  
Corporate  
(617) 348-1732  
[CJLarose@mintz.com](mailto:CJLarose@mintz.com)

**Jeffrey R. Porter**  
Environmental  
(617) 348-1711  
[JPorter@mintz.com](mailto:JPorter@mintz.com)

**Paul Scapicchio**  
Senior Vice President of Government Relations, ML Strategies  
(617) 348-3031  
[PJScapicchio@mlstrategies.com](mailto:PJScapicchio@mlstrategies.com)

**Stanley A. Twarog**  
Corporate  
(617) 348-1749  
[STwarog@mintz.com](mailto:STwarog@mintz.com)

**Paula J. Valencia-Galbraith**  
Corporate

(617) 210-6854  
[PVGalbraith@mintz.com](mailto:PVGalbraith@mintz.com)

WASHINGTON, D.C.

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**David P. Dutil**  
Corporate  
(202) 434-7425  
[DDutil@mintz.com](mailto:DDutil@mintz.com)

**David J. Leiter**  
Senior Executive Vice President of Government Relations, ML Strategies  
(202) 434-7346  
[DJLeiter@mlstrategies.com](mailto:DJLeiter@mlstrategies.com)

**Chuck A. Samuels**  
Federal/Energy Efficiency  
(202) 434-7311  
[CASamuels@mintz.com](mailto:CASamuels@mintz.com)

**Maureen J. Walsh**  
Director of Federal Government Relations, ML Strategies  
(202) 434-7388  
[MJWalsh@mlstrategies.com](mailto:MJWalsh@mlstrategies.com)

NEW YORK

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**Faith L. Charles**  
Corporate  
(212) 692-6770  
[FLCharles@mintz.com](mailto:FLCharles@mintz.com)

**Daniel I. DeWolf**  
Co-Chair, Venture Capital and Emerging Companies  
(212) 692-6223  
[DDeWolf@mintz.com](mailto:DDeWolf@mintz.com)

**Jeffrey A. Moerdler**  
Real Estate, Communications, Environmental  
(212) 692-6700  
[JAMoerdler@mintz.com](mailto:JAMoerdler@mintz.com)

**Peter B. Zlotnick**

Litigation  
(212) 692-6887  
[PBZlotnick@mintz.com](mailto:PBZlotnick@mintz.com)

**PALO ALTO**

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**Brady Berg**

Corporate  
(650) 251-7758  
[BBerg@mintz.com](mailto:BBerg@mintz.com)

**Gabriel Schnitzler**

Real Estate  
(650) 251-7720  
[GSchnitzler@mintz.com](mailto:GSchnitzler@mintz.com)

**SAN DIEGO**

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**Jeremy D. Glaser**

Corporate  
(858) 314-1515  
[JDGlaser@mintz.com](mailto:JDGlaser@mintz.com)

**Jeremy B. Hayden**

Corporate  
(858) 314-1524  
[JBHayden@mintz.com](mailto:JBHayden@mintz.com)

**Carl A. Kukkonen III**

Intellectual Property  
(858) 314-1535  
[CAKukkonen@mintz.com](mailto:CAKukkonen@mintz.com)

**Michael D. Van Loy, Ph.D.**

Intellectual Property  
(858) 314-1559  
[MDVanLoy@mintz.com](mailto:MDVanLoy@mintz.com)

**Scott C. White**

Corporate



(858) 314-1511  
[SCWhite@mintz.com](mailto:SCWhite@mintz.com)

LONDON

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**Julian Crump**  
Intellectual Property  
+44 (0) 20 7776 7302  
[JCrump@mintz.com](mailto:JCrump@mintz.com)

**Susan L. Foster, Ph.D.**  
Corporate  
+44 (0) 20 7776 7330  
[SFoster@mintz.com](mailto:SFoster@mintz.com)