



Comments  
due Feb 28<sup>th</sup>

# Draft Application Guidance for Maintaining and Enhancing Hydroelectricity Incentives

## DOE Section 247 Update - Infrastructure Bill

On February 8, the Department of Energy (DOE) released draft application guidance for the Maintaining and Enhancing Hydroelectricity Incentives Program. This program, commonly referred to as Section 247, allows DOE to make incentive payments to qualified hydroelectric facilities for capital improvements in the following three categories:



**Improve Grid Resiliency** - Including addition of energy storage such as reservoir capacity, pumped storage hydropower, and batteries.



**Improve Dam Safety** - Maintenance or upgrade of spillways, dam stability improvements, upgrades or replacements of floodgates or natural infrastructure restoration or protection to reduce flood risk.



**Environmental Improvements** - Adding or improving fish passage, new or upgraded turbine technology, fish ladders, fishways; improving quality of the water retained or released by a hydroelectric facility; promoting downstream sediment transport; improving recreational access to the project vicinity protection to reduce flood risk.

**Comments are due on February 28, 2023.** DOE is soliciting comments on the draft application guidance document. Submittal requirements are explained in the [preface to the draft guidance document](#) and [here](#).

### Who may apply?

To qualify the existing facility must be licensed or have received an exception from licensing from FERC or is a hydroelectric project constructed, operated, or maintained pursuant to a permit or a valid existing right-of-way granted prior to June 10, 1920, or a license granted pursuant to the Federal Power Act prior to November 15, 2021.

### How will the funds be allocated?

Incentive payments shall not exceed 30% of the capital improvement costs and the incentive payment to a single qualified hydroelectric facility will not exceed \$5 million in any fiscal year.

DOE intends to allocate 25% of funds for small projects with the remaining funds available to other eligible qualified hydroelectric facilities. A small project is a hydroelectric facility with a nameplate capacity of 10 MW or less that is owned or operated by a small business, Tribe, municipality, or electric cooperative.

## What stage should the project be to be eligible?

To be eligible, the project must have already received all Federal, State, and/or Tribal authorizations and completed any required federal environmental review processes under NEPA. If DOE determines additional NEPA review is required, the recipient must complete the NEPA review process (such as biological evaluations, National Historic Preservation Act reviews, and/or environmental assessments).

An eligible project at a qualified hydroelectric facility may apply for an incentive payment for materials procured or costs incurred toward this project after November 15, 2021.



### How will DOE consider eligible projects?

Application documentation requirements vary by category. Detailed requirements for each category are listed in section IX of the [draft guidance document](#).

In the event the program is oversubscribed, DOE will prioritize projects based on criteria specific to the category selected in the submitted application. The scoring for each category is outline in section IX of the [draft guidance document](#).

For projects improving grid resiliency, scoring is weighted toward maximizing operational flexibility, firm capacity, and ancillary services, and provides alternatives to reservoir dredging. For projects that improve dam safety, scoring is weighted towards high-hazard dams in poor or unsatisfactory condition. For environmental improvement projects, scoring is weighted towards new fish passage projects, new improvements to water quality or improving downstream aquatic habitat, and new recreational access.



### What is the timing of incentive payments?

After DOE determines the facility and improvement meet eligibility requirements, DOE will make up to two separate payments to eligible applicants. For projects not yet completed, DOE will make an initial incentive payment of not more than 10% of the total project costs. DOE will make the second payment after the project is complete. For projects that are complete at the time of application, the total incentive amount may be made in one payment.



### Resources

[Draft Guidance on Implementing Section 247 for Maintaining and Enhancing Hydroelectricity Incentives](#)

[DOE Announcement of Release of Draft Application Guidance for Program to Ensure the Availability of Clean, Reliable Hydroelectric Generation Capacity](#)

[Maintaining and Enhancing Hydroelectricity Incentives Draft Application Guidance for Comment](#)

## What is the application process?

- The DOE Grid Deployment Office (GDO) will open the application period by publishing a Federal Register notice. The notice will establish the application period and provide instructions on submitting applications.
- DOE will review the application for completeness and request supplemental information as necessary.
- Applicants will have a reasonable amount of time to respond to requests for supplemental information.
- DOE may request the applicant to conduct an independent audit to verify the capital improvement has been made by the hydroelectric facility.
- If the program is oversubscribed, DOE will follow specific criteria to prioritize applications.
- DOE will notify applicants of the final determination; approving, disapproving, or denying the application.

## How much time does DOE estimate to complete the application?

DOE estimates eight hours of preparation time to complete the Section 247 application.

Do you need help navigating the application process? We are here to assist.



### CONTACT US

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