



DEPARTMENT OF  
**HOUSING**



# CDBG-DR

ELECTRICAL POWER SYSTEM ENHANCEMENTS & IMPROVEMENTS

COMPETITIVE PROJECTS  
APPLICANT QUESTIONS BULLETIN

Electrical Power Reliability and Resilience Program (ER2)

## ELECTRICAL POWER RELIABILITY AND RESILIENCE PROGRAM (ER2) COMPETITIVE PROJECTS | APPLICANT QUESTIONS BULLETIN

### Purpose

This document was developed to clarify applicant questions regarding the **Electrical Power Reliability and Resilience Program (ER2 Program)** under the Community Development Block Grant - Disaster Recovery Program for Electrical Power System Enhancements and Improvements (CDBG-DR Energy) with the intent of encouraging potential applicants to better understand the program and the application process for projects tied to electrical power system improvements.

The contents of this FAQs document are not exhaustive, and therefore, potential applicants are encouraged to review and adhere to applicable requirements, laws and regulations as established in the **CDBG-DR Energy Action Plan** and **ER2 Program Guidelines**<sup>1</sup>. This document will be a living document that will be updated throughout the duration of the program's competitive application process, as additional questions are received.

### Applicant Questions

Bulletin V.4 – January 22, 2024

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- 1. Question:** We were planning on Submitting a 250 Mega Watt Based load Power Solution, but the application is not structured for us to Submit 5 multiple locations in our MicroGrid Map. My Question is Should we simply submit a 50 Mega Watt plan and then Resubmit The same 50 MW Solution with the 4 different locations to complete our 250 Mega Watt master plan?

**Response:** The ER2 Application allows for the submission of multiple project locations within a single application or the creation of multiple applications (one for each location) from the same entity. While either submission approach is accepted, entities proposing projects across multiple non-contiguous locations are encouraged to create a separate application for each location.

If projects will be submitted within the same application, please list all locations and required location information in the appropriate text boxes within the Application Form and upload all supporting documentation (site maps, pictures if applicable, etc.) within the same application in the Grant Application Portal (GAP).

- 2. Question:** Is the "Section 3 Plan and Minority/Women Owned Business (M/WBE) Entity Utilization Plan" a required document at the time of application submission, or can it be provided once the application is being evaluated or awarded?

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<sup>1</sup> Both CDBG-DR Energy Action Plan and ER2 Program Guidelines are available in English and Spanish on the PRDOH website at <https://cdbg-dr.pr.gov/en/electrical-system-enhancements/> and <https://cdbg-dr.pr.gov/red-electrical/>.

**Response:** All the required supporting documents must be submitted by the Applicant through the Grant Application Portal (GAP), with the Application Submission, prior to evaluation. Please refer to the response to question #2 from Bulletin V.2 as well as the response to question #9 from Bulletin V.1 for additional information and guidance on the Section 3 Plan and Minority/Women Owned Entity (M/WBE) Utilization Plan requirement.

**3. Question:** Related to choice limiting actions and pre-award costs, we would like to present the following 2 cases for your review:

1. A client already has a solar system installed in their facilities. Client will develop a hybrid generation system to expand their generation capacity, for which they will request ER2 funds. As part of the new project, they need to buy a solar battery for the system panels, and it is necessary to place a Purchase Order now, since it takes over 9 months to arrive.
  - Question 1: Since the panels were installed in past years, is placing a PO for the battery considered a choice limiting action?
  - Question 2: Since the client is only placing a PO for the battery, prior to submitting the ER2 grant application, can the cost of the battery be included as part of the total cost of the project for the award?
2. Design and Build Contract: we have a client that started a request for proposal process for the services of Design and Build for a CHP plant, prior to the deployment of the ER2 grant program, and wish to award the contract to secure the service before year end.
  - Question 1: Is signing the design and build service contract, prior to submitting the ER2 grant application, considered a choice limiting action?
  - Question 2: Since the design and build will take place after an award is obtained, can the cost of the design and build contract, if awarded before the grant submission, be included as part of the total cost of the project for the award?

**Response:** 24 C.F.R § 58.22(a) prohibits the commitment or spending of federal or non-federal funds on any activity that could have an adverse environmental impact or limit the choice of reasonable alternatives, including site preparations, until environmental clearance has been obtained.

Please see the table below for a list of general examples of choice-limiting actions and allowed actions between the time of submission of an ER2 Program Application and the receipt of an approved AUGF. For additional information on Environmental Review, including choice-limiting actions, please consider the resources included in the Environmental page: <https://recuperacion.pr.gov/en/resources/environmental-review/>.

General Examples	
Choice-Limiting Actions	Allowed Actions
<ul style="list-style-type: none"> <li>• Acquisition</li> <li>• Demolition</li> <li>• Dredging</li> <li>• Excavation</li> <li>• Disposition</li> <li>• Rehabilitation</li> <li>• Repair</li> <li>• New Construction</li> <li>• Site Preparation</li> <li>• Entering into a Purchase or Sale Agreement</li> <li>• Entering into a Lease Agreement</li> <li>• Signing a Contract</li> <li>• Transferring Ownership of Property</li> </ul>	<ul style="list-style-type: none"> <li>• Administration of the CDBG Grant</li> <li>• Environmental Studies</li> <li>• Environmental Testing</li> <li>• Environmental Review</li> <li>• Project Planning</li> <li>• Project Management</li> <li>• Engineering Design</li> <li>• Temporary Emergency Repairs to Stop Further Damage (ex. Tarping a Roof)</li> </ul>

*Note: Activities included here are for general reference only and do not represent an exhaustive list. A determination of CLA shall be based on the project type, location, scope, sources of funding, and timeline.*

- 4. Question:** If our Base Load power submission is approved thru Grant process, are (DOH/Luma) going to connect to our Power generation facilities with a Substation installed by Luma to meter the power we are generating? Or where is the power we generate going? What is your plan to receive the Base Load power generated in this program?

**Response:** Applicants are responsible for developing their application strategy and defining the scope of their application, including the proposed business model, beneficiaries of the project and/or end users of the power generated by the project in compliance with applicable permitting requirements, codes, and regulations, among others.

- 5. Question:** Who's is the responsible party for the baseload power offtake we are suppling, and who will the PPA be with payment?

**Response:** Applicants are responsible for developing their application strategy and defining the scope of their application, including the proposed business model, beneficiaries of the project and/or end users of the power generated by the project in compliance with applicable permitting requirements, codes, and regulations, among others.

- 6. Question:** Who or which group is responsible paying for Power Generation Off Take/ PPA?

**Response:** Thank you for your inquiry. No single entity is responsible for power generation off-take or power purchase agreements. As stated previously, Applicants are responsible for developing their application strategy and defining the scope of their application, including the proposed business model, beneficiaries of the project and/or end users of the power generated by the project in compliance with applicable permitting requirements, codes, and regulations, among others. The ER2 Program will cover up to 100% of the capital costs for selected projects of public ownership and up to 60% of the capital costs for selected projects of private ownership, excluding O&M costs.

7. **Question:** Is there a specific order suggested to fill out these forms?

**Response:** Entities interested in applying to the ER2 Program must register in the Grant Application Portal (GAP) in order to access and download the Application Form (in Word format) and other required application materials. The GAP and Application Form detail all the requirements for application submission. Entities can begin a draft application and save their progress as they review and complete the required forms. The Grant Application Portal indicates which documents are required to progress through the application and the Application Form indicates which documents are required upon final submission.

8. **Question:** Can you provide information on the size of each of the fields that need to be completed? Are there limits of words and/or pages for each field?

**Response:** Entities interested in applying to the ER2 Program must register in the Grant Application Portal (GAP) in order to access and download the Application Form (in Word format) and other required application materials. The GAP and Application Form detail the requirements for application submission. While fields are available in the Application Form and GAP, should the entity need to provide more data than what the fields allow, the entity may supplement with additional documents.

9. **Question:** We are considering submitting an application that has components at 4 different sites. Each site is a factory that is a separate business entity but is owned by the same majority owner and is part of the same "group of companies". Can we combine these projects into a single application or do we have to submit each separately?

**Response:** The ER2 Application allows for the submission of multiple project locations within a single application or the creation of multiple applications (one for each location) from the same entity. While either submission approach is accepted, entities proposing projects across multiple non-contiguous locations are encouraged to create a separate application for each location.

If projects will be submitted within the same application, please list all locations and required location information in the appropriate text boxes within the Application Form and upload all supporting documentation (site maps, pictures if applicable, etc.) within the same application in the Grant Application Portal (GAP).

10. **Question:** I'd like to confirm if Maximo Solar Industries, as a certified REIC under CDBG-MIT, is certified to install renewable energy systems under the Energy Support incentive 2.0.

**Response:** Thank you for your inquiry. Renewable Energy Installation Companies (REICs) registered under CDBG-MIT are not automatically registered for the Energy Support Incentive Program 2.0. Please refer to the Energy Support Incentive 2.0 Set-Aside Program

Guidelines published at <https://recuperacion.pr.gov/en/electrical-power-reliability-and-resilience-program/> for registration details.

**11. Question:** I have a few questions:

- Question 1: I am assisting a small to medium size company to apply for the ER2 funds. They already applied for funding through the MIT program and their application is being evaluated. Are they also able to apply for the ER2 program while their MIT application is being evaluated? If so, does the application for the ER2 program need to be submitted under the same user id (administrator) as the MIT application?
- Question 2: Since they are a small to medium size company, and their funding need will not meet the \$5 million minimum required award under the ER2 program, do they must submit their application through the same portal (<https://recuperacion.pr.gov/iframes/GrantApp.html>), even though they are applying for the "ER2 Reserva" funds. I understand the ER2 Reserva is for small to medium size company and has a maximum award of \$50,000.
- Question 3: If their funding need is greater than \$50,000 but less than \$5,000,000, would it be possible for them to be considered for more than the \$50,000 maximum "Reserva" funding limit?
- Question 4: Are there plans to extend the ER2 program application deadline beyond 1/31/2024?

**Response:** Eligible entities interested in applying to the ER2 Program, that have applied to MIT Programs within the Grant Application Portal (GAP) <sup>2</sup>, can use the same log-in information/account already registered in the GAP. For additional information about eligibility and the types of projects anticipated to be funded under the ER2 Program, please see the ER2 Program Guidelines and the CDBG-DR Action Plan for Electrical Systems Enhancements. <sup>3</sup>

The ER2 Program has a minimum award of \$5,000,000 and no maximum award. Eligible public entities may receive up to 100% of the capital costs for eligible projects, excluding operations and maintenance (O&M) costs. Eligible private for-profit and nonprofit entities may receive up to 60% of the capital costs for eligible projects, excluding O&M costs. The remaining 40% of funds for privately owned projects must come from non-CDBG funding sources.

The ER2 Program application submission deadline was originally set for November 30<sup>th</sup>, 2023, and extended to January 30<sup>th</sup> of this current year. No further deadline extensions are contemplated.

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<sup>2</sup> Access to the Grant Application Portal can be found at <https://cdbg-dr.pr.gov/iframes/GrantApp.html>

<sup>3</sup> Both CDBG-DR Energy Action Plan and ER2 Program Guidelines are available in English and Spanish on the PRDOH website at <https://cdbg-dr.pr.gov/en/electrical-system-enhancements/> and <https://cdbg-dr.pr.gov/red-electrica/>.

Should the inquiry be related to the Energy Support Incentive, the Puerto Rico Department of Economic Development and Commerce (DEDC) will be managing submissions through a different application portal. Please refer to the Energy Support Incentive 2.0 Set-Aside Program Guidelines published at <https://recuperacion.pr.gov/en/electrical-power-reliability-and-resilience-program/> for registration details.

- 12. Question:** In the resilience and reliability maps, our locality is listed as one of “non-priority” and low priority, respectively. Would that make us ineligible to apply for the Electrical Power Reliability and Resilience Program (ER2)?

**Response:** The resilience and reliability maps are designed to prioritize between projects instead of establishing eligibility. Applications that fall within non-priority and low priority in the resilience and reliability maps, may still be eligible if they meet the above-mentioned criteria. For additional information about eligibility and the types of projects anticipated to be funded under the ER2 Program, please see the ER2 Program Guidelines and the CDBG-DR Action Plan for Electrical Systems Enhancements.<sup>4</sup>

## Bulletin V.3 – December 08, 2023

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- 1. Question:** I have registered but the system doesn't give me an option to start with the creation of the profile. In the My Applications area, all I see is a blank space. Can someone help enable the access to the profile application?

**Response:** Once you have created your GAP account and established your entity profile, you will be able to select the application process you wish to complete, in this case, the Electric Power Reliability and Resilience (ER2) Program, by clicking on the View Details button. Additionally, please note that video resources on the Grant Application Portal are available on the ER2 Program page (<https://cdbg-dr.pr.gov/en/electrical-power-reliability-and-resilience-program/>).

- 2. Question:** Confirm that [the application] has been submitted.

**Response:** After the closing of the application period, Applicants will receive a confirmation of receipt of the application from PRDOH. Additionally, the Grant Application Portal (GAP) generates an automated notification upon submission of an application in the system.

- 3. Question:** Can you please confirm application deadline for Competitive Applications in the Energy Category (Private For-Profit applicant)? Presentation slide shows Nov. 13, 2023 date, while another place seems to show January 30, 2024.

**Response:** The ER2 Competitive Application Intake Period has been extended, and the deadline to submit applications is January 30, 2024.

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<sup>4</sup> Both CDBG-DR Energy Action Plan and ER2 Program Guidelines are available in English and Spanish on the PRDOH website at <https://cdbg-dr.pr.gov/en/electrical-system-enhancements/> and <https://cdbg-dr.pr.gov/red-electrica/>.

4. **Question:** The application form indicates that the description of the proposed project should include how the project addresses the unmet needs of the action plan. What are the unmet needs of the action plan? Is there a document showing this information?

**Response:** The CDBG-DR Energy Action Plan is available in English and Spanish on the PRDOH website at <https://cdbg-dr.pr.gov/en/electrical-system-enhancements/> and <https://cdbg-dr.pr.gov/red-electrica/>.

5. **Question:** Documents that are needed to be attached to the proposal.

**Response:** Once an account is created in the PRDOH Grant Application Portal (GAP), the applicant must log in and select the application process for which they wish to download the documents, in this case the Electrical Power Reliability and Resilience Program. To do this, click on the View Details button.

Within the application, on the Process Overview page the applicant will be able to view the application details as well as general program and process details. The applicant will also have access to the application documentation in the Process Documentation section. In this section the applicant should download all documents by clicking on the download button next to the name of each form. This step must be repeated for each document.

Additionally, please note that video resources on the Grant Application Portal are available on the ER2 Program page (<https://cdbg-dr.pr.gov/en/electrical-power-reliability-and-resilience-program/>).

6. **Question:** I participate in the Section 8 program, I have lived in the home for 22 years, I qualify for solar panels, Thank you.

**Response:** To be eligible to receive funds under the ER2 Program, Applicants or Subrecipients must be one (1) of the following types of entities:

- Government of Puerto Rico Agency, Authority, Trust, or Board (undertaking projects to support electrical power system improvements);
- Unit of General Local Government (Municipal Governments);
- Public-private partnership as defined by Act 29-2009, as amended, known as “Public-Private Partnership Act”;
- For-Profit Business;
- Public Hospital and Health System Entity;
- Non-Governmental Organization or Not-for-Profit Entity that meets the capacity and experience requirements.

7. **Question:** Do you have any workshops, guides or assistance in making or preparing the application proposal?



**Response:** An ER2 Competitive Program Informative Session occurred on September 8, 2023. The ER2 Program website<sup>5</sup> publicly offers the informative session presentation, which includes program details, eligibility requirements, funding availability, and the competitive application process. The ER2 Program Guidelines can be consulted to help prepare a proposal. Additional informational resources on the Program are also available on the ER2 Program website.

- 8. Question:** Please verify the close date for Private-for-Profit entities for Energy projects. I have seen Nov. 13, Nov. 30, 2023, and January 30, 2024.

**Response:** The ER2 Competitive Application Intake Period has been extended, and the deadline to submit applications is January 30, 2024.

- 9. Question:** What would be the highest generation capacity allowed for these projects, 5 mega or higher?

**Response:** In accordance with the ER2 Program Guidelines, the Program does not establish a maximum or cap on a project's proposed generation capacity. Nonetheless, all projects must be in accordance with established laws, codes, and regulations, including those requirements put forth by the Puerto Rico Energy Bureau and the utility.

- 10. Question:** How do the payments work, are they by reimbursement, through the different phases of the project or at the end of the project?

**Response:** ER2 Program funds will be released once the agreed-upon project milestones and deliverables have been completed or achieved. The disbursement of funds will follow the schedule and timing specified in the agreement between PRDOH and the recipient, which may be determined on a project-by-project basis. It is important to note that the agreement covers the establishment of progress milestones and performance targets that need to be met in order to qualify for the disbursement of funds. All financial procedures will adhere to the requirements outlined in the CDBG-DR Financial Policy to guarantee effective and compliant cost handling and fund usage, which will enhance operational and financial performance, minimize risks, and provide optimal service.

- 11. Question:** What are the parameters that will be measured at the end of the project in terms of generation to be in compliance with these grants?

**Response:** Performance parameters will be set forth in the agreement between PRDOH and the entity depending on the project type. Some of these may include but are not limited to a demonstrated improvement in reliability and/or resilience like % reduction in loss of service, # of fewer outages of critical facilities and utilities, % decrease of disruption hours to residents and businesses from impacts of storm events, % reduction in energy costs, % reduction in kWh used, among others.

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<sup>5</sup> The presentation can be found on the ER2 Program website at [https://cdbg-dr.pr.gov/wpcontent/uploads/2023/09/2023-08-22\\_ADM\\_COMMS\\_ENE\\_PRESENTATION\\_ER2-Competitive-Program-InformativeSession\\_EN\\_FINAL.pdf](https://cdbg-dr.pr.gov/wpcontent/uploads/2023/09/2023-08-22_ADM_COMMS_ENE_PRESENTATION_ER2-Competitive-Program-InformativeSession_EN_FINAL.pdf)

**12. Question:** At the end of the project, is there any money to be reimbursed?

**Response:** ER2 Program funds will be released once the agreed-upon project milestones and deliverables have been completed or achieved. The disbursement of funds will follow the schedule and timing specified in the agreement between PRDOH and the recipient, which may be determined on a project-by-project basis. It is important to note that the agreement covers the establishment of progress milestones and performance targets that need to be met in order to qualify for the disbursement of funds. The disbursement of funds will follow the schedule and timing specified in the agreement between PRDOH and the recipient, which will be determined on a project-by-project basis. All financial procedures will adhere to the requirements outlined in the CDBG-DR Financial Policy to guarantee effective and compliant cost handling and fund usage, which will enhance operational and financial performance, minimize risks, and provide optimal service.

**13. Question:** The idea of the subsidies is to supply the grid constantly? Does the generation have to be 24/7? If we are not going to consume the energy, can we turn off the generation? Should the design cover 100% of our need or can it be a hybrid also using grid power on occasion?"

**Response:** The main objective of the ER2 Program is to fund projects that provide grid-wide benefits and improve the reliability and resiliency of the overall electric system that serves the residents of Puerto Rico. Such projects could include, but are not limited to, projects that provide power to residents or facilities at a given location at all times. Providing assistance for backup power generation is not aligned with the main ER2 Program objectives.

**14. Question:** Should the scope of the generation we have also include the nearby population?

**Response:** There is a variety of eligible projects that can be implemented through various types of business and execution models, including community solar energy, PPAs, retail electricity ("Wheeling"), and other business and implementation models approved by the Puerto Rico Energy Bureau (PREB). Please note Applicants are responsible for developing their application strategy and defining the scope of their application.

**15. Question:** I am trying to start the proposal on the portal (Electrical Power Reliability and Resilience Program) and, although I can see it under "Available Programs" it will not let me select it to proceed and start the application process. Please advise me of the steps to follow. This is something that has not happened to me before as I have submitted several proposals for CDBG consideration. Thank you.

**Response:** Please refer to resources available towards the bottom of the ER2 website (<https://cdbg-dr.pr.gov/en/electrical-power-reliability-and-resilience-program/>). There you will find several videos for guidance on the Grant Application Portal (GAP), including downloading program documents and how to create and submit the application.

**16. Question:** Good afternoon, I am interested to know, is the Office of Court Administration eligible to submit a proposal to the Electric Power Reliability and Resiliency Program? Also, I would appreciate if you can share information on other programs administered by PRDOH that we can apply for to transition to green energy. Thank you.

**Response:** To be eligible to receive funds under the ER2 Program, Applicants or Subrecipients must be one (1) of the following types of entities:

- Government of Puerto Rico Agency, Authority, Trust, or Board (undertaking projects to support electrical power system improvements);
- Unit of General Local Government (Municipal Governments);
- Public-private partnership as defined by Act 29-2009, as amended, known as "Public-Private Partnership Act";
- For-Profit Business;
- Public Hospital and Health System Entity;
- Non-Governmental Organization or Not-for-Profit Entity that meets the capacity and experience requirements.

Information on other CDBG programs administered by PRDOH can be found at PRDOH's CDBG website (<https://cdbg-dr.pr.gov/welcome/en/index.html>).

**17. Question:** In the Program Guidance at 5.2 Eligible Entities, it includes For-Profit Businesses, however, the footnote states 31 Eligible entities may include private for-profit companies that provide public services, as allowed through the Exemption and Alternative Requirements in Federal Register Vol. 87, No. 236 (Dec. 9, 2022), QUESTION: Are only for-profit companies that provide public services eligible or can any other type of company that has a project consistent with the program be eligible? Thank you!"

**Response:** For-profit businesses undertaking projects to support electrical power system improvements are eligible.

**18. Question:** Will a private for-profit entity located in a LMI area be eligible to apply for the ER2 program for an implementation of a renewable energy project to lower electric costs and maintain operations during any catastrophic events?

**Response:** To be eligible to receive funds under the ER2 Program, Applicants or Subrecipients must be one (1) of the following types of entities:

- Government of Puerto Rico Agency, Authority, Trust, or Board (undertaking projects to support electrical power system improvements);
- Unit of General Local Government (Municipal Governments);
- Public-private partnership as defined by Act 29-2009, as amended, known as "Public-Private Partnership Act";
- For-Profit Business;
- Public Hospital and Health System Entity;
- Non-Governmental Organization or Not-for-Profit Entity that meets the capacity and experience requirements.

Please note Applicants are responsible for developing their application strategy and defining the scope of their application. For additional information on qualification and eligibility requirements under the ER2 Program, please refer to the ER2 Program Guidelines and CDBG-DR Energy Action Plan.

**19. Question:** I want to clarify what the ER2 application says but it does not say how to do it or who to talk to. According to the ER2 Application, some municipalities that meet certain characteristics may submit projects that are considered "strategic" and run an alternate process to the traditional one that entails writing/submitting a competitive proposal that receives points and may be selected or rejected. The only question is how we can submit our project to be considered strategic. The Solicitation says you can, but it doesn't say how. I would appreciate if someone could contact the undersigned at [REDACTED], or answer the question submitted via the platform. Thank you very much.

**Response:** PRDOH has two selection processes for qualifying projects that will be executed by eligible entities according to the criteria established in the ER2 Program Guidelines: strategic and competitive. Strategic projects are projects of significant public benefit to Puerto Rico are selected directly by PRDOH. The competitive application process is the mechanism for the consideration of projects proposed by Applicants that were not directly identified by PRDOH.

**20. Question:** This question is regarding the Conflict-of-Interest Disclosure Form. In our case we are answering NO to all questions in the Page 2/3. The Page 1/3 has a message stating the following:

Applicants must disclose applicable information and complete Part IV of the attachment for:

- Partners
- Directors
- Shareholders
- Any person who have sufficient authority to make decisions on behalf of the entity.

Then in the Attachment (starting at Page 1/5) says: If you answered NO to ALL the questions, you may discard this Attachment.

Can you please clarify if Part IV of the attachment must be completed regardless the message of discarding the Attachment starting at Page 1/5 or clarify if any part of the Attachment must be completed even though the answers of ALL the question in Page 2/3 are NO? Thank you.

**Response:** Applicants must disclose applicable information and complete Part IV of the attachment for:

- Partners
- Directors
- Shareholders
- Any person who has sufficient authority to make decisions on behalf of the entity.

**21. Question:** Can you please advise if the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) Applicability Form, must be completed even when a company is the owner of the property in which the project will be located in case of being awarded, and no property acquisition or relocation will be necessary? If not, then no URA Form is required to be attached at all, correct? 2. Would a company official letter be sufficient to certify ownership as property control evidence? If not, can you please specify, what acceptable documents can be uploaded as property control evidence? Thank you.

**Response:** Projects receiving ER2 Program funding that include acquisition activities as part of project development and implementation that result in displacement of persons and entities must comply with all applicable URA regulations to notify property owners, businesses and tenants who may be subject to displacement. The applicant must complete the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) Applicability Form if the project requires either property acquisition and/or relocation.

Concerning the requirement to demonstrate control over the site, the ER2 Program Guidelines require that any applicant demonstrate control over the project site to be eligible for program participation. Control can be demonstrated through property ownership via a deed or property acquisition plan, or through a long-term lease with the consent of the landowner and agreement to participate in the program.

Under Section 5.3 of the ER2 Program Guidelines, applicants who are tenants are required to demonstrate that they have control of the land where the project will be developed through a long-term lease with the consent of the property owner and their consent to participate in the Program. In addition, Section 8.1 of the Program Guidelines requires applicants who are long-term tenants (minimum 20-year requirement) to provide evidence showing that the property owner is committed to lending the property for the proposed project with the submitted application. For more information, please refer to the ER2 Program Guidelines.

**22. Question:** Please provide instructions on how to edit an existing application. Thank you.

**Response:** Please refer to resources available towards the bottom of the ER2 website (<https://cdbg-dr.pr.gov/en/electrical-power-reliability-and-resilience-program/>). There you will find several videos for guidance on the Grant Application Portal (GAP), including downloading program documents and how to create and submit the application.

**23. Question:** Greetings! Can private hospitals apply? Thank you!

**Response:** To be eligible to receive funds under the ER2 Program, Applicants or Subrecipients must be one (1) of the following types of entities:

- Government of Puerto Rico Agency, Authority, Trust, or Board (undertaking projects to support electrical power system improvements);
- Unit of General Local Government (Municipal Governments);
- Public-private partnership as defined by Act 29-2009, as amended, known as "Public-Private Partnership Act";
- For-Profit Business;
- Public Hospital and Health System Entity;

- Non-Governmental Organization or Not-for-Profit Entity that meets the capacity and experience requirements.

For additional information on qualification and eligibility requirements under the ER2 Program, please refer to the ER2 Program Guidelines and CDBG-DR Energy Action Plan.

**24. Question:** The municipality of [REDACTED] communicated this afternoon with some doubts regarding the acquisition processes of professional consulting services and reimbursement requests for the submission of proposals. I appreciate the guidance you can provide.

**Response:** As described in the Program Guidelines – Section 5.1.3. Ineligible Activities (ER2 - Program Guidelines), activities carried out in relation to the proposed project before the execution of an agreement with PRDOH are not eligible to be covered with Program funds.

**25. Question:** I had a Save Draft for my profile creation but never completed it. Now I cannot access it or make any updates to my profile. I never got the chance to upload the SAM Registration, Corporate Resolution or the Good Standing Certification and the system sent me to the Application directly. Can I receive technical assistance please?. Thank you

**Response:** Once a user has created an entity profile, the same log in information must be used to regain access to the profile and edit it. If user credentials need to be reinstated, please contact the GAP helpdesk by email at [helpdeskpr@horne.com](mailto:helpdeskpr@horne.com) or by phone at 939-910-9295.

## Bulletin V.2 – November 14, 2023

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**1. Question:** Since the program is a comprehensive one, the applicant must have all the best attributes to carry out the project with excellence. To this end, we intend to create a team that complements the talents and brings together the resources necessary to execute. Each team member in turn meets the eligibility requirements, however, only one will submit the application as an "applicant".

According to <https://www.ecfr.gov/current/title-2/part-200/section-200.1#p-200.1> (Subaward) it is confirmed that the Team can be endorsed to carry out the project and all meet the eligibility requirements to be sub-awardees without further procurement.

**Response:** If an application to the Electrical Power Reliability and Resilience Program (ER2) is selected for funding, the type of agreement executed between PRDOH and the awarded entity will depend on the type of applying entity. If it is a private entity, a Grant Agreement (GA) will be executed<sup>6</sup>; if the applicant is a public entity a Subrecipient Agreement (SRA) will be executed.<sup>7</sup>

Applicants are expected to have the capacity, feasibility, and technical and specialized knowledge to develop the project from inception through completion. Therefore,

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<sup>6</sup> CDBG-DR Energy, Program Guidelines Electrical Power Reliability and Resilience Program (ER2), Section 5.2.2 Private Entity Participation, Page 22.

<sup>7</sup> *Id.*, Section 5.2.1 Public Entity Participation, Page 21.

Applicants must include as part of their application the information of the entity or group of entities with the capacity and experience to complete the proposed project as required by the ER2 Program.

Entities that execute an SRA with PRDOH will be required to comply with applicable rules and regulations for CDBG-DR, including procurement, contracting, civil rights, environmental review, Section 3, labor standards, and property acquisition.<sup>8</sup> Entities that execute a GA will not be required to follow CDBG-DR regulations regarding program income, procurement, and reporting rules that ordinarily apply to subrecipients.<sup>9</sup>

Consequently, PRDOH recommends public entity Applicants to submit with their applications sufficient information on the procurement process to acquire services of any contractor that is or will be part of their application. For those Applicants who are private entities, PRDOH recommends providing sufficient information in the application about the team members for the evaluation of their experience and capacity.

- 2. Question:** In the "Applicant Entity and Project Eligibility" section on page 5 of the application form, under the sub-section "Applicant Entity Requirements", it is mentioned that applicant entities are required to upload the "Section 3 Plan Minority/Women-Owned Business Entity Utilization Plan".

We have been diligently searching for a comprehensive list or a direct link to "Minority/Women-Owned Business" in Puerto Rico but have unfortunately been unsuccessful so far. We have reached out to multiple agencies, at least four in total, seeking their assistance in this regard. However, we have not yet found a person or agency capable of providing such a list.

The most relevant document we have found to date is a Digital Catalog from the Puerto Rico Minority Supplier Development Council, but it is limited, featuring only 37 enterprises. We kindly request your guidance on this matter.

**Response:** The Electrical Power Reliability and Resilience Program (ER2 Program or the Program) funds projects that enhance electric system reliability, affordability, and resiliency. The Program's design will be carried out through the development and interconnection of microgrids and distributed energy resources, including renewable energy generation, combined heat and power (CHP) systems, and battery energy storage systems (BESS), among other eligible project types. In performing these public works with federal funds from HUD, there are various components for compliance including Section 3, MWBE, FHEO, Davis Bacon, among others, which form part of the implementation process in completing a capital project. The expectation for applicants is that you will seek and identify opportunities in your contracting, subcontracting, purchasing and hiring to include businesses and people who identify as Section 3 or M/WBE.

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<sup>8</sup> *Id.*, Section 5.2.1 Public Entity Participation, Page 21.

<sup>9</sup> *Id.*, Section 5.2.2 Private Entity Participation, Page 22.

To help you understand how to do that, PRDOH has developed a website (in English and Spanish) dedicated to resources, trainings, videos about Section 3 that provide guidance on understanding Section 3: <https://cdbg-dr.pr.gov/en/section-3/>. On this landing page you will be able to access the policy guide which covers this topic in more detail.

Most applicants find the Frequently Asked Questions FAQ's to be very helpful in explaining some of the basic concepts of Section 3: <https://cdbg-dr.pr.gov/en/section-3/business-and-contractors/frequently-asked-questions/>

PRDOH offers a template for Section 3 plans which applicants can access, customize and use: <https://cdbg-dr.pr.gov/en/section-3/business-and-contractors/contractor-section-3-plan/>

Similarly, PRDOH offers a website (in English and Spanish) dedicated to resources, trainings, videos about MBE and WBE that provide guidance on understanding how to comply: <https://cdbg-dr.pr.gov/en/section-3/enterprise-woman-minority-mwbe/> On this landing page you will be able to access the policy guide which covers this topic in more detail.

Most applicants find the Frequently Asked Questions FAQ's to be very helpful in explaining some basic concepts of M/WBE: <https://cdbg-dr.pr.gov/en/section-3/enterprise-woman-minority-mwbe/frequently-asked-questions/>

PRDOH offers a template for M/WBE plans which applicants can access, customize and use: <https://cdbg-dr.pr.gov/en/section-3/enterprise-woman-minority-mwbe/utilization-plan/>

Finally, to access a database of Minority and Women owned businesses, you can write to your local Small Business Administration (SBA) office, National Minority Supplier Development Council (NMSDC) office, or Women's Business Enterprise National Council (WBENC) office. You can also use the Section 3 self-certification to uncover if your subcontractors or suppliers qualify as Section 3 businesses.

- 3. Question:** Is the requirement just to complete the Section 3 M/WBE forms, or do businesses have to be low-income owned and/or qualify under that section?

**Response:** Please refer to the response to question #2 above as well as the response to question #9 from Bulletin V.1.

- 4. Question:** We are a retirement home for Sisters (nuns) and some people close to us. We have 60 solar panels, but NO batteries. We spent \$3,000 on diesel in one month because the power goes out all the time and we CANNOT operate with bedridden people. We need batteries or more panels because we CANNOT go on like this. Thank you.



**Response:** To be eligible to receive funds under the ER2 Program, Applicants or Subrecipients must be one (1) of the following types of entities:

- Government of Puerto Rico Agency, Authority, Trust, or Board (undertaking projects to support electrical power system improvements);
- Unit of General Local Government (Municipal Governments);
- Public-private partnership as defined by Act 29-2009, as amended, known as “Public-Private Partnership Act”;
- For-Profit Business;
- Public Hospital and Health System Entity;
- Non-Governmental Organization or Not-for-Profit Entity that meets the capacity and experience requirements.

In addition to entity eligibility, please note that each project must be tied to the eligible activities under the ER2 Program. Eligible activities include the acquisition, construction, reconstruction, rehabilitation, or installation of facilities, improvements, or other components undertaken to extend, upgrade, and otherwise enhance and improve the cost-effectiveness, reliability, efficiency, sustainability, or long-term financial viability of the grantee's electrical power system. Additional eligible activities include interim assistance; financing for public or private acquisition for reconstruction or rehabilitation, or for the reconstruction or rehabilitation of privately owned property; and activities undertaken to increase the resilience of the electrical power system to future disasters and to address the impacts of climate change. For detailed information about the program and its intent, please refer to the published Action Plan and Program Guidelines.<sup>10</sup>

Entities interested in applying to the ER2 Program must register in the Grant Application Portal<sup>11</sup> in order to access and download the Application Form (in Word format) and other application materials. The Application Form details all the requirements for application submission. Entities can begin a draft application and save their progress as they review and complete the required forms.

5. **Question:** I am the owner of a private rehabilitation center [REDACTED] [REDACTED] My question is whether I would qualify to participate in the program. Thank you in advance.

**Response:** To be eligible to receive funds under the ER2 Program, Applicants or Subrecipients must be one (1) of the following types of entities:

- Government of Puerto Rico Agency, Authority, Trust, or Board (undertaking projects to support electrical power system improvements);
- Unit of General Local Government (Municipal Governments);
- Public-private partnership as defined by Act 29-2009, as amended, known as “Public-Private Partnership Act”;
- For-Profit Business;

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<sup>10</sup> Both CDBG-DR Energy Action Plan and ER2 Program Guidelines are available in English and Spanish on the PRDOH website at <https://cdbq-dr.pr.gov/en/electrical-system-enhancements/> and <https://cdbq-dr.pr.gov/red-electrica/>.

<sup>11</sup> Access to the Grant Application Portal can be found at <https://cdbq-dr.pr.gov/iframes/GrantApp.html>

- Public Hospital and Health System Entity;
- Non-Governmental Organization or Not-for-Profit Entity that meets the capacity and experience requirements.

The ER2 Program has a minimum award of \$5,000,000 and no maximum award. Eligible public entities may receive up to 100% of the capital costs for eligible projects, excluding operations and maintenance (O&M) costs. Eligible private for-profit and nonprofit entities may receive up to 60% of the capital costs for eligible projects, excluding O&M costs. The remaining 40% of funds for privately owned projects must come from non-CDBG funding sources.

The program also establishes which activities are eligible for funding. Eligible activities for the ER2 Program include the acquisition, construction, reconstruction, rehabilitation, or installation of facilities, improvements, or other components undertaken to extend, upgrade and otherwise enhance and improve the cost-effectiveness, reliability, efficiency, sustainability, or long-term financial viability of the grantee's electrical power system. Additional eligible activities include interim assistance; financing for public or private acquisition for reconstruction or rehabilitation, or for the reconstruction or rehabilitation of privately owned property; and activities undertaken to increase the resilience of the electrical power system to future disasters and to address the impacts of climate change.

For additional information about eligibility and the types of projects anticipated to be funded under the ER2 Program, please see the ER2 Program Guidelines and the CDBG-DR Action Plan for Electrical Systems Enhancements.<sup>12</sup>

- 6. Question:** The program states that 70% of the funds provided by CDBG for electrical improvements must benefit persons in the LMI category. In addition, private entities may receive up to 60% of the project funds. In the case of our client, does this mean that if it were to cogenerate and distribute electricity to adjacent communities within the LMI parameters, at least 42% (70% x 60%) of the electricity generated must be used for LMI persons?

**Response:** The requirement that 70% of the total grant funds must benefit low- and moderate-income (LMI) persons is not tied to the amount of electricity generated by each project and provided to LMI persons. In the case described, as long as the area benefiting from the project (receiving the electricity generated) meets LMI parameters, the project would qualify for meeting LMI National Objective criteria and the CDBG funds provided to the project would be counted towards satisfying the overall 70% LMI benefit requirement.

In accordance with the Program Guidelines and as detailed in Federal Register Vol. 86, No. 117 (June 22, 2021), 86 FR 32681, at least 70% of the aggregated CDBG-DR Energy

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<sup>12</sup> Both CDBG-DR Energy Action Plan and ER2 Program Guidelines are available in English and Spanish on the PRDOH website at <https://cdbg-dr.pr.gov/en/electrical-system-enhancements/> and <https://cdbg-dr.pr.gov/red-electrical/>.

funds allocated for electrical power system enhancements and improvements must benefit low- and moderate-income (LMI) residents/areas and meet LMI National Objective criteria. The remaining 30% may focus on meeting Urgent Need (UN) National Objective criteria.

Eligible activities will be considered to meet the criteria for activities benefiting low- and moderate-income (LMI) residents/areas under 24 C.F.R. §570.483(b)(1) if, at the close of the grant, at least 70% of the funds, not including administrative and planning costs, have been used for:

- Provide at least 51% of the grantee's LMI residents with either a subsidized rate for electricity below that charged to other residential ratepayers or a lower rate for electricity than was charged prior to complete implementation of the CDBG-DR funded electrical power system improvements; or
- Measurably improve the reliability of the electrical power system in LMI areas that are primarily residential. Measurably improved reliability shall mean a documented decrease in power supply interruptions, excluding planned interruptions, and interruptions caused by major events.

To satisfy the 70% overall LMI benefit prerequisite, grantees can also utilize the LMI benefit national objective criteria cited in 24 C.F.R. § 570.483(b) in cases where a legitimate activity authorized by 86 FR 32681 is eligible for such criteria. Due to the nature and assigned portions of this initiative, PRDOH expects that the subsequent national objective criterion could be relevant:

- LMI Area Benefit – the benefits of a project are available to all the residents in a particular area, where at least 51% of the residents are LMI persons. (24 C.F.R. § 570.483 (b)(1))

For additional information on qualification and eligibility requirements under the ER2 Program, please refer to the ER2 Program Guidelines and the CDBG-DR Electrical Systems Enhancements & Improvements Action Plan.<sup>13</sup>

**7. Question:** How can I edit the Project Name, Location, and all the initial project information?

**Response:** Once completing the Eligibility Questions screen, the applicant will be redirected to the Project Information screen. The applicant will be able to edit the name, location and all the initial information of the Project below the Project Information section.

**8. Question:** Good evening, I hope this email finds you well. [REDACTED]

[REDACTED] We are interested in applying for funding through the Electrical Power Reliability and Resilience Program offered by the Community Development Block Grant (CDBG). We have a specific question regarding the eligibility criteria for applicants in our situation.

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<sup>13</sup> Both CDBG-DR Energy Action Plan and ER2 Program Guidelines are available in English and Spanish on the PRDOH website at <https://cdbq-dr.pr.gov/en/electrical-system-enhancements/> and <https://cdbq-dr.pr.gov/red-electrical/>.

Our company holds a lease for Piers [REDACTED] However, the ultimate ownership of the property lies with the Puerto Rico Port Authority (PRPA). Our question pertains to the eligibility of leaseholders to apply for CDBG funding under the Electrical Power Reliability and Resilience Program. Are leaseholders eligible to apply, or does the PRPA, as the ultimate owner of the property, need to file the application?

**Response:** The ER2 Program Guidelines require that any applicant demonstrate control over the project site to be eligible for program participation. Control can be demonstrated through property ownership via a deed or property acquisition plan, or through a long-term lease with the consent of the landowner and agreement to participate in the program.

Under Section 5.3 of the ER2 Program Guidelines, applicants who are tenants are required to demonstrate that they have control of the land where the project will be developed through a long-term lease with the consent of the property owner and their consent to participate in the Program. In addition, Section 8.1 of the Program Guidelines requires applicants who are long-term tenants (minimum 20-year requirement) to provide evidence showing that the property owner is committed to lending the property for the proposed project with the submitted application.

For more information, please refer to the ER2 Program Guidelines.

**9. Question:** How can I upload the forms? I don't see where to upload the forms.

**Response:** Once a user is logged into the Grant Application Portal (GAP), they can select the application process for which they want to download the documents. To do this, click on the View Details button.

Inside the application, they will be able to view the application details such as the General Program and Process Details. They will also have access to the application documentation in the Process Documentation section. In this section they will be able to upload the forms by clicking on the upload button next to the name of each form. This step must be repeated for each document.

**10. Question:** We have a submitted CDBG-MIT proposal for energy infrastructure. The CDBG-DR-ER2 proposal contemplates as eligible the acquisition of property to improve infrastructure. Do you have to submit a new proposal that captures everything or can I submit under the ER2 program what would be property acquisition & renewable energy infrastructure of that infrastructure to increase storage capacity & energy resiliency?

**Response:** Applicants interested in participating in the ER2 Program are encouraged to review the ER2 Program Guidelines and the CDBG-DR Action Plan for Electrical Systems Enhancements to understand the eligibility and prioritization criteria for the selection of

projects submitted to ER2. To be eligible for funding under the ER2 Program, Applicants must be one (1) of the following types of entities:

- Agencies, authorities, trusts or boards of the Government of Puerto Rico (carrying out projects that support improvements to the electric system);
- Units of general local government (municipalities);
- Public-private partnerships, as defined by Act 29-2009, as amended, better known as the "Public-Private Partnerships Act";
- For-profit businesses;
- Public hospitals or health system entities;
- Non-governmental organizations or non-profit entities that meet the experience and capacity requirements.

In addition to the entity being eligible, the proposed project must be an eligible activity under the ER2 Program. Eligible activities include the acquisition, construction, reconstruction, rehabilitation, or installation of facilities, improvements, or other components undertaken to extend, upgrade and otherwise enhance and improve the cost-effectiveness, reliability, efficiency, sustainability, or long-term financial viability of the grantee's electrical power system. Additional eligible activities include interim assistance; financing for public or private acquisition for reconstruction or rehabilitation, or for the reconstruction or rehabilitation of privately owned property; and activities undertaken to increase the resilience of the electrical power system to future disasters and to address the impacts of climate change.

Please note that projects proposed by an eligible entity to carry out an eligible activity that have been previously submitted for funding/assistance from other CDBG programs may be eligible for ER2. Projects submitted to ER2 will be evaluated for compliance with ER2 eligibility and prioritization criteria. In cases where other federal funds have been allocated for the project submitted under ER2, these funds may be considered a duplication of benefits and will be taken into account in determining the ER2 Program award.

**11. Question:** Good morning: I have an existing account to access the GAP application portal. When I log in to my account, I am unable to see the documents to apply to the program. These are the following PROGRAM FORMS:

- Application Form
- PRDOH Conflict of Interest (COI) Self-Certification Form
- PRDOH Duplication of Benefit (DOB) Self-Certification Form
- PRDOH Operations and Maintenance (O&M) Preliminary
- Plan Form or Long-Term O&M Plan, if available
- Uniform Relocation Assistance and Real Property
- Acquisition Policies Act (URA) Applicability Form
- Authorization for Background and/or Financial
- Information (applicable only to Private For-Profit Entities)

I called this morning to speak to someone for guidance and was told that all communication must be through this channel. I am interested in speaking with someone as soon as possible to clarify this question, as without this we cannot get started. Thank you very much.

**Response:** Once an account is created in the PRDOH Grant Application Portal (GAP, the applicant must log in and select the application process for which they wish to download the documents, in this case the Electrical Power Reliability and Resilience Program. To do this, click on the View Details button.

Within the application, on the Process Overview page the applicant will be able to view the application details as well as general program and process details. The applicant will also have access to the application documentation in the Process Documentation section. In this section the applicant should download all documents by clicking on the download button next to the name of each form. This step must be repeated for each document.

**12. Question:** Is there a way for PPA Developers to apply for the CDBG Funds or If the Property Owners apply and receive the funds, can they enter into PPA agreements? The issue would be that the PPA Developer is the owner of the Assets. Is there a way to incorporate both? please advise.

**Response:** To be eligible to receive funds under the ER2 Program, Applicants or Subrecipients must be one (1) of the following types of entities:

- Government of Puerto Rico Agency, Authority, Trust, or Board (undertaking projects to support electrical power system improvements);
- Unit of General Local Government (Municipal Governments);
- Public-private partnership as defined by Act 29-2009, as amended, known as "Public-Private Partnership Act";
- For-Profit Business;
- Public Hospital and Health System Entity;
- Non-Governmental Organization or Not-for-Profit Entity that meets the capacity and experience requirements.

Under the ER2 Program, eligible activities may include, but are not limited to, activities that comply with Puerto Rico Energy Bureau (PREB) regulations such as renewable, hybrid, and CHP microgrids; electric power based on renewable energy to encourage distributed power generation; innovative, centralized renewable energy generation solutions; and Battery Energy Storage Systems (BESS). Potential project business models can include business structures such as Community Solar, Energy Wheeling, Power Purchase Agreements (PPAs), Independent Power Producers (IPPs), or other PREB-approved business models.

For additional information about eligibility and the types of projects anticipated to be funded under the ER2 Program, please see the ER2 Program Guidelines and the CDBG-DR Action Plan for Electrical Systems Enhancements.<sup>14</sup>

**13. Question:** Regards, I understand that you can submit for the competitive part public-private alliances as defined in the above mentioned law. But to rule out any doubt about other possibilities, I would like to know if a municipality can apply being in agreement (MOU) with a private company and use that company to carry out the project. I would understand no because it would have to comply with 2 CFR 200 on federal procurement. I would appreciate your confirmation so that I can be absolutely certain.

**Response:** To be eligible to receive funds under the ER2 Program, Applicants or Subrecipients must be one (1) of the following types of entities:

- Government of Puerto Rico Agency, Authority, Trust, or Board (undertaking projects to support electrical power system improvements);
- Unit of General Local Government (Municipal Governments);
- Public-private partnership as defined by Act 29-2009, as amended, known as “Public-Private Partnership Act”;
- For-Profit Business;
- Public Hospital and Health System Entity;
- Non-Governmental Organization or Not-for-Profit Entity that meets the capacity and experience requirements.

Eligible Government of Puerto Rico Agencies, Trusts, Boards, and Units of General Local Government (Municipal Governments) (collectively the “public entities”) may receive up to 100% of the capital costs for eligible projects, excluding operations and maintenance (O&M) costs. All other eligible entities may receive up to 60% of the capital costs for eligible projects, excluding O&M costs.

All goods and services needed by public entities to undertake projects must follow, and comply with, the Procurement Standards set forth at 2 C.F.R. 200, Subpart D.

Costs not covered by the CDBG-DR award must be financed using non-CDBG funding sources.

For more information, please refer to the ER2 Program Guidelines.

**14. Question:** Good morning. I need assistance in viewing the portal application documents. I created an account and when I log in I cannot see any information or documents to fill out. Thank you very much.

**Response:** Please refer to the response to question #11.

**15. Question:** We are interested in helping in the community of Puerto Rico. Thank You

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<sup>14</sup> Both CDBG-DR Energy Action Plan and ER2 Program Guidelines are available in English and Spanish on the PRDOH website at <https://cdbg-dr.pr.gov/en/electrical-system-enhancements/> and <https://cdbg-dr.pr.gov/red-electrica/>.

**Response:** Applicants interested in participating in the ER2 Program must electronically submit their applications through the Grant Application Portal (GAP) on the PRDOH's website.<sup>15</sup> The Program Guidelines establish the eligibility and prioritization criteria for the selection of projects submitted to the GAP. According to the guidelines, to be eligible for funding under the ER2 Program, Applicants must be one (1) of the following types of entities:

- Agencies, authorities, trusts or boards of the Government of Puerto Rico (carrying out projects that support improvements to the electric system);
- Units of general local government (municipalities);
- Public-private partnerships, as defined by Act 29-2009, as amended, better known as the "Public-Private Partnerships Act";
- For-profit businesses;
- Public hospitals or health system entities;
- Non-governmental organizations or non-profit entities that meet the experience and capacity requirements.

In addition to the entity being eligible, the proposed project must be linked to eligible activities under the ER2 Program. Eligible activities include the acquisition, construction, reconstruction, rehabilitation or establishment of facilities, improvements or other components intended to expand, modernize and otherwise optimize and improve the cost-effectiveness, reliability, efficiency, sustainability or long-term financial viability of the recipient's electric system. Also eligible are Interim assistance, public or private procurement financing for reconstruction or rehabilitation, or for the reconstruction or rehabilitation of private property; and activities designed to increase the resilience of the electric system to future disasters and to address the impacts of climate change.

For additional information on qualification and eligibility requirements under the ER2 Program, please refer to the ER2 Program Guidelines and the CDBG-DR Electrical Systems Enhancements & Improvements Action Plan.<sup>16</sup>

**16. Question:** On the website for the ER2 program it is stated the application period is August 15, 2023 to January 30, 2024. In the informative session held on September 8th, 2023, there are two sets of dates for the application period showing Aug 15 to Nov 13, 2023 (slide 25) and application close dates of 11/30/2023 in slides 44 and 45. Can you please confirm what the application close date is for the ER2 Program? What is the last date to submit an application?

**Response:** The ER2 Competitive Application Intake Period has been extended, and the deadline to submit applications is January 30, 2024.

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<sup>15</sup> Access to the Grant Application Portal can be found at <https://cdbg-dr.pr.gov/iframes/GrantApp.html>

<sup>16</sup> Both CDBG-DR Energy Action Plan and ER2 Program Guidelines are available in English and Spanish on the PRDOH website at <https://cdbg-dr.pr.gov/en/electrical-system-enhancements/> and <https://cdbg-dr.pr.gov/red-electrica/>.



**17. Question:** I wanted to confirm if the application date for the program has been extended to January 30, 2024, as indicated on the program's main page.

**Response:** The ER2 Competitive Application Intake Period has been extended, and the deadline to submit applications is January 30, 2024.

## Bulletin V.1 – October 12, 2023

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**1. Question:** Are Projects that have been previously submitted either to FEMA or other CDBG programs but were not allocated any funds or were just partially funded, eligible for funding by CDBG DR ER2?

**Response:** Eligible projects proposed by an eligible entity that have previously been submitted to receive funding/assistance from FEMA or other CDBG programs may be eligible for ER2. In cases where other federal funds have been allocated for the project submitted to ER2, these funds may be considered a duplication of benefits and will be accounted for in the ER2 Program award determination.

For additional information on duplication of benefits, please refer to the ER2 Program Guidelines as well as the Puerto Rico Department of Housing (PRDOH) Duplication of Benefits Policy.<sup>17</sup>

**2. Question:** I am currently a renewable energy company and in my town there are several small businessmen; we are interested in knowing if they can apply for this program and if each one has to do it individually? Thank you.

**Response:** To be eligible to receive funds under the ER2 Program, Applicants or Subrecipients must be one (1) of the following types of entities:

- Government of Puerto Rico Agency, Authority, Trust, or Board (undertaking projects to support electrical power system improvements);
- Unit of General Local Government (Municipal Governments);
- Public-private partnership as defined by Act 29-2009, as amended, known as "Public-Private Partnership Act";
- For-Profit Business;
- Public Hospital and Health System Entity;
- Non-Governmental Organization or Not-for-Profit Entity that meets the capacity and experience requirements.

The ER2 Program has a minimum award of \$5,000,000 and no maximum award. Eligible public entities may receive up to 100% of the capital costs for eligible projects, excluding operations and maintenance (O&M) costs. Eligible private for-profit and nonprofit entities

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<sup>17</sup> The Duplication of Benefits Policy in English and Spanish on the PRDOH website at <https://cdbg-dr.pr.gov/en/download/duplication-of-benefits-policy/> and <https://cdbg-dr.pr.gov/download/politica-sobre-la-duplicacion-de-beneficios/>.

may receive up to 60% of the capital costs for eligible projects, excluding O&M costs. The remaining 40% of funds for privately owned projects must come from non-CDBG funding sources.

Additionally, ER2 has a set-aside of \$30,000,000 for the *Apoyo Energético* under the Department of Economic Development and Commerce (DEDC) to support small to mid-sized businesses in the implementation of renewable energy projects. The Energy Support Program has its own eligibility requirements, funding priorities, and award limits. Detailed information on the *Apoyo Energético* will be available through a specific set of Program Guidelines to be published in the ER2 web page in the future.

3. **Question:** [REDACTED] is a private entity that offers short-range, lightweight, solar-powered electric transportation service. It is the intention of the organization, together with a Municipality to implement an agile and eco-friendly transportation system in the urban center of the Municipality and its immediate surroundings. The service has the capacity to increase economic and social activity by mobilizing a greater number of pedestrians, residents and visitors, among amenities, businesses, residences, government centers, hotels, hospitals, among others. Transportation units are an efficient transportation mechanism for short and medium distances. The unit, a light, comfortable and pedestrian-friendly tricycle, offers confidence and safety, particularly for children, the disabled and the elderly. The adoption and implementation of a fleet of 12 transportation units.

**Response:** To be eligible to receive funds under the ER2 Program, Applicants or Subrecipients must be one (1) of the following types of entities:

- Government of Puerto Rico Agency, Authority, Trust, or Board (undertaking projects to support electrical power system improvements);
- Unit of General Local Government (Municipal Governments);
- Public-private partnership as defined by Act 29-2009, as amended, known as "Public-Private Partnership Act";
- For-Profit Business;
- Public Hospital and Health System Entity;
- Non-Governmental Organization or Not-for-Profit Entity that meets the capacity and experience requirements.

In addition to entity eligibility, please note that each project must be tied to the eligible activities under the ER2 Program. Eligible activities include the acquisition, construction, reconstruction, rehabilitation, or installation of facilities, improvements, or other components undertaken to extend, upgrade, and otherwise enhance and improve the cost-effectiveness, reliability, efficiency, sustainability, or long-term financial viability of the grantee's electrical power system. Additional eligible activities include interim assistance; financing for public or private acquisition for reconstruction or rehabilitation, or for the reconstruction or rehabilitation of privately owned property; and activities undertaken to increase the resilience of the electrical power system to future disasters and to address the impacts of climate change.

- 4. Question:** I would like to know more about the program to help businesses economically to have a solar energy system. If possible, I would appreciate a list or table to have one that tells me which businesses qualify and what amount because I understand that it is 25 thousand dollars and in some cases up to 60% of the cost of the equipment. I have spoken with people who have already obtained this help but I went to the housing and CDBG office and no one knows how to give me information.

**Response:** To be eligible to receive funds under the ER2 Program, Applicants or Subrecipients must be one (1) of the following types of entities:

- Government of Puerto Rico Agency, Authority, Trust, or Board (undertaking projects to support electrical power system improvements);
- Unit of General Local Government (Municipal Governments);
- Public-private partnership as defined by Act 29-2009, as amended, known as "Public-Private Partnership Act";
- For-Profit Business;
- Public Hospital and Health System Entity;
- Non-Governmental Organization or Not-for-Profit Entity that meets the capacity and experience requirements.

The ER2 Program has a minimum award of \$5,000,000 and no maximum award. Eligible public entities may receive up to 100% of the capital costs for eligible projects, excluding operations and maintenance (O&M) costs. Eligible private for-profit and nonprofit entities may receive up to 60% of the capital costs for eligible projects, excluding O&M costs. The remaining 40% of funds for privately owned projects must come from non-CDBG funding sources.

Additionally, ER2 has a set-aside of \$30,000,000 for the *Apoyo Energético* under the Department of Economic Development and Commerce (DEDC) to support small to mid-sized businesses in the implementation of renewable energy projects. The Energy Support Program has its own eligibility requirements, funding priorities, and award limits. Detailed information on the *Apoyo Energético* Program will be available through a specific set of Program Guidelines to be published in the ER2 Program website in the future.

- 5. Question:** Are private for-profit companies that are participating the in the PREPA Tranche 3 RFP eligible for these grants?

**Response:** To be eligible to receive funds under the ER2 Program, Applicants or Subrecipients must be one (1) of the following types of entities:

- Government of Puerto Rico Agency, Authority, Trust, or Board (undertaking projects to support electrical power system improvements);
- Unit of General Local Government (Municipal Governments);
- Public-private partnership as defined by Act 29-2009, as amended, known as "Public-Private Partnership Act";
- For-Profit Business;

- Public Hospital and Health System Entity;
- Non-Governmental Organization or Not-for-Profit Entity that meets the capacity and experience requirements.

The ER2 Program has a minimum award of \$5,000,000 and no maximum award. Eligible public entities may receive up to 100% of the capital costs for eligible projects, excluding operations and maintenance (O&M) costs. Eligible private for-profit and nonprofit entities may receive up to 60% of the capital costs for eligible projects, excluding O&M costs. The remaining 40% of funds for privately owned projects must come from non-CDBG funding sources.

For additional information about eligibility and the types of projects anticipated to be funded under the ER2 Program, please see the ER2 Program Guidelines and the CDBG-DR Action Plan for Electrical Systems Enhancements.

6. **Question:** Will you be giving a seminar on guidance for the request for said funds, either face-to-face and/or virtual? When? We are interested in participating.

**Response:** An ER2 Competitive Program Informative Session was held on September 8, 2023. The presentation offered during the informative session is publicly available through the ER2 Program website<sup>18</sup> and contains general information on the program, eligibility, available funding, and the competitive application process. Additional informational resources about the Program are available on the ER2 Program website as well.

7. **Question:** The application budget section have an area that ask you if you will be asking for pre-award cost reimbursement while the certification ask to stop any work otherwise it will make us ineligible. Can be continue with our project and request pre-award cost reimbursement?

**Response:** Once an application is submitted to the ER2 Program, applicants must stop all work related to the proposed project and/or considered as choice-limiting actions until such time that the environmental review has been completed and the Authorization for Use of Grants Funds (AUGF) has been issued, or they will be determined ineligible for the ER2 Program. Applicants must not enter into choice-limiting actions before any funds, either HUD or other sources (including private), are committed to or spent on the project, as stated under 24 C.F.R. Part 58. Choice-limiting actions are activities performed prior to the completion of the environmental review that limit your choice on future activities on the project. Some examples are:

- Land acquisition;
- Demolition;
- Rehabilitation;

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<sup>18</sup> The presentation can be found on the ER2 Program website at [https://cdbg-dr.pr.gov/wp-content/uploads/2023/09/2023-08-22\\_ADM\\_COMMS\\_ENE\\_PRESENTATION\\_ER2-Competitive-Program-Informative-Session\\_EN\\_FINAL.pdf](https://cdbg-dr.pr.gov/wp-content/uploads/2023/09/2023-08-22_ADM_COMMS_ENE_PRESENTATION_ER2-Competitive-Program-Informative-Session_EN_FINAL.pdf).

- Construction activities (including site preparation);
- Leasing;
- Entering into a contract for work on that project or other written commitments.

Prior to executing a future award agreement, applicants must seek approval from the Program prior to conducting any project activities. If an applicant is currently under contract for project activities, they will let the Program know immediately, including any ability and interest/determination to end the contract and/or its expiration.

Some pre-award costs may be eligible for reimbursement from the program so long as the applicant has complied with the above requirements to stop all work related to the proposed project and/or considered as choice-limiting actions immediately upon submission of the project application to the ER2 Program.

- 8. Question:** Can these funds be used to improve and expand the structure used as an Animal Shelter to install solar panels on its roof and land along with equipment that will not only allow the Shelter to supply itself with solar energy, but also serve as the basis for creating a community solar micro-grid that will benefit a neighboring low-income community?

**Response:** Eligible activities for the ER2 Program include the acquisition, construction, reconstruction, rehabilitation, or installation of facilities, improvements, or other components undertaken to extend, upgrade and otherwise enhance and improve the cost-effectiveness, reliability, efficiency, sustainability, or long-term financial viability of the grantee's electrical power system. Additional eligible activities include interim assistance; financing for public or private acquisition for reconstruction or rehabilitation, or for the reconstruction or rehabilitation of privately owned property; and activities undertaken to increase the resilience of the electrical power system to future disasters and to address the impacts of climate change. For detailed information about the program and its intent, please refer to the published Action Plan and Program Guidelines.<sup>19</sup>

- 9. Question:** Our entity has Section 3 workers, in accordance with the 2023 limits, perform about seventy percent (70%) of the labor hours performed for the business over the prior three (3)-month period, as documented within the last six (6)-month period. Which section of the CDBG-DR AND CDBG-MIT PROGRAM SECTION 3 BUSINESS CONCERN SELF-CERTIFICATION FORM we should complete?

**Response:** The PRDOH Section 3 Policy Guide<sup>20</sup> states business concerns can qualify if they meet one of the three (3) conditions:

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<sup>19</sup> Both CDBG-DR Energy Action Plan and ER2 Program Guidelines are available in English and Spanish on the PRDOH website at <https://cdbg-dr.pr.gov/en/electrical-system-enhancements/> and <https://cdbg-dr.pr.gov/red-electrica/>.

<sup>20</sup> The PRDOH Policy Guide is available at: <https://cdbg-dr.pr.gov/wp-content/uploads/2023/06/Policy-ADMINISTRATION-FEDERAL-COMPLIANCE-AND-LABOR-STANDARDS-FCLS-SECTION-3-POLICY-V.4.pdf>.

**1. LMI Owned and Controlled Business**  
Business Concerns that are fifty-one percent (51%) or more owned and controlled by low- or very-low income persons;

**2. Public Housing/Section 8 Ownership**  
Business Concerns that are at least fifty-one percent (51%) or more owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

**3. Labor Hours**  
Businesses with over seventy-five percent (75%) of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers.



Based on the information provided in this inquiry, it shows that the 75% mark is not met for the labor hours condition. Please consider verifying the hours recorded to see if any time was missed, increasing the hours tasked to those employees who qualify as Section 3 workers/targeted workers, or hiring new staff who will qualify as Section 3 workers/targeted workers. Once it has been demonstrated that the 75% mark has been attained, the Self-certification Form can be submitted. Additional ways to qualify as a Section 3 business concern can include business ownership by a public housing resident, Section 8-assisted housing, or LMI status as indicated in the graphic above and in the Section 3 Policy Guide.

**10. Question:** I am writing to seek clarification regarding the requirement mentioned on page 3 of the CDBG – DR application form. The specific section pertains to the submission of a complete and signed authorization for background and/or financial information through the grant application portal (GAP). The form is intended for completion by an individual (guarantor or owner of twenty-five percent (25%) or greater) to authorize the Puerto Rico Department of Housing (PRDOH) and/or its designees to request and obtain a background check and/or consumer credit report from any third party. This information is used to evaluate the individual's financial capacity for eligibility purposes under the Electrical Power Reliability and Resilience Program.

However, I would like to address a scenario where the guarantor is a company incorporated in Puerto Rico that is in good standing and possesses financial statements that demonstrate the company's financial capability, exceeding the requirements. In such cases, I kindly request clarification as to whether the authorization form is applicable. We would greatly appreciate your guidance on this matter to ensure compliance with the application requirements. Please let us know if any additional information is needed to facilitate this request.

**Response:** The Authorization for Background and/or Financial Information Form applies when an individual serves as a guarantor or owner of twenty-five percent (25%) or greater in the applying entity or a holding company serving as the guarantor of the applying entity.

If no individual holds a 25% or greater ownership stake in either the applying entity or the holding company serving as guarantor for the applying entity, the form is not applicable and does not need to be completed.

**11. Question:** How elaborate does what is going to be presented have to be? The entire project? The idea? We await your response. Thank you.

**Response:** Potential applicants are strongly encouraged to review the ER2 Program Guidelines<sup>21</sup> and register in the Grant Application Portal (GAP) to obtain access to additional materials that provide information on the project application submission requirements.

**12. Question:** In the event that the Puerto-Rican government is in need of procurement of electrical equipment, where can we go to get our company listed as a manufacturer/supplier?

**Response:** Entities seeking guidance on opportunities to provide goods and services to PRDOH for its CDBG-DR and CDBG-MIT Programs should visit the PRDOH Procurement pages<sup>22</sup> at the PRDOH website and register for opportunity alerts.

**13. Question:** I was reviewing the information about ER2 with the intention of applying with the [REDACTED] project. I would like help with the following questions first:

- a) The [REDACTED] project applied for the CDBG-MIT program under number [REDACTED], and is currently under evaluation. From what I understand of ER2, this Grant would be of greatest benefit to the [REDACTED] project. Please confirm that I can apply for both programs and that, if I am selected for both, I can choose the one that best suits the [REDACTED] project.
- b) I do not see the mechanism through which the funds would be distributed. I understand that for a private company, the Program would give up to 60% of the investment, with the company being the one that would provide the balance via capital or financing, but what is the process for the disbursement of the Grant? Would the company have to put in 100% and the grant reimburses it or do they make the disbursements against the construction program? Please elaborate.

**Response:**

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<sup>21</sup> ER2 Program Guidelines are available in English and Spanish on the PRDOH website at <https://cdbg-dr.pr.gov/en/electrical-power-reliability-and-resilience-program/> and <https://cdbg-dr.pr.gov/programa-para-la-fiabilidad-y-la-resiliencia-de-la-energia-electrica/>

<sup>22</sup> Procurement information can be found at the following pages: <https://cdbg-dr.pr.gov/en/resources/procurement/> and <https://cdbg-dr.pr.gov/en/procurement/>

- a) Eligible projects proposed by an eligible entity that have previously been submitted to receive funding/assistance from other CDBG programs may apply and be eligible for ER2. Eligibility reviews and determinations for all programs will be completed and notified to applicants for review and decision-making.
- b) Program funds will be disbursed based on the completion/achievement of performance milestones. Specific payment milestones will be determined on a project-by-project basis and further detailed in each project-specific agreement. Required documentation shall be submitted to PRDOH before requesting reimbursement or payments of costs incurred.

**14. Question:** Hello. Could you please provide an application template (preferably in Word or PDF format) for the ER2 application? I understand the application is completely online, however, I am a consultant grant writer seeking to support an eligible applicant in Puerto Rico with an application, and seeing a full application template will provide me the best understanding of what it requires to successfully submit an application, as the Guidelines and the Informative Session PowerPoint slides don't detail much about the application itself. If an application template is not available, is there a checklist for a complete application? Please respond at your earliest convenience. I'd like to help this applicant swiftly given the closure of the application period coming up in about a month.

**Response:** Entities interested in applying to the ER2 Program must register in the Grant Application Portal<sup>23</sup> in order to access and download the Application Form (in Word format) and other application materials. The Application Form details all the requirements for application submission. Entities can begin a draft application and save their progress as they review and complete the required forms.

**15. Question:** I hope this email finds you well. I am writing on behalf of [REDACTED]. We are interested in applying for funding through the Electrical Power Reliability and Resilience Program offered by the Community Development Block Grant (CDBG). We have a specific question regarding the eligibility criteria for applicants in our situation.

Our company holds a lease for [REDACTED] located in [REDACTED]. However, the ultimate ownership of the property lies with another.

Our question pertains to the eligibility of leaseholders to apply for CDBG funding under the Electrical Power Reliability and Resilience Program. Are leaseholders eligible to apply, or does the owner of the property need to file the application?

We would greatly appreciate your guidance on this matter as we are eager to pursue opportunities to enhance the electrical power reliability and resilience [REDACTED].

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<sup>23</sup> Access to the Grant Application Portal can be found at <https://cdbg-dr.pr.gov/iframes/GrantApp.html>



**Response:** Concerning your inquiry regarding the eligibility criteria under the ER2 Program, among various other threshold requirements, Section 5.2 of the ER2 Program Guidelines requires applicants who are leaseholders to demonstrate having control over the site where the project will be developed via an executed long-term lease agreement with the property owner's consent and agreement to participate in the Program. Additionally, Section 8.1 of the Program Guidelines requires applicants who are long-term leaseholders (minimum of 20 years required) to provide evidence with their application to show that the property owner is committed to lending the property for the proposed project.

For more information, please refer to the ER2 Program Guidelines.

**END OF DOCUMENT**