

# ADMINISTRATIVE AND LEGAL REQUIREMENTS DOCUMENT (ALRD)

DE-FOA-0003109

## Inflation Reduction Act (IRA): Mitigating Emissions from Marginal Conventional Wells

### Frequently Asked Questions (FAQs)

#### ----- START BATCH 1 -----

**Question 1:** As a Prime Applicant, what are the next steps towards starting an application?

**Answer 1:** Applicant's should thoroughly read the Administrative and Legal Requirements Document (ALRD). The States identified on the allocation list should already have a SAM and UEI number. Each State applicant should verify that their SAM registration is up-to-date. Each State should ensure that they are registered in Grants.gov and FedConnect.

Per Page 2 of the ALRD, there are several one-time actions that must be completed before submitting an application in response to the ALRD. They include:

- Prime Applicants must register with FedConnect and the ALRD. FedConnect website: <https://www.fedconnect.net>. Applicant's will utilize this system to submit Questions, and receive Answers, related to the ALRD. Additionally, if, or when, selected for Award, a Prime Applicant will receive Award documentation through FedConnect.
- Prime Applicants must be registered with SAM at <https://www.sam.gov/>. No registration is needed if the Prime Applicant is already registered.
- Prime Applicants must obtain an UEI from the SAM to uniquely identify the entity. No additional or new UEI is needed if the Prime Applicant already has an UEI.
- Prime Applicants must register with Grants.gov. A Prime Applicant cannot submit an application through Grants.gov unless they are registered.

**Question 2:** If a Prime Applicant needs assistance on an Application development, where do we seek assistance?

**Answer 2:** During the application phase, DOE/EPA cannot provide individualized assistance to States in preparing their application. All questions regarding the ALRD and application requirements need to be submitted through FedConnect at: <https://www.fedconnect.net> so that a timely response can be prepared. For increased awareness, on-going Questions and Answers will also be posted at: <https://www.grants.gov/web/grants/search-grants.html?keywords=DE-FOA-0003109>, under the "Related Documents" Tab. Application instructions/requirements are outlined in Section IV.C "Content and Form of the Full Application."

**Question 3:** Will an extension to the ALRD closing date be granted?

**Answer 3:** Yes, an amendment will be issued to extend the application submission deadline to October 10, 2023 by 5:00 PM (ET).

**Question 4:** What technical and procurement assistance can the DOE/EPA provide to the Prime Applicant's? Is there a full Merit Review?

**Answer 4:** During the application phase, DOE/EPA cannot provide individualized assistance to States in preparing their application. All questions regarding the ALRD requirements need to be submitted through FedConnect at: <https://www.fedconnect.net> so that a timely response can be prepared. The Prime Applicant shall be as complete as possible when addressing the required documents in Section IV.C of the ALRD and submit the documents by the application deadline.

No formal merit review will be conducted on submitted applications. As stated in Section V.A. of the ALRD, DOE will perform a Compliance Review and if compliant, will perform a Responsiveness Review to determine that the Applicant is eligible for an award and that the technical requirements set forth in the ALRD are met. Since no formal merit review is to be conducted, these reviews will determine if any discussions/clarifications are required with the Applicant to reach full compliance and responsiveness and if so NETL will work with individual applicants to address any remaining issues.

**Question 5:** Regarding the Head of Government Letter, is there sample language? Also, who does the Letter need to come from?

**Answer 5:** The Letter must be on State letterhead and signed by the Governor. The letter shall document the appointment of a sole entity within the State to apply for, receive, and administer the Award as authorized by this ALRD.

Sample language within the Letter may include:

"As the Governor of [State], I submit this letter in support of the [State's] application for consideration of funding pursuant to the subject ALRD, titled, "Administrative and Legal Requirements Document (ALRD): Inflation Reduction Act (IRA) – Mitigating Emissions from Marginal Conventional Wells".

Per Section III. of the ALRD, the [State/Agency/Instrumentality] will serve as the sole entity in [State] to apply as the Prime Applicant in response to the subject ALRD. The Point of Contact for the Governor's Office of [State] is [name/email/phone number]. The Point of Contact for the [State/Agency/Instrumentality] is [name/email/phone number]."

**Question 6:** Is the Appendix A – State Formula Allocation List and associated funding to States, final?

**Answer 6:** Yes, if ALL eligible States choose to apply. Allocations may be adjusted by the number of States applying to participate in the program. If eligible States choose not to participate, funds will be reallocated to participating States based on the same formula identified on the Allocation list with non-participating State(s) removed.

**Question 7:** Please explain/clarify allowable Project Costs vs Administrative costs that States can claim? For example, is a site inspection of a Department of Environmental Protection Employee (e.g. Inspector) of a well plugging project and their equipment (e.g. vehicle) a project cost or administrative cost?

**Answer 7:** Per Section IV.F.ii., for Applicants who receive an award under this ALRD, costs associated with administrative activities are limited to 10% of the allocation amount. This means a State may not use more than 10% of the allocated funds to administer the grant.

Administrative costs encompass grant expenses associated with administering the grant. These costs can be both direct and indirect. Therefore, the limitation applies to the combined claims for indirect costs and direct administration costs. Generally, direct administrative costs differ from indirect charges in that the latter are considered organization-wide costs.

Examples of direct administrative costs are salaries, benefits, and other Recipient expenses required to perform the following functions:

- Overall program management, program coordination, and office management functions including the salaries and related costs of the executive director, project director and/or project evaluator;
- Preparing program plans, budgets schedules, and related amendments;
- Preparing and monitoring of reports (e.g., project management plan, community benefits plan), programs, projects, subrecipients, and related systems and processes;
- Developing systems and procedures, including management information systems, for assuring compliance with program requirements;
- Evaluating program results against stated objectives; and
- Divisional level administrative services such as program-specific accounting, auditing, or legal activities.

Note: Costs are NOT considered administrative if they are considered “facility” costs under an approved indirect cost rate agreement (see 2 CFR §200.414).

**Question 8:** Regarding the well information listed in Appendix A of the ALRD, may an Applicant (State) obtain data related to those wells such as American Petroleum Institute (API) #'s, well names, latitude and longitudes, etc.?

**Answer 8:** The Department of Energy (DOE) and Environmental Protection Agency (EPA) are using proprietary data from Enverus, which compiles well data from State agencies. The State may reach out to Enverus for specific well data.

**Question 9:** Are States, any Marginal Well Owners/Operators, and/or contractors/service providers prohibited from generating income of any type by offsetting another party's greenhouse gas emissions associated with MERP funds?

**Answer 9:** Resultant awards will be subject to the "Use of Program Income – Addition" Term where, "If you (a Recipient) earn program income during the project period as a result of this award, you may add the program income to the funds committed to the award and use it to further eligible project objectives".

**Question 10:** How detailed does/do the Prime and Subrecipient Budget Justification(s) need to be as it is anticipated some budget categories (e.g. Contractual) will be to be determined (TBD).

**Answer 10:** An Applicant should make best efforts towards providing allowable, allocable, and reasonable estimates towards all budget categories. Regarding contractual costs, it is understood that at the time of Application, the Entities, and specific activities to be conducted by the entities, are likely "TBD", however, an Applicant shall provide a best estimate (through use of available historical data or reasonable engineering estimates for activities similar to those anticipated) towards associated costs with "TBD" entities and activities.

**Question 11:** Are Federally Funded Research and Development Centers (FFRDCs)/National Labs, eligible as subrecipients?

**Answer 11:** FFRDC's are not eligible as subrecipients.

**Question 12:** Is the formula disclosed in the ALRD? If some States don't accept the funds, how will funds be reallocated?

**Answer 12:** The formula is disclosed in the State Formula Allocation List located in Appendix A of the ALRD. If eligible States choose not to participate, funds will be reallocated to participating States based on the formula with non-participating State(s) removed.

**Question 13:** Do the States have to show how they will use the grant funds?

**Answer 13:** States will be required to submit detailed Budget Justification Workbook(s) and a Technical Volume describing how grant funds will be used. Additionally, the Workplan Section of the Technical Volume will convey activities associated with grant funding. Additional information related to these requirements can be found in Section(s) IV.C.iv, IV.C.vii, and IV.C.viii of the ALRD.

**Question 14:** Is the ALRD open to tribes?

**Answer 14:** Tribes need to work with their respective State to participate under this ALRD.

**Question 15:** What is the anticipated timeline for funds to be allocated to States?

**Answer 15:** As indicated on the cover page of the ALRD, it is expected that awards will be made, and funds will be allocated to States by no later than December 15, 2023.

**Question 16:** Does this ALRD identify the amount of money that specific States are eligible for based on the formula?

**Answer 16:** The specific amount of funding available for eligible States is disclosed in the State Formula Allocation List located in Appendix A of the ALRD.

**Question 17:** Who will be making the awards resulting from this ALRD?

**Answer 17:** Awards will be made and administered by the National Energy Technology Laboratory (NETL).

**Question 18:** How long will it take for money to get to owners/operators?

**Answer 18:** The timeline for the allocation of funding from States to owners/operators (who voluntarily choose to participate in the plugging and abandonment project for the State) will depend on the States' timeline for the identification, prioritization, and selection of Marginal Conventional Wells (MCWs) located on non-federal land for permanent plugging and abandonment.

**Question 19:** Are there any "contingencies" that States will have to comply with? For example, Justice40, community benefits?

**Answer 19:** States will be required to comply with the community benefits and Justice40 requirements outlined in Section IV.C.xiii of the ALRD.

**Question 20:** What is the sequencing of the funding?

**Answer 20:** States will be awarded the funds and will be responsible for determining how funds are distributed. States will need to screen and prioritize MCWs for permanent plugging and abandonment. Once states select MCWs for plugging and abandonment, funding can be distributed to owners/operators (who voluntarily choose to participate in the plugging and abandonment project for the State). For more information, see Appendix B of the ALRD.

**Question 21:** Will there be a program guidance document similar to the EPA Climate Pollution Reduction Grants (CPRG)?

**Answer 21:** The ALRD contains a Government Generated Statement of Project Objectives (Appendix B) that describes the activities to be conducted within these grants. Additional program guidance can be found in Sections I.A.i and I.B of the ALRD.

**Question 22:** How will methane emissions measurements be used in this grant opportunity?

**Answer 22:** States must measure methane emissions (for any well to be plugged and abandoned) before and after plugging to determine the amount of methane emissions mitigated. Methane emissions measurements may also be used to conduct a preliminary screening of emissions from MCWs as a mechanism to inform plugging prioritization. For more information, see Section I.B and Appendix B of the ALRD.

**Question 23:** Who can apply for the grants under this ALRD?

**Answer 23:** Eligible States, as noted in Section III.A.i and defined in Appendix A, are expected to apply to this ALRD. This could include a State entity that is appointed as the sole entity within the State to apply for, receive, and administer the award as authorized by this ALRD. For more information, see the Head of State Government Letter requirement in Section IV.C.ix of the ALRD.

**Question 24:** Why is the application period limited to 30 days?

**Answer 24:** The application period is being extended to October 10, 2023 by 5:00 PM (ET).

**Question 25:** Are States the only ones that can apply, or can air districts also apply?

**Answer 25:** As described in Section III.A.i of the ALRD, Prime applicants are limited to eligible States (or specific State entity designated to represent the State through a Head of State Government Letter) listed on the State Formula Allocation List in Appendix A of the ALRD. Other entities may participate as subrecipients/subcontractors on the awards.

**Question 26:** If States are concerned about the MCW numbers used in Appendix A of the ALRD, is there a path to raise those concerns?

**Answer 26:** The Department of Energy (DOE) and Environmental Protection Agency (EPA) are using proprietary data from Enverus, which compiles well data from State agencies. For States where Enverus data was not available, data from the Illinois Environmental Protection Agency and Indiana Department of Environmental Management was used. The MCW well count will not be altered, for the purposes of this ALRD, based on potential concerns or disputes in the data.

**Question 27:** Is the money exclusively for plugging of marginal wells or is there money for compliance assistance/repairs for those owners who wish to keep their wells?

**Answer 27:** Funding is limited to projects that are directly related to the permanent plugging and abandonment of MCWs on non-Federal lands in accordance with applicable State or Federal standards and regulations, as described in Section I.B of the ALRD.

**Question 28:** Can these funds be used to increase staff capacity to do work?

**Answer 28:** Funds may be used to support the staff and infrastructure necessary to complete the work outlined in the ALRD. It is also noted these costs may fall under the 10% Administrative Cost Cap included in Section IV.F.ii of the ALRD.

**Question 29:** Will the money go to owners / operators to plug the wells, or would the State be responsible for plugging the well?

**Answer 29:** Funding will be issued to States, and it's up to the States to determine how to allocate the funds to most effectively achieve the intended plugging, abandonment, and emissions monitoring work identified within the Government Generated Statement of Project Objectives located in Appendix B of the ALRD. Given that wells targeted by this funding have identified owners / operators, it is anticipated that States would coordinate with owner / operators for wells targeted for voluntary plugging and abandonment to determine the most appropriate mechanisms for achieving the work.

**Question 30:** What is the mechanism for verification? This could influence a State's decision to work with owners, operators, etc.

**Answer 30:** Activities related to the plugging and abandonment of MCWs on non-Federal lands must be done in accordance with applicable State or Federal standards and regulations. Guidelines to be used in required pre- and post-plugging methane emissions measurements will be provided to States as identified in Sections I.A.i, I.B, and Appendix B of the ALRD.

**Question 31:** Is municipal solid waste included in the scope of this ALRD?

**Answer 31:** No, this ALRD is limited to projects that are directly related to the permanent plugging and abandonment of MCWs on non-Federal lands in accordance with applicable State or Federal standards and regulations, as described in Section I.B of the ALRD.

**Question 32:** Regarding the MCW definition, what is the timeline for the 15 barrels of oil equivalent per day (BOED)? Is it based on the last 12 months or last couple years?

**Answer 32:** The MCW definition is based on a 12-month period as indicated in Appendix E of the ALRD.

**Question 33:** Will State applications be reviewed on a rolling basis? Does that have any bearing on when they'll receive the funds? At what point can States expect to have the money to start spending?

**Answer 33:** Applications will not be reviewed on a rolling basis. As outlined on the cover page of the ALRD, full applications must meet the submission deadline. All applications will undergo review following that application deadline, and awards are expected to be made by no later than December 15, 2023.

**Question 34:** Can some of the grant funds be spent to purchase methane measurement equipment and train staff to use it? Or is the operator required to measure and quantify emissions?

**Answer 34:** Methane emissions measurements should be collected in the most cost-efficient manner. Equipping and training staff to conduct methane emissions measurements is not the intent of this ALRD, but this may be done if it can be demonstrated to be more cost effective than subcontracting the measurement work required to comply with requirements of the ALRD. It is also noted that some costs associated with these activities could fall under the 10% Administrative Cost Cap included in Section IV.F.ii of the ALRD.

----- **END BATCH 1** -----