

**STATEMENT OF  
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AND ACTING UNDER SECRETARY FOR INFRASTRUCTURE  
U.S. DEPARTMENT OF ENERGY  
BEFORE THE  
COMMITTEE ON INDIAN AFFAIRS  
UNITED STATES SENATE  
REGARDING  
IMPLEMENTATION OF THE BIPARTISAN INFRASTRUCTURE LAW  
AND INFLATION REDUCTION ACT IN INDIAN COUNTRY  
March 29, 2023**

**Introduction**

Chair Schatz, Vice Chair Murkowski, and distinguished Members of the Committee, thank you for this opportunity to provide an update on the Department of Energy’s (DOE or the Department) efforts to implement the Infrastructure Investment and Jobs Act, also referred to as the Bipartisan Infrastructure Law (BIL), and the Inflation Reduction Act (IRA) in Indian Country. All of us at the Department are incredibly grateful for the contributions of this committee in formulating and enacting these landmark laws and for your ongoing guidance during their implementation.

Taken together, the BIL and IRA represent historic investments in renewing energy infrastructure in Tribal communities for decades to come through a variety of competitive and formula grant programs, loan guarantees, and tax credits. These investments are intended to address the longstanding need for updated infrastructure across Indian Country, with a keen focus on creating lasting, good-paying jobs, and helping to tackle ongoing challenges including energy access, reliability, and costs. On behalf of DOE, I thank you and your staffs for your vision, leadership, and partnership in the passage and implementation of these laws.

Last year, the Department underwent a strategic realignment, in which we created the new Office of the Under Secretary for Infrastructure. This new Under Secretariat includes the new Office of State and Community Energy Programs (SCEP), Grid Deployment Office (GDO), and Office of Manufacturing and Energy Supply Chains (MESC), the BIL-created Office of Clean Energy Demonstrations (OCED), and existing mission-aligned offices, like the Office of Indian Energy (IE) and the Loan Programs Office (LPO). Housing these offices, among others, under “one roof” is helping DOE maximize the effectiveness of BIL and IRA programs and boost DOE’s ongoing work to reduce energy costs through low-cost clean energy resources, create jobs and stimulate American manufacturing and industrial competitiveness, increase equity and environmental justice, and support meeting ambitious climate goals. I am pleased to be here today to detail our efforts in implementing these laws in Indian Country, as well as the successes and challenges we have encountered thus far.

**Highlights of BIL and IRA Energy Provisions for Native Communities**

*Office of State and Community Energy Programs (SCEP)*

The Office of State and Community Energy Programs, also known as SCEP, designs and implements several formula grant programs that are distributed to Tribes, as well as to state and local governments. With a new \$550 million investment allocated by Congress in the BIL, SCEP

is implementing the Energy Efficiency and Conservation Block Grant (EECBG), which can be used by Tribes for a wide array of uses, ranging from standing up financial incentive programs for energy efficiency improvements to upgrading community infrastructure like streetlights and traffic signals to installing renewable energy technology. EECBG sets aside \$8.8 million in formula allocations for 574 Federally recognized Tribes, 229 Alaska Native Villages, and 13 Alaska Native Regional Corporations.

The EECBG program's formula allocations opened for applications on January 20, 2023, with a deadline of April 28, 2023. For Native communities and local governments that are not eligible for a formula allocation based on population, EECBG sets aside an additional \$8.8 million for a competitive grant program. Earlier this year, the Department solicited public feedback from State-recognized Tribes and other stakeholders on the design of this competitive grant program through a Request for Information (RFI). The Funding Opportunity Announcement (FOA) for the EECBG competitive grant program is expected in the coming weeks.

SCEP also leads the Weatherization Assistance Program (WAP), which was allocated an additional \$3.5 billion by Congress in the BIL. The formula Weatherization Assistance Program provides services to income-eligible households throughout the country including on Tribal lands. Most commonly, DOE WAP funds are provided to state governments and the funding is passed through to a local weatherization agency or Tribe. Eligible weatherization services under the program include insulation repairs and upgrades, installation of energy efficient doors and windows, and home air sealing. The application for WAP formula funds under the BIL closed on July 1, 2022. The Department is currently in the process of distributing allocations.

To help Tribal households lower their home energy costs and boost efficiency, the Inflation Reduction Act includes a \$225 million set-aside from the High-Efficiency Electric Home Rebate Program. Grants from DOE can be used by Tribes and Alaska Native Villages and Regional Corporations to set up home energy rebate programs that directly fund housing upgrades for Tribal households. Rebates will provide immediate discounts on a variety of equipment and energy efficiency upgrades, including heat pumps, heat pump hot water heaters, heat pump clothes dryers, induction stoves, electrical panel upgrades, electrical wiring upgrades, and air sealing and insulation. If a Tribal household earns between 80 and 150 percent of the Area Median Income (AMI), they are eligible for rebates worth half the cost of the energy efficient upgrades. Tribal households below 80 percent of the AMI are eligible for rebates covering the full cost of the upgrades. Each Tribal household can receive up to \$14,000 through the rebates.

While Congress has already stipulated States' formula allocations under this program, SCEP is continuing to engage with Tribes to discuss program design and Tribal allocation amounts. SCEP is working with other DOE programs and with the U.S. Department of Housing and Urban Development to discuss various formula options based on population, poverty, and other factors. SCEP is also going through a formal consultation process to receive input from Tribes. SCEP will host a Tribal Consultation virtual event on March 29, 2023. Executives of Tribal Governments and Alaska Native Entities received "Dear Tribal Leader" letters inviting them to this virtual event on March 1. Executive leaders of Indian Tribes and their designees are also welcome to submit written comments to DOE on their preferences for the forthcoming Tribal rebate programs by April 28. DOE is also reaching out to a variety of other Tribal organizations, Tribal networks, and

Federal programs that work with Tribes to spread awareness of this program, the March 29 Consultation, and the opportunity to submit comments to DOE.

### *Grid Deployment Office (GDO)*

By passing the BIL, Congress enacted a mandate on the Department to renew the Nation’s electric grid infrastructure, making it more resilient, efficient, and reliable for generations to come. The Department’s newly created Grid Deployment Office, also referred to as GDO, is leading our effort on this front. This effort includes the BIL’s Grid Resilience Formula Grants – a five-year, \$2.3 billion formula grant program for states and Tribes to carry out activities to harden the grid and make it more resilient to disruptive events.

GDO has opened the first round of funding made available for fiscal years 2022 and 2023, including allocations for Tribes, Alaska Native Village Corporations, and Alaska Native Regional Corporations for the first two fiscal years of the five-year program. GDO has conducted significant outreach to states, Tribes, and territories to implement the State and Tribal Formula Grants program, including direct outreach to over 170 Tribes, Tribal regional organizations, and Tribal utilities; public outreach to Tribes by attending local Tribal conferences; direct outreach and meetings with Tribal Leaders and providing application assistance through application templates and identifying additional sources of funding for Tribes to help meet cost-matching requirements such as the U.S. Treasury Department’s Local Assistance and Tribal Consistency Fund (LATCF).

Tribes have been clear about the challenges they face in accessing funding to apply for programs. Specifically, remote and rural Tribes have identified that lack of reliable internet prevents them from applying to the program through an online portal. On March 20, 2023, GDO announced a mail-in option to address this challenge and extended the deadline to May 31, 2023, to allow Tribes additional time to complete their applications. Tribes have noted the challenge of the statutorily required cost-match; the deadline extension also allows more Tribes to apply to the LATCF, which can be used as matching funds.

Additionally, Tribes have indicated an interest in using consortium applications for this program to help address capacity constraints for Tribes applying to and administering these funds. The statutory language in BIL requires that funding is provided directly to Tribes. To address the capacity constraints of Tribes to apply to this program, DOE allows Tribes to designate a third-party to the prepare, submit, and administer a resulting grant. Once individual Tribes receive funds, they are eligible to work together to use funds on a joint project with that shared funding.

Our team has worked to maximize the flexibility of this program to meet the needs of Tribes, while ensuring we are working within the clear statutory language in the law. GDO will continue to work with Tribes to address any challenges they are facing, and our team is happy to meet with the Committee and its members to discuss these challenges further and how to address them. We would welcome the opportunity to work with this committee to provide additional flexibility to meet the needs of Tribes. The Grid Deployment Office also leads the Inflation Reduction Act’s Transmission Siting and Economic Development grant program, which allocates \$760 million to support Tribes, States, and local communities in the siting and permitting of interstate and offshore electricity transmission lines as part of a broader effort to boost grid reliability and resilience. If a Tribe does not have a designated “siting authority” for transmission projects, including projects

crossing reservation lines, they may still be eligible for a grant under the program for economic development activities for communities that may be affected by the construction and operation of a covered transmission project. The Arctic Energy Office is working with stakeholders in the Department and Alaska on the challenge of non-interstate and microgrids for Alaska communities.

The RFI for the Transmission Siting and Economic Development grant program closed on February 28, 2023. Program experts are currently undertaking a detailed review of public comments received during the RFI solicitation. GDO also plans to seek additional feedback in the coming months through listening sessions with interested stakeholders, including Tribal Nations, to ensure that the transmission siting program can effectively meet the transmission and economic development needs of these communities. The Department anticipates issuing the first Funding Opportunity Announcement under this program later this year.

#### *Office of Clean Energy Demonstrations (OCED)*

In the BIL, Congress allocated \$1 billion for the Energy Improvements in Rural or Remote Areas (ERA) program, which will help increase energy affordability and promote climate resilience in rural and remote communities. The first round of funding from this program made \$300 million available and opened on March 1, 2023. Concept papers for the funding announcement are due April 14 and full applications are due June 28.

ERA also includes a \$15 million prize competition, called the Energizing Rural Communities Prize, to help Tribes and rural communities build the capacity needed for clean energy development and deployment. This prize competition will help build partnerships by connecting Tribes and communities to government funding and a network of partners that can help implement clean energy projects. The prize will help selectees develop plans to access capital and/or develop community ownership models. Full applications for the Energizing Rural Communities Prize are due May 24, 2023.

#### *Loan Programs Office (LPO)*

In the IRA, Congress made permanent the ability for the U.S. Treasury Federal Financing Bank to issue direct loans, guaranteed by DOE via LPO, to Tribes under the Tribal Energy Loan Guarantee Program (TELGP). This change – in addition to other changes in Fiscal Year 2022 to the TELGP solicitation to clarify ownership requirements, lending obligations, and fees – has increased interest in and accessibility to TELGP loans. The IRA also increased the available loan authority under TELGP from \$2 billion to \$20 billion and provided \$75 million for the Loan Programs Office to carry out the program. Under TELGP, DOE can support Tribal energy financing to eligible Indian Tribes, including Alaska Native Villages or regional or village corporations, or Tribal Energy Development Organizations certified by the Secretary of the Interior under 25 CFR Part 224, Subpart J, for the development of energy resources like solar, wind farms, microgrids, mining and fossil energy production, and transmission and distribution.

Through funds allocated in the IRA and in base appropriations, LPO continues to grow its TELGP Outreach and Business Development footprint – through ongoing communication with Tribal leaders to solicit feedback about the proposed design of TELGP, one-on-one meetings with Tribal leaders to better understand areas of need, and participation in Tribal energy summits and events. Through the first three months of FY 2023, 270 (123 initial and 147 follow-ups) outreach meetings

were held, and four applications were officially submitted, totaling nearly \$500 million dollars in requested TELGP financing. LPO will continue to work diligently to utilize the \$20 billion in aggregate loan authority provided by the IRA to ultimately deliver important energy and economic benefits to Indian Tribes.

### *Office of Indian Energy (IE)*

The Department's Office of Indian Energy Policy and Programs plays a critical role in DOE's outreach to Tribal communities and coordinates across the Department to ensure that the programs we launch that have Tribal elements – out of any of our program offices – are thoughtfully crafted to best serve the needs of Indian Country.

In addition to leading programs that are funded through annual appropriations and conducting internal coordination across DOE, IE hosts a series of webinars and other external stakeholder engagement events to solicit input and feedback from Tribal communities on program design, program details, and technical assistance to build toward their priorities, including the deployment of clean energy infrastructure in Indian Country.

The Office of Indian Energy hosts the Indian Country Energy and Infrastructure Working Group, which brings government and Tribal leaders together to collaborate and gain insight into real-time Tribal experiences representing obstacles and opportunities in energy and related infrastructure development. The Working Group's most recent meeting was in Blue Lake Rancheria, California, and participants included the Loan Programs Office, Grid Deployment Office, Office of Cybersecurity, Energy Security, and Emergency Response, Office of Clean Energy Demonstrations, and Office of Manufacturing and Energy Supply Chains. The next Working Group meeting is slated for late May, hosted by the Seneca Nation in New York.

IE also helped lead the effort and hosted the DOE Tribal Clean Energy Summit in October 2022 – a nation-to-nation discussion to explore how Tribes can harness clean energy to enhance energy sovereignty, address climate resilience, and build stronger economies. This input and collaboration are especially important given the sizeable new investments in Tribal energy infrastructure through the BIL and IRA.

### **Challenges in the Implementation of BIL and IRA in Indian Country**

While we are proud of our track record of outreach to Tribes as well as our pace of implementation of the BIL and IRA, the Department has also encountered some challenges as we continue to deploy clean energy across Indian Country.

One consistent challenge that we hear is a lack of administrative capacity to successfully complete applications for competitive grants and loans. Many Tribes oftentimes lack the technical expertise and resources to fill out more complex longform applications – like with TELGP – and comply with annual reporting requirements.

What makes this more difficult is that in some cases – like with the Grid Resilience Formula Grants program described above – the statute requires that grants be awarded to individual Tribes, which prohibits Tribal consortia from pooling their resources to apply for and receive funds. A suggestion that we have heard from Tribal leadership is to allow for consortia to apply to help increase

capacity and maximize efficiencies among Tribal communities. Another suggestion we have heard is to better promote non-competitive sources of funding (i.e., formula grants) that offer Tribes a more level playing field and do not necessitate the same level of administrative capacity.

As mentioned previously, the Grid Deployment Office has made a number of thoughtful program design decisions within statutory boundaries, like allowing Tribes to utilize a third-party to help with grant applications and administration, as well as making it clear that Tribes can work together after receiving competitive grant funding on a joint project. Even so, these design elements do not have the same impact that allowing pooled funds and applications would have.

A related challenge that we face in implementing these historic laws in Indian Country is the cost-share requirement that many of our programs have. Depending on the project, Tribes are oftentimes statutorily required to cost match at least 15 percent and up to 115 percent of Federal funds, making several of our programs cost-prohibitive for smaller and less-resourced Tribes. In 2020, Congress authorized DOE to lower the cost-share requirement for programs administered by the Office of Indian Energy from 50 percent to 20 percent, which could be further reduced to 10 percent if the Tribal applicant falls below certain poverty and median household income thresholds. We thank Congress for taking this important step and encourage similar policies moving forward.

The Department has also heard concerns from Tribes regarding a “return on investment” issue. For example, the Energy Independence and Security Act of 2007 stipulates that two percent of EECBG program formula funds be allocated to Federally recognized Tribes through a formula established by the Secretary. In the BIL, Congress appropriated \$550 million to the program, substantially less than was appropriated by the American Recovery and Reinvestment Act, but did not change this formula. This has meant that the vast majority of Tribes are eligible for allocations of less than \$15,000. DOE has done what it can to mitigate this, and in this case the Department used its authority to establish a minimum of \$10,000 per allocation, since many Tribes would otherwise have been significantly less. However, this allocation amount is very small relative to the amount of work required by a small Tribe to apply for and manage a Federal grant. An increase in the percentage of funds allocated to Tribes through the EECBG allocation formula would enable DOE to provide additional formula funding to Tribes, including a higher minimum funding level.

We have encountered similar issues in the implementation of the Grid Resilience Formula Grants; the Department has implemented a minimum formula allocation of \$30,000 to mitigate how miniscule the allocations would have otherwise been for Tribes, but due to statutory constraints it remains far from sufficient for the magnitude of investments needed to bring Tribal communities in step with their non-Tribal counterparts in terms of lower-cost, reliable clean energy infrastructure.

## **Conclusion**

The Bipartisan Infrastructure Law and Inflation Reduction Act have tremendous potential to shift Tribal energy transition into the next gear, with equity and opportunity at the top of mind. The Department of Energy looks forward to continuing our work with Congress and this committee specifically to build on our shared successes and find paths forward to overcome the challenges we face in the implementation of these laws. Thank you again for the opportunity to testify before you today. I look forward to your questions.