**Section 710.70 Grant Agreements and Grant Administration**

a) Grant Agreements and Payment Disbursements

1) Applicants selected to receive a grant will enter into a grant agreement with the Department, which specifies the terms and conditions of the award. Grant awards will be administered in a manner that complies with all applicable State and federal requirements including, but not limited to, GATA, the Uniform Guidance and the Act and this Part. The Department reserves the right to suspend or terminate a grant agreement, recoup grant funds received under this Part or withhold any future year funding for non-compliance with the provisions in the grant agreement or non-compliance with applicable State and federal laws pursuant to the requirements of the Grantee Compliance Enforcement System, 44 Ill. Adm. Code 7000.80.

2) Grant payments shall be made by the Department to a grantee only once the grantee provides an interconnection agreement with PJM Interconnection, LLC or Midcontinent Independent System Operator, Inc. and the grantee's energy storage facility has been placed into commercial operation. Therefore, grantees must be able to pay for energy storage facility construction costs. *The Department shall make the grant payments to* the grantee *in equal annual amounts for 10 years following the date the grantee's energy storage facility is placed into commercial operation. The annual grant payments to a qualifying energy storage facility shall be $110,000 per megawatt of energy storage capacity, with total annual grant payments not to exceed $28,050,000 in any year.* [20 ILCS 3855/1-75(c)(10)(C)] Total program expenditures throughout the life of the program may not exceed $280,500,000.

A) Grant award amounts will be based on the energy storage capacity provided by the grantee in its application. The Department reserves the right to reduce the grant award amount or modify the award amount if it determines after installation, based on information provided by the grantee, that the actual energy storage capacity is less than the grantee's proposed energy storage capacity.

B) As part of the grant agreement requirements, grantees will be required to submit a commissioning plan that must be approved by the Department, which will set forth the requirements for when the energy storage facility is considered successfully placed into commercial operation and will include verification of the facility specifications and evidence that the facility is operational.

3) Grant agreements *shall specify the date or dates in each year on which the annual grant payments shall be paid.* [20 ILCS 3855/1-75(c)(10)(D)]

b) Grant Performance, Administration, Monitoring and Reporting Requirements

Grantees shall comply with all GATA and Department requirements set forth in the grant agreement for grant performance, administration, audits, monitoring and reporting.

1) Grant performance goals and performance and expenditure reporting will be based on the specific grant project activities of each grant award and will follow GATA requirements (44 Ill. Adm. Code 7000.410), which can include periodic financial and performance reports at least annually and financial and performance close-out reports after the end of the grant term (See 44 Ill. Adm. Code 7000.440). The deadlines for all required reports will be set forth in the grant agreement. In addition to the performance and financial reports, grantees will be required to submit the following to the Department by the deadlines set in the grant agreement:

A) Documentation demonstrating the new energy storage facility is being constructed or installed by a qualified entity or entities consistent with the requirements of subsection (g) of Section 16-128A of the Public Utilities Act [220 ILCS 5/16-128A(g)] and any rules adopted under that Section.

B) Documentation demonstrating that *personnel operating the energy storage facility will have the requisite skills, knowledge, training, experience and competence*. [20 ILCS 3855/1-75(c-5)(10)(C)]

C) A report certifying that the prevailing wage is being paid to employees engaged in construction activities associated with the new energy storage facility. This includes the energy storage facility owner's employees and employees of the owner's contractors. This report must be submitted before the commercial operation date of the new energy storage facility and before any disbursement of funds.

D) A report detailing a project labor agreement once one is executed with the entities constructing the new energy storage facility. The report will provide evidence that diversity threshold requirements were achieved and detail pathways to meet diversity targets, improve diversity at the applicable job site, create diverse apprenticeship opportunities, and create opportunities to employ former coal-fired power plant workers.

E) A copy of the grantee's diversity, equity and inclusion plan filed with the Illinois Commerce Commission (See subsection (c)) and any revisions thereto. The grantee will be required to submit to the Department the annual report the grantee files with the Illinois Commerce Commission detailing the grantee's progress in implementing its plan and achieving its goals.

F) Documentation or other evidence after installation of the energy storage facility that the energy storage facility is able to meet the provided storage capacity, which was the basis for the grant award amount.

G) An annual report that provides the storage system performance data to the Department electronically. The grantee will annually provide data on:

i) Alternating Current energy consumption for storage system charging; and

ii) Alternating Current energy discharge from the system to the grid.

H) Electronic data submissions will provide energy consumption data and energy discharge data in time-and-date-stamped increments of fifteen minutes or less throughout the annual reporting period.

2) Grant audits shall be based on the standards set forth in the GATA Rule (44 Ill. Adm. Code 7000.90).

3) Grantees must monitor their grant activities and those of any subrecipients and contractors to assure compliance with applicable State and federal requirements and to assure their performance expectations are being achieved. The Department will monitor the activities of grantees to assure compliance with all requirements and performance expectations of the award. Grantees shall timely submit all required reports, and shall supply, upon the Department's request, documents and information relevant to the award. The Department may monitor activities through site visits.

4) All grant recipients shall have an affirmative duty to notify the Department of any changes in corporate structure that affect one or several of these conditions:

A) The ownership interest of the electric generating unit owner;

B) The relationship between the electric generating unit owner and the grant recipient, if the grant recipient is not the unit owner; or

C) The ability of the grantee to complete its requirements in the grant agreement.

5) Grant recipients will be prohibited from interconnecting the energy storage facility project supported by this Program with any new renewable energy facility or energy storage facility located at the same site or an adjacent site and which is selected by the Illinois Power Agency pursuant to Section 1-75(c-5) of the Illinois Power Agency Act [20 ILCS 3855] to enter into a contract to sell renewable energy credits to one or more electric utilities from the new renewable energy facility.

c) Diversity, Equity and Inclusion Plans

1) Each grantee selected by the Department to receive a grant or grants to support the construction and operation of a new energy storage facility or facilities in accordance with this Part shall, within 60 days following execution of a grant agreement with the Department, submit to the Illinois Commerce Commission, in a format determined by the Commission, *a diversity, equity, and inclusion plan setting forth the grantee's numeric goals for the diversity composition of its supplier entities for the new energy storage facility, which shall be referred to for purposes of this* *subsection (c)(1) as the project, and the grantee's action plan and schedule for achieving those goals*. [20 ILCS 3855/1-75(c-5)(9)(C)(11)(A)]

2) For purposes of this subsection (c)(1), *diversity composition shall be based on the percentage, which shall be a minimum of 25% of eligible expenditures for contract awards for materials and services (which shall be defined in the plan) to business enterprises owned by minority persons, women, or persons with disabilities as defined in Section 2 of the Business Enterprise for Minorities, Women, and Persons with Disabilities Act [30 ILCS 575/2], to LGBTQ business enterprises, to veteran-owned business enterprises, and to business enterprises located in environmental justice communities. The diversity composition goals of the plan may include eligible expenditures in areas for vendor or supplier opportunities in addition to development and construction of the project, and may exclude from eligible expenditures materials and services with limited market availability, limited production and availability from suppliers in the United States, such as solar panels and storage batteries, and material and services that are subject to critical energy infrastructure or cybersecurity requirements or restrictions. The plan may provide that the diversity composition goals may be met through tier 1 (prime contractor) or tier 2 (subcontractor) expenditures or a combination thereof for the project.* [20 ILCS 3855/1-75(c-5)(C)(11)(B)]

3) The plan shall provide for, but not be limited to:

A) *Internal initiatives, including multi-tier initiatives, by the grantee, or by its engineering, procurement and construction contractor if one is used for the project, which, for purposes of this subsection (c)(3)(A), shall be referred to as the EPC contractor, to enable diverse businesses to be considered fairly for selection to provide materials and services;*

B) *Requirements for the grantee or its EPC contractor to proactively solicit and utilize diverse businesses to provide materials and services; and*

C) *Requirements for the grantee or its EPC contractor to hire a diverse workforce for the project.*

4) *The plan shall include a description of the grantee's diversity recruiting efforts both for the project and for other areas of the grantee's business operations. The plan shall provide for the imposition of financial penalties on the grantee's EPC contractor for failure to exercise best efforts to comply with and execute the EPC contractor's diversity obligations under the plan. The plan may provide for the grantee to set aside a portion of the work on the project to serve as an incubation program for qualified businesses, as specified in the plan, owned by minority persons, women, persons with disabilities, LGBTQ persons, and veterans, and businesses located in environmental justice communities, seeking to enter the renewable energy industry*. [20 ILCS 3855/1-75(c-5)]

5) The grantee may submit a revised or updated plan to the Commission from time to time as circumstances warrant. The grantee shall file annual reports with the Commission by June 1, commencing June 1, 2023 or the earliest based on receipt of a grant, detailing the grantee's progress in implementing its plan and achieving its goals and any modifications the grantee has made to its plan to better achieve its diversity, equity and inclusion goals. The grantee shall file a final report on the fifth June 1 following the commercial operation date of the new energy storage facility, but the grantee shall thereafter continue to be subject to applicable reporting requirements of Section 5-117 of the Public Utilities Act [220 ILCS 5/5-117].

d) Records Retention

Grantees shall maintain, for the period of time set forth in the GATA rules (44 Ill. Adm. Code 7000.430(a) and (b)) adequate books, all financial records and supporting documents, statistical records, and all other records pertinent to the program. If any litigation, claim or audit is started before the expiration of the retention period, the records must be retained until all litigation, claims or audit exceptions involving the records have been resolved and final action taken. Grantees shall be responsible for ensuring that contractors and subrecipients comply with the retention requirements.