



Propane Resilience Enhancement Program (Part A) Overview and Request for Applications

Introduction

The Propane Resilience Enhancement Program (PREP) grant is a two-part program (Parts A and B). The overall goal is to ensure the adequacy of supply and affordability of pricing for residential and commercial consumers in Michigan who rely on propane as a primary energy source or as part of their preparedness and continuity plans.

Under Section 510 (2)(a) of PA 119 of 2023, the Michigan state legislature appropriated \$5 million to develop and expand the storage capacity of wholesale and retail propane suppliers in Michigan who transport/distribute via rail or truck.

Eligibility

Applicants for PREP Part A grants should be propane storage and distribution companies that are licensed to do business in Michigan¹ or large-scale customers or entities, like local units of governments, agricultural entities, and railroads, and are undertaking the project to enhance propane supply and resilience. The PREP can cover up to 50% of material, labor, and equipment associated with the installation or rehabilitation of propane storage infrastructure up to a maximum of \$300,000 for retail providers and \$600,000 for wholesale providers.

Applicants must not appear on the Federal Debarment and Suspension List (www.sam.gov/SAM/), and must be in good standing with EGLE programs (i.e. no EGLE grant revoked or terminated and no demonstrated inability to manage a grant or meet obligations in a project contract with EGLE).

Eligible Activities

Grant funding is restricted to activities that support the development or expansion of wholesale and retail propane storage capacity in Michigan. Eligible costs include, but are not limited to, storage tanks, truck turnouts, loading/unloading equipment, and related permanently affixed equipment specific to trucking or rail integration. Work items listed as eligible as part of the Michigan Department of Transportation's (MDOT) Freight Economic Development Program (FEDP) will be considered ineligible for this program. A full list of eligible expenses can be found below. Not all eligible costs will necessarily be approved as part of the PREP project.

Work items and activities eligible for funding may include:

- Propane storage tanks
- Propane loading/unloading equipment not associated with rail transport
- Site preparation for additional propane storage capacity, including grading, excavation, and removing/relocating of utilities
- Propane transport truck turnarounds

¹ Must be a registered corporation with the Michigan Department of Licensing and Regulatory Affairs (DLARA)

- Lighting in the vicinity of the propane storage facility necessary for the loading/unloading of transport trucks
- Safety management, prevention, and response equipment
- Shelter for loading/unloading propane transport trucks
- Security enhancements/improvements at site of storage expansion, including cameras, lighting, etc.
- Additional work items will be considered on a per-application basis.

Rail associated work items will be considered **ineligible** for funding as they are already eligible under MDOT's FEDP. Applicants are directed to apply for these work items separately through MDOT.

- Construction, repair, or rehabilitation of rail spur or siding (*Including, track, ties, and ballast*)
- Site preparation, including grading, excavation and removing/relocating utilities at rail facilities
- Turnouts, including mainline turnouts that are billed as a capital cost directly to the customer/project
- Fixed Rail Scales
- Rail Pits, Bays, and/or Crossings
- Conveyor systems or other fixed systems needed specifically to load/unload rail cars
- Modifications to existing buildings to accommodate rail loading/unloading (*Including larger doors & fire-suppression systems*)
- Paving in the immediate vicinity of the track necessary for loading/unloading rail cars
- Lighting in the vicinity of the track necessary for loading/unloading rail cars
- Fall-protection systems for the loading/unloading of rail cars
- Track spill containment systems or pads
- Shelter for loading/unloading rail cars

Ineligible Activities

Any activities not directly related to developing or expanding wholesale and retail propane storage capacity in Michigan are not grant eligible. For example, project planning expenses are ineligible for funding or reimbursement. Additionally, commercial and residential customer tanks should not be included in grant applications, with the exception of storage tank expansions at critical infrastructure sites used specifically for resilience (e.g., generator fuel for electricity backup). Eligibility will be project specific and determined on a case-by-case basis by EGLE/MPSC. Company indirect costs (rent, overhead, etc.) are not grant eligible.

Funding

The PREP Part A seeks to disburse funding to storage and distribution entities supplied by rail, truck, pipeline, or other means. This is intended to bolster resilience and ensure a diversity of supply and distribution methodology, as well as allow for equitable disbursement of funds between retail and wholesale providers. Applicants should identify transport method (rail, truck, pipeline, etc.) of incoming propane supply upon submission.

The maximum grant award per application is \$300,000 for retail providers and \$600,000 for wholesale providers. Grantees are required to contribute at least 50% of projected project costs. Please highlight any cost participation that is over and above the minimum 50%.

Applications will be reviewed for suitable use of funds, and successful applications will clearly define project scope, demonstrate storage expansion or improved resilience, and provide an appropriate budget justification. All applications will be scored and processed according to the scoring criteria described below.

Total grant award will be based on reasonably estimated costs and documentation provided by the grantee at the project onset. The grant will function on a reimbursement basis whereas work must occur, and associated invoices or documentation must be submitted to EGLE prior to grant funds being paid to the grantee. A grant agreement is required before any reimbursable costs can be incurred.

For application purposes, a quote/estimate for the proposed work is acceptable as a budget justification. All non-professional services must be competitively bid. A signed contract is needed for services over \$50,000 before reimbursement can be made. Force account may be utilized with justification documenting the need. Force account fringe benefits are limited to 40 percent and holiday and overtime pay is not grant eligible.

If all available program funds have not been allocated after the initial application period is closed and projects are funded, EGLE/MPSC will determine the most appropriate course of action within available timeframe established by the Michigan Legislature.

Scoring Criteria

Applications are evaluated for increased propane storage volume, improved propane distribution capabilities, geographic distribution (area served or improvement to regional resilience), and resilience enhancement of critical customers. All projects, at a minimum, must increase propane storage capacity or throughput. EGLE/MPSC will use the following factors in evaluating applications:

- Size and storage capacity upgrade at the facility (# of gallons, tanks, etc. and percent capacity increase)
- Storage capacity increase to county/region (Geographic distribution/location)
- Throughput capacity increase, number of trucks or additional rail cars served
- Improved service/reliability to new and/or existing customers
- Improved service/access to propane supply for other market participants
- General location and proximity to major highways and propane consumers
- Overall value, considering grant amount requested, of improvements to regional and/or supply chain resilience or facility resilience
- Project readiness – whether the project is already in progress, is shovel-ready, or still in an early design phase
- Land rights that are already acquired vs. land rights that still need to be acquired at the time of application

Process, Schedule, and Deadlines

The request for applications will be available on EGLE's website on May 2, 2024. Applications will be submitted electronically and will be accepted until June 21, 2024.

Funds must be obligated (signed grant agreement with grantee) by October 1, 2024.

Complete (or “eligible”) applications will include the following: 1) general information form that includes contact information, applicant identification information, federal reporting requirements, etc., 2) Project Workplan, 3) Project Details, 4) Resilience Enhancements, 5) Project timeline ensuring adherence to ARP funding requirements (see below) and 6) Project budget including relevant quotes to support estimated costs. Additional details regarding the submission of the above components will be provided with the application.

Final grantee deliverables must include a report summarizing the work completed under the grant, significant lessons learned, and any anticipated needs moving forward.

Grantees must obligate all funds to any subrecipients by June 30, 2025. Therefore, all grantees must have a signed contract in place with any contracted parties for the work to be completed with these grant funds by June 30, 2025. All work pertaining to this project should be completed by November 1, 2026. Expenses for work completed after December 31, 2026, would not be eligible for reimbursement per ARP requirements.

EGLE may request additional information for clarification purposes. EGLE may offer grant amounts other than those requested and request changes to the proposed work plan. Submitted application information is not confidential, grant applications are considered public information under the Freedom of Information Act, PA 442 of 1976, as amended. A report including grants awarded and associated dollar amounts will be submitted annually to the legislature.

Successful applications will be required to enter into a project grant agreement with EGLE. A project grant agreement consists of, standard “boilerplate” language, the applicant’s project description, work plan, timeline, and budget information.

Contacts

For questions about this grant, contact EGLE-PREPGrants@michigan.gov.