FREQUENTLY ASKED QUESTIONS

FY 2022 Natural Gas Distribution Infrastructure Safety and Modernization Grant Notice of Funding Opportunity (NOFO)
1. **When do you expect regulations (grant criteria) to be available?**

The grant program parameters are outlined in the Natural Gas Distribution Infrastructure Safety and Modernization (NGDISM) Grant Program Notice of Funding Opportunity (NOFO) that was published on www.grants.gov on May 24, 2022. To obtain full eligibility requirements and application instructions, please read the official NOFO on Grants.gov [here](#).

2. **How does PHMSA define Disadvantaged Communities? Would PHMSA consider existing federal designations, like if a community is in an Opportunity Zone created by the 2017 Tax Cut and Jobs Act for distressed areas.**

Consistent with the Office of Management and Budget's Interim Guidance for the Justice40 Initiative, a project is located in a Disadvantaged Community if:

1. the project is located in a Disadvantaged Community as identified in the [Transportation Disadvantaged Community tool](#); OR
2. the project is located on Tribal land; OR
3. the project is located in any territory or possession of the United States.

Applicants should provide an image of the map tool outputs. The designation of project location and eligibility as a Disadvantaged Community will be verified by the Department of Transportation upon receipt of the application. PHMSA will also consider additional justifications that an applicant may provide regarding other existing Federal designations regarding disadvantaged communities.

3. **With our members, there is the chance they can be purchased by an investor-owned utility, what is the obligation of the city to the money they received during this grant program?**

Grant funds will be made available to a municipal or community-owned utility (not including for-profit entities). If a utility were to undergo a change in ownership after receiving an award, PHMSA will not seek reimbursement for grant funds already expended. The status of funds already obligated by PHMSA, but not expended by the grantee, would be determined on a case-by-case basis—in order to ensure statutory compliance—depending upon the circumstances.

4. **If your gas system supplies a master meter system and the master meter system is requesting the utility to acquire it, would the replacing infrastructure necessary to acquire the master meter system be a project which the municipal grant would cover?**

The master meter system is technically a separate gas operator, and the grant would not be available for such a project. However, if a master meter system is acquired by, and is a part of, a
municipal or community-owned (not for profit) operator, you could apply for a grant to cover the acquired assets for an approved project.

5. A utility needs to replace pipe, but one of their customers is a marijuana grow facility (permissible under their state’s law, but not aligned with federal law). How will that impact their application?

The purpose of this grant is to repair, rehabilitate, or replace natural gas distribution pipeline systems. Applicants are not required to provide information about the end users of proposed projects.

6. Would adding redundant safety devices to gate or district regulatory station be a project the grant could cover? Worker/monitor regulators & relief valves.

Applications must demonstrate that the proposed project will lead to infrastructure updates that reduce safety risks and/or leaks. Adding redundant devices may not be covered if the application does not demonstrate that the project will reduce safety risks and/or leaks.

7. Will upsizing be allowed? For example, if a 4” legacy main is replaced with a 6” line.

System upgrades may be covered if the application demonstrates that the replacement pipe would improve safety.

8. Would system map enhancements like upgrading GIS facility location and leak/risk analysis be considered? Similarly, does the grant cover protection of existing pipe for cathodic protections systems?

System enhancements may be covered if the application establishes that the upgrades fulfill the purpose of this grant to repair, rehabilitate, or replace legacy natural gas distribution pipeline systems, or portions thereof, or to acquire equipment to reduce incidents and fatalities, environmental impacts, and to avoid economic loss. However, upgrades for normal operator maintenance required by regulations do not meet the intent of this grant.

9. Does a local entity's match enhance the success of funding? If so, how much of a share should an entity consider offering and would the proposed match be considered in the evaluation of the grant application?

There is no match required and whether an applicant provides matching funds or not, will not directly factor into the evaluation of grant applications. There is a 12.5% cap on program funds that can be provided to a given entity. However, an applicant can use their own matching funds
to supplement the Federal funds if they wish to execute a larger project. Thus, an applicant may apply for multiple projects with matching funds for each project, so long as the overall federal funding cap for a grant for a given entity is not exceeded.

10. Will grants cover design services prior to award?

There is no pre-award authority to incur costs for any of these projects before the award announcement. At the time the project selections are announced, PHMSA may extend pre-award authority for the selected projects. The applicant should provide a thorough and, yet concise explanation of the project elements (e.g., design services) and project the pre-award costs they are seeking to use as part of their application. After project selections are made, PHMSA will evaluate and make a determination as to which proposed pre-award costs are allowable, in accordance with the applicable Federal statutes, regulations, or the terms and conditions of the grant award.

11. How do we define a project? We have approximately 153 miles of cast iron gas mains to abandon/replace as part of an ongoing program.

The proposed project should include reasonable boundaries or segments of pipeline that can be replaced within the period of performance (36 months). Applicants are eligible to apply for future projects as additional funding will be made available in future NGDISM NOFOs.

12. Can PHMSA use the environmental questionnaire/assessment already used by [other government agencies]?

PHMSA is preparing a National Environmental Policy Act (NEPA) Tier 2 Environmental Questionnaire that is specific to this grant program. The Tier 2 Environmental Questionnaire must be completed before award decisions are made. PHMSA can provide technical assistance and answer questions to help with the completion of this document. The NOFO includes a preliminary list of the topics that the Tier 2 Environmental Questionnaire will include so that applicants can begin compiling information and preparing to complete the Tier 2 document. While PHMSA will not use an environmental questionnaire or assessment from another Federal agency, applicants may use supporting documentation or evidence they may have already collected to support PHMSA’s Tier 2 Environmental Questionnaire.

13. For a given project, would you need to apply each year for the same grant?

No. Once a grant is awarded, the period of performance is 36 months, as controlled by the grant award and will be set forth in the NOFO. This period of performance will also be set forth in the grant agreement.
14. Will state regulatory agencies be involved in the implementation process of the grant?

No. However, the state pipeline safety authority will be made aware of the awarded projects and may conduct normal construction inspections, as appropriate.

15. Will you evaluate the applications as they come in, or after submittal deadline?

PHMSA will begin evaluating all applications received upon closure of the NOFO application submission period. Grant awards may be made on a rolling basis. Additionally, while applications may not be accepted after the submittal deadline, PHMSA may confer with applicants to seek clarification on aspects of any questions it has with their application after submission.

16. Would moving inside meters outside be considered as a qualifying project?

System enhancements may be covered if it is established that the upgrades fulfill the purpose of this grant to repair, rehabilitate, or replace legacy natural gas distribution pipeline systems, or portions thereof, or to acquire equipment to reduce incidents and fatalities, environmental impacts, and to avoid economic loss. However, upgrades for normal operator maintenance required by regulation do not meet the intent of this grant.

17. If we are unsuccessful in obtaining a grant for fiscal year 1, does it automatically go into the "consideration queue" for fiscal year #2?

No. Applicants will be required to submit a new application for each fiscal year that funding is made available. However, PHMSA will do its best to provide feedback and assistance to applicants to enhance the quality of future applications.

18. Is it anticipated that awarded funds will cover consultant costs or just construction costs?

There is the potential for recovering consultant costs. The applicants should provide a thorough, yet concise explanation of all project-related costs that are part of their application. PHMSA will evaluate applications and make a determination as to which costs are allowable in accordance with the applicable federal statutes, regulations, or the terms and conditions of the grant award.
19. **Can the grant be used to reimburse for the use of in-house personnel?**

The applicant should identify and explain the role and contribution of the individual(s) specific to the project. The grant would not cover costs for normal duties of the individual in question and submitted costs must be specific to the awarded project. PHMSA will evaluate applications and make a determination as to which costs are allowable in accordance with the applicable federal statutes, regulations, or the terms and conditions of the grant award. Actual and accurate time and effort documentation (timesheets) would likely be required.

20. **Would municipalities be eligible to use the federal infrastructure grant to replace plastic pipe that was recently noted as having wall thickness below required minimums?**

Generally, plastic pipe wall thickness below federal minimum standards also involve a reduced factor of safety and increased risk of failure. Plastic pipe impacted by wall thickness issues and installed prior to plastic code standards may fall within the scope of this grant program.

21. **Can you clarify on “legacy plastic pipe”, would PVC qualify for this grant? We have about 115 miles of PVC installed around 1970 and wonder if this would qualify for the grant.**

Yes. Legacy PVC would qualify for this grant.

22. **Is this grant only available to replace/repair existing natural gas piping, or is there grant money available to install/extend new natural gas capabilities to boost economic development opportunities?**

Installing or extending new natural gas capabilities would fall outside of the scope of this grant program. The purpose of this grant is to repair, rehabilitate, or replace legacy natural gas distribution pipeline systems, or portions thereof, or to acquire equipment to reduce incidents and fatalities, environmental impacts, and to avoid economic loss.

23. **On May 4, 2022, PHMSA distributed a letter to 40 governor’s offices concerning the BIL Grant Program. The letter states “PHMSA encourages states to assist eligible entities who may require additional technical assistance to prepare the federal grant application.” Can PHMSA describe the type of technical assistance they envision states assisting with?**

Examples of technical assistance may include but are not limited to the following areas:

- Assistance by state pipeline staff with preparing/reviewing the project narrative.
• Assistance by state environmental specialists with completing PHMSA’s Tier 2 Environmental Questionnaire, and with NEPA requirements, environmental compliance, and environmental mitigation, as needed.
• Assistance by state grants staff with preparing/reviewing budget narratives, completing standard forms, and addressing program priorities (i.e., determining if the project will serve an underrepresented urban or rural area).

24. What type(s) of financial audits should grant recipients expect?

Audit under OMB circular A133 (“Single Audit”)

A non-federal entity that expends $750,000 or more in federal funds in one year must hire an independent auditor to conduct a Single Audit or a Program Specific Audit for any year in which the expenditure of federal awards totals $750,000 or more. The purpose is to ensure grantees receiving federal grant funds have adequate internal controls in place and use federal funds in compliance with the government’s requirements. Audit costs related to this program may be included in your proposed budget and charged to the grant if selected for an award. For detailed requirements regarding Single and Program Specific Audits, see 2 C.F.R. part 200.501.

NGDISM grant recipients, including those who receive less than $750,000, should expect to have a PHMSA-initiated site visit or desk review to ensure compliance with federal grant regulations and the terms and conditions of the grant award. Site visits will provide PHMSA the opportunity to meet with recipients onsite to review the status of the funded project, assess internal control systems, and provide guidance. A desk review is conducted remotely and focuses predominantly on the financial aspects of the funded project. PHMSA expects to conduct either a site visit or a desk review once for each award period. Recipients may also request onsite or remote technical assistance from PHMSA, as needed.

25. If a system is awarded a grant, when can they begin accruing project costs?

Once an applicant has been provisionally selected for an award, upon approval from PHMSA for pre-award costs, the provisionally selected applicant may start to accrue project costs, upon approval from PHMSA for these costs. A provisionally selected applicant may not bill for accrued costs until it receives an executed Notice of Grant Agreement (NGA). NGAs will not be executed until the project has fully complied with the required NEPA process.

26. If a system receives assistance with the scoping, design, or environmental impact review for a submitted project, can those costs be included in the project costs?

When completing the SF-424C – Budget Information for Construction Programs, applicants must identify all costs associated with proposed projects by line item. However, PHMSA will allow applications recommended for award to be amended to include additional costs identified
during the environmental review process that are reasonable, necessary, and beneficial to the project. Applicants should refer to the SF424C instructions when completing the SF-424C to understand what is allowable under these line items.

27. Can costs associated with the drafting of NOFO application language be included in project costs?

No. Costs associated with the drafting or submission of an application are not allowable.

28. If PHMSA determines additional environmental impact mitigation strategies are necessary, can the costs to implement those strategies be added to the total project costs (after a NOFO submission is completed)?

Yes. PHMSA will allow applications recommended for award to be amended to include such costs that are reasonable, necessary, and beneficial to the project.

29. I have heard that there will be a 60-day window for NOFO grant applications. If the amount of funding requests does not equal or exceed the amount of funding available, will there be subsequent rounds? Will grant applications be accepted beyond the 60-day window if this is the case, or would there be a new NOFO?

The current NOFO deadline is July 25, 2022. If PHMSA determines the need to extend the NOFO deadline, all potential applicants will be promptly notified. The NGDISM grant program’s legislation designates $200 million a year in grant funding with a total of $1 billion in funding over the next 5 years. PHMSA expects to annually issue additional NOFOs through Fiscal Year 2026, subject to appropriations.

30. May we apply for a grant to remove the propane tanks and install natural gas piping throughout a city that is connected to existing natural gas infrastructure?

No. Removal of propane tanks and installing a natural gas piping system is outside the scope of this grant program.
31. Our municipal natural gas utility has areas of 3” transmission line that are exposed and need to be lowered. Is this the sort of project that would be considered for the PHMSA NGDISM grant? And if so, could the grant be used to purchase the equipment to perform the work in lieu of contracting the entire replacement project?

No. Minimum cover for pipelines is currently required under 49 C.F.R. Part 192 and lowering a transmission line to meet the existing requirements code is outside the scope of this grant program.

32. I am from a municipal electric utility. We have a portion of a gas line that needs to be removed. Would the infrastructure grants cover the removal of gas pipeline?

The purpose of this grant is to repair, rehabilitate, or replace natural gas distribution pipeline systems. Applicants must first demonstrate that they are a municipality or community-owned natural gas distribution pipeline system. If eligible, and if removing a portion of a gas line reduces environmental issues and improves safety, it may be considered an eligible project.

33. Our city is interested in applying for the grant. We would like to get our steel gas lines changed out. Is this an allowable cost?

Applicants must first demonstrate that they are a municipality or community-owned natural gas distribution pipeline system. If an applicant meets this criterion, the project would be considered for eligibility if the project otherwise meets the intent of the grant program.

34. Will we need to account for Davis-Bacon Wages in our application for the PHMSA grant?

Applicants should describe whether laborers and mechanics performing construction work on projects funded under this NOFO are paid wages and fringe benefits at least equal to those paid for similar work in the community as determined by an applicable state or local prevailing wage law, ordinance or in accordance with a wage determination for the locality issued by the US Department of Labor under 40 U.S.C. 3141 et seq and 29 CFR Part 1. To access prevailing wage rates by county and state for various classifications of work, visit https://sam.gov/content/home.

35. Can PHMSA provide a timeline for the NOFO process (submission, PHMSA review, clarification, environmental impact analysis, provisional awards notification, award announcement and award execution)?

PHMSA is unable to provide a firm timeline for the FY 2022 NGDISM Grant Program NOFO process. The NOFO issued on May 24, 2022, provides applicants 60 days to submit applications.
The number of provisionally selected applications will determine the timeline for completing the environmental impact analysis and award notification. PHMSA’s statutory deadline for FY 2022 NGDISM grant award announcement is February 17, 2023; however, PHMSA will aim to make awards as quickly as possible.

36. Will PHMSA award any grants prior to July 25? Some operators are ready to expedite their submission in hopes of starting their projects ASAP. Others have capitol dollars allocated to 2022 projects that are grant eligible. Should they receive a grant, they want to reallocate those costs to other projects in 2022. Further, given the very long lead time for some materials, the sooner grants can be awarded the better. Lastly, most operators who plan to use a construction contractor for grant related projects will not put the project out for bid until they’ve been awarded a grant. This further extends the timeline into 2022.

No. PHMSA does not expect to issue any awards prior to July 25, 2022. PHMSA must provide a fair and consistent review process to ensure all applications receive a careful and equitable review and that final award recommendations consider all applications received by the deadline.

37. Can PHMSA provide more clarity about what costs are considered indirect costs?

Indirect costs are incurred for common or joint objectives that benefit more than one project. Please refer to the Indirect Costs Information document on grants.gov under Related Documents.

38. Can PHMSA walk through this part of the application process? When will PHMSA publish the Tier 1 assessment? Can PHMSA share the questions for the Tier 2 assessment now so that operators can prepare?

Please refer to slides 14-20 in the presentation located on the NGDISM website.

39. What will be considered an average grant request amount?

PHMSA does not have an average grant request amount. Applicants should submit proposals for projects that can reasonably be completed during the 36-month performance period without exceeding the overall federal funding cap for a given entity.
40. If a consultant is assisting in the application for an applicant, does the consultant need to be added as a user in Grants.gov, or can PDF forms be downloaded as fillable forms, then provided to the applicant to upload when completed?

PHMSA encourages applicants to utilize the Grants.gov Workspace feature. This feature allows applicants to assign roles so that multiple individuals can work on an application. For more information about the workspace, please review this short video.

41. The period of performance is listed as 36 months from date of award. Does that just mean award recipients must complete the awarded project within 36 months?

Grant recipients should submit project proposals that can reasonably be completed during the 36-month performance period. PHMSA will consider the need for performance extensions on a case-by-case basis for circumstances such as supply chain delays and/or construction delays. Grant recipients should notify PHMSA as soon as the need for an extension arises.

42. Per the NOFO, why are the funds to be expended in 36 months when the act says 10 years?

The ten-year window in the legislation is the overall period during which PHMSA must obligate all grant funds. Once the grant funds under this FY 2022 NOFO are obligated through the making of individual grant awards, those awards will have a 36-month period of performance in which grantees are expected to expend the awarded FY 2022 grant funds to complete the approved projects. This is to ensure that these Federal grant funds are put to the best use on projects that are ready to be executed.

43. Will future NOFOs have extended periods beyond the 36 months since these projects will overlap?

PHMSA is unable to provide guidance on future NOFOs at this time.

44. Does the 36 months include the environmental compliance process?

No. The period of performance will start after the environmental compliance process has been completed.
45. How much consideration will be placed on supply chain issues when it comes to the period of performance? Parts ordered in March of 2021 are just arriving now.

PHMSA will offer maximum flexibility through period of performance extensions on a case-by-case basis to grant recipients who experience supply chain issues after the grant has been awarded.

46. If our community does not fit into the "disadvantaged" definition, will our grant be automatically thrown out or do we just lose those points?

Funding projects that meet the disadvantaged communities definition are a priority of the grant program but not a requirement that will preclude successful applicants from receiving grant awards.