

Regulators' Roundtable on Federal Funding Opportunities for Electric Utilities

Synopsis

The NARUC Center for Partnerships & Innovation facilitated two members-only virtual Regulators' Roundtables on the federal Bipartisan Infrastructure Law (BIL or IIJA) and Inflation Reduction Act (IRA). The first Roundtable allowed NARUC members to share which federal programs are being pursued by PUC's and utilities to benefit end-use customers, enhance grid resilience, and support state policy goals. The second Roundtable provided state commissions an opportunity to discuss how they are coordinating with other state agencies such as State Energy Offices and State Departments of Transportation to understand how BIL and IRA programs (including both direct funding and tax-related incentives) may affect the electric system, utilities, and their ratepayers.

This document summarizes the discussion from both calls. It also includes a table summarizing many of the IIJA and IRA funding opportunities related to electric utilities, including an indication of which funding opportunities NARUC members or their utilities are considering.

Summary of peer sharing from Regulator's Roundtable on March 27th, 2023:

For the first Regulator's Roundtable call, many states shared a synopsis of the federal programs for which they or their utilities are applying to.

Wisconsin

Wisconsin's Public Service Commission houses its State Energy Office; thus, many federal programs are being pursued in collaboration with the two offices. For IIJA programs, Wisconsin's PSC/SEO has shown interest in the EECBG, the Revolving Loan Fund (RLF), The Grid Resilience Grants, and other competitive opportunities such as the GRIP Program. There is close communication with the Wisconsin Office of Sustainability & Clean Energy (OSCE) and State Energy Office on the Energy Auditor Training grant program. The Commission is also working closely with other state agencies on IRA programs, such as the state Department of Natural Resources to look at some of the environmental justice block grants, and with the Wisconsin Office of Sustainability and Clean Energy who is the lead organization for the Climate Pollution Reduction Grant (CPRG). The CPRG provides Wisconsin with an opportunity to fund an update to its Clean Energy Plan.

Maryland

In 2022 the Maryland General Assembly passed the Climate Solutions Now Act (CSNA) which set aggressive carbon reduction goals, including language that encouraged electric utilities to seek federal funding. CSNA also required the Maryland State Energy Office and the Maryland Energy Administration to identify funding sources. Thus, CSNA laid the groundwork for expectations and identified a need to discuss challenges to decarbonization. The commission opened a public conference in June of 2022 to have utilities in the state inform the commission and the public on what opportunities utilities are applying for. Later the Maryland Public Service Commission required utilities to report monthly what programs they are applying for, they also set up educational sessions for stakeholders to help the PSC understand federal programs and the opportunities. The first educational session was mostly focused on the IIJA, while the second focused on the Loan Deployment Office under IRA.

To date, based on the information that has been provided to the Maryland Public Service Commission, all investor utilities did submit GRIP concept papers to the Grid Deployment Office, and they all received letters of encouragement. Utilities plan to submit the full applications based on the letters of encouragement, on the GRIP concept papers. The Maryland Energy Administration applied for 40101(d), and has conducted public meetings to gather information on what types of projects the utilities and others would be interested in.

Vermont

Green Mountain Power Corporation filed, and the Vermont Commission approved a new tariff, for GMP's Shared Solar Program, which takes advantage of 26 USC, section 48E, under the Inflation Reduction Act to simultaneously provide rate relief to low-income customers and support the deployment of renewable energy projects.¹

GMP's Shared Solar Program will provide bill assistance for low-income customers, by utilizing 2023 and 2024 tax incentives available under the Inflation Reduction Act, Section 13103. This section amends federal law to provide an additional 20% tax credit for solar facilities that are smaller than 5 megawatts and part of a low-income economic benefit project. Because of the tax credit, GMP will be able to procure power from projects that receive the tax credit at a lower cost compared to other local distributed solar sources and current wholesale market prices, creating a financial benefit that can then be passed along to the low-income customers, consistent with the requirements in the Inflation Reduction Act.

Mississippi

Mississippi PUC asked its major utilities to share information on what IIJA opportunities would support enhanced grid resilience and system reliability or support utility decarbonization objectives. The utilities in the state were most interested in GRIP funding, particularly for the resilience grants and Smart Grid grants program, and the major utilities have applied for funding under those programs. Many of the utilities in Mississippi received letters of encouragement.

Ohio

Ohio opened a docket to explore IIJA and later IRA opportunities and took feedback on the various funding opportunities that were available. The Ohio PUC applied directly to the Grid Resilience Formula grant program under the IIJA, Section 40101(d), and Grid Innovation Program, 40103(b) since those two programs explicitly listed PUCs as eligible applicants. In addition, Ohio is serving in a support role with the Ohio State Energy Office on various programs and planning related to IRA funding.

Illinois

The Illinois Commerce Commission had meetings in early 2021 with utilities on IIJA that are now public records. The Illinois Commerce Commission is now acting as helpers and advisors to other agencies on federal funds such as the Illinois Department of Transportation on the NEVI Electric Chargers. The Illinois Finance Authority, the state's designated green bank, is taking the lead on applying for funding under 40101 [d] and other programs, such as the GRIP program, and the Rural Municipal Cybersecurity Program. The Illinois PUC works closely with electric coops and with DOE to answer specific questions regarding these IIJA programs.

Summary of peer sharing from Regulator's Roundtable on May 8th, 2023:

For the 2nd Regulator's Roundtable, states shared how have PUCs and their utilities coordinated with other federally funded in-state entities on federally funded energy-related programming? i.e., SEOs, state DOTs, weatherization agencies etc. Also, how are state PUCs using that information and that coordination to anticipate changes to electric grid needs whether it's from direct funding or tax incentives?

Mississippi

State Energy Office is pursuing a range of programs such as:

- revolving loan funds
- GRIP program
- Hope for Homes Act/HOME Rebate program
- Energy Efficiency Conservation Block Grant Program
- energy efficiency contractor training

¹ Case number 23-0071-TF

The challenge has been finding enough staff to help support these programs and other key programs of the IRA/IIJA as the Mississippi State Energy Office is short staffed. Mississippi's State DOT is working on guidance for NEVI funds. However, the State DOT is not pursuing the EV Charging and Fueling Infrastructure Grant program or Hydrogen hubs. The lack of pursuit of these programs is mainly due to staff reasons and concerns that markets should drive those investments rather than state agencies. The Mississippi Department of Environmental Quality applied for funding via the IRA Climate Pollution Reduction Planning Grant program and feels that that the program will function collaboratively with existing agency measures.

Illinois

The Illinois PSC is in close contact with various agencies on IRA and IIJA programs such as the Governor's Office, SEO, and state DOT. The Illinois Finance Authority, which is the state's green bank is supporting and applying for the revolving loan fund, and the EV Charging and Fueling Infrastructure Grant program as part of a interagency EV working group that's focused on identifying grants from IIJA that can accelerate the deployment of EV charging infrastructure and vehicles to help the State meet its goal of 1 million additional EV by 2030.

Iowa

The Iowa Utilities Board has been in contact with agencies like the Iowa Economic Development Board on federal funding opportunities, and currently has a docket open for EV charging federal funding opportunities for utilities and other stakeholders to comment on. Iowa is also applying for Hydrogen Hub funding in collaboration with other states like Nebraska and Missouri.

Wisconsin

The Wisconsin Public Service Commission has opened a docket for IIJA and IRA funding opportunities for stakeholders and utilities alike to provide feedback on grants and tax credits. The Wisconsin State Energy Office is located within the Public Service Commission, giving them more flexibility in terms of which programs to apply for programs. In addition, a docket is open for federal IIJA EV charging opportunities, and the Wisconsin Public Service Commission has been in close contact with the State DOT. Wisconsin mentioned a need for more utility reporting on which federal opportunities they are interested in pursuing.

Ohio

Ohio is coordinating closely with its State Energy Office on some grid resilience programs in the IIJA such as the Formula Resilience Grant Program 40101(d) and has a good relationship with their State Energy Office. However, both offices are awaiting federal guidance on implementation of some of the IRA tax incentives and energy efficiency programs before they publicly take action on any of those funding opportunities.

Washington

Washington has a docket for federal funding opportunities to solicit feedback and support collaboration on federal opportunities.

Michigan

Commission Case Number U 21227 provides the opportunity for utility reporting on IRA/IIJA funds information, i.e. match dollar requirement for a federal program that they're applying for, and annual reports on what programs they're pursuing. This docket has served as a "grid's eye view" of what the federal funding space look like looks like, and that helps with the cooperation with the Michigan State Energy Office, as the Michigan PUC is in mostly an advisory role, while utilities and the SEO are in better position to apply for funding programs and thus the Michigan PSC communicates with them regularly. But the docket still helps the Michigan PSC prioritize what programs are important and where the trends are. Michigan's State Energy Office is also short staffed, however.

To help deal with capacity issues at both the Michigan PSC and SEO, the pair have coordinated to help understand and lay out the process for applying for federal funding once it comes out, such as understanding timelines for

different projects and the requirements for concept papers vs full applications. In addition, site selection, i.e., where to put the federally funded investment and what the roadblocks are on those sites has been flagged as an important detail in the application process. Michigan wants to use data and tools to help prepare for siting requirements for IRA/IIJA programs. Another concern of Michigan is ensuring siting of federally funded projects follow the Justice 40 initiative. Michigan mentioned that tools such as the Federal government's climate and economic justice screening tool have proved useful for scoping out these Justice 40 details. Michigan is interested in IRA programs such as the Climate Pollution Reduction Grants program and the Greenhouse Gas Reduction Fund, with the SEO likely being the lead applicant.

Minnesota

Minnesota has been in touch with its utilities on IRA related federal funding opportunities, and has a monthly meeting between Minnesota PUC and the State Energy Office, which is the Department of Commerce to focus on IRA and IIJA programs the SEO is interested in. Minnesota is aiming to avoid having the planning for federal funds be in a vacuum and instead wants to streamline the process, they are in the process of getting feedback from stakeholders on how best to do that.