



## **Staff “Surge Call” – Tuesday, March 14<sup>th</sup>, 2023: Federal Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction Act (IRA)**

### **Synopsis**

On March 14, 2023, NARUC facilitated a “surge” call on Federal Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction Act (IRA) Funding for NARUC members. This call served as a peer sharing opportunity on the processes and strategies PUCs are using to engage utilities and stakeholders on the federal IIJA and IRA funding opportunities. Members shared strategies for how they are approaching federal funding opportunities such as applying for the Grid Resilience and Innovation Partnerships program (GRIP)<sup>1</sup>, coordination with utilities and other stakeholders in their state, and starting dockets to solicit feedback on federal funding opportunities.

### **Nevada**

The Nevada Public Utilities Commission opened a docket<sup>2</sup> to investigate IIJA funding opportunities and later expanded the docket’s scope to include the IRA. The docket asked all utilities to investigate opportunities that utilities could take advantage of that were reasonable and appropriate. The feedback received from the docket has helped identify key actors or partners such as the State Energy Office (SEO) and identified actions that the state of Nevada could take to utilize this funding correctly. The docket also provided Nevada and its large utilities with a chance to investigate programs and projects that were eligible for IIJA/IRA funds including both planned or ongoing projects, and whether utilities would pursue these projects without federal funding. The projects that large utilities wanted to utilize IRA and IIJA funding for included batteries, new generation technologies, and programs like the Clean School Bus program. However, uncertainty arose over whether the Nevada utilities could utilize federal funding for specific costs and credits. The state of Nevada and its utilities also ran into questions over who qualified for the funding for certain programs.

### **Maryland**

The Maryland Public Service Commission (Maryland PSC) has established Public Conference 56 (PC 56)<sup>3</sup> as a central forum to explore federal IIJA and IRA opportunities available to the state and the utilities (as elaborated on in the graphic below). The Maryland Commission made it clear however, that such a public conference was not an attempt to “coordinate” the utilities’ efforts on IRA/IIJA, nor made to preapprove any utility proposals with IRA or IIJA funds. Instead, PC 56 is meant to pursue a legislative directive to provide support and assistance to utilities who must use this funding to align with state energy policy goals such as the Climate Solutions Now Act which passed in June of 2022 to help the state reduce GHG emissions, including in electric distribution planning. PC 56 has encouraged utilities to seek federal funding to offset costs to electric system associated with clean energy upgrades and ensure those costs do not fall to ratepayers.

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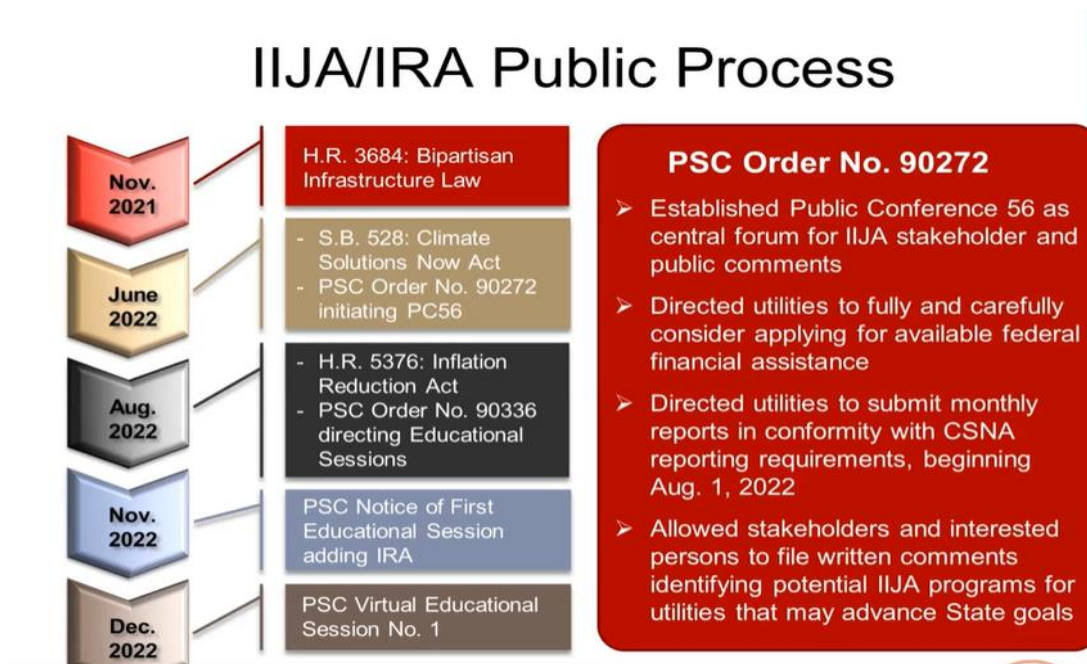
<sup>1</sup> This program includes three new programs under one umbrella: the Grid Innovation Program (Section 40103b), the Grid Resilience Utility and Industry Grants (40101c), and the Smart Grids Program (40107).

<sup>2</sup> Nevada Public Utilities Commission Docket Number 22-04022

<sup>3</sup> Maryland Public Service commission, PC 56, <https://webpsc.psc.state.md.us/DMS/pc/pc56>

## Summary of NARUC Staff “Surge Call” Tuesday, March 14<sup>th</sup>, 2023: AMI Data Access: Federal Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction Act (IRA)

One issue that arose in PC 56 was that utilities were concerned about working with stakeholders and the public on IIJA/IRA funding because they did not want to share competitive plans on how they intend to use the funding, as many federal opportunities are competitive grants. However, the Maryland PSC issued reporting and engagement requirements for utilities surrounding federal funding that helped alleviate these concerns. In particular, the state of Maryland required utilities to submit monthly reports on what funding opportunities they are considering and how that funding ties to state policy goals. For example, Exelon has applied for the Grid Improvement Program, and the application is currently under review by DOE. In addition, Exelon applied for a DOT grant focused on public EV chargers with battery storage in areas of poverty in Baltimore. The state of Maryland also conducted educational sessions where speakers from state agencies, DOE, and others were invited to discuss the potential federal funding opportunities.<sup>4</sup>



## Ohio

The Ohio Public Utilities Commission (PUCO) opened a docket in August of 2022, to ask for public comments on IRA and IIJA and encouraged utilities to apply for federal funding in topics such as:

- PURPA standards amendments via IIJA<sup>5</sup>
- PURPA related EV charging<sup>6</sup>
- demand response.<sup>7</sup>

The PUCO later opened separate case dockets for these PURPA standards. In addition, the state of Ohio investigated Formula Resilience Grants (Section 40104d) to potentially fund distribution, transmission, reliability, and resilience upgrades. The Formula Resilience Grants program required program metrics, and Ohio incorporated public comments into these metrics.<sup>8</sup> In addition, the eligible entities included any

<sup>4</sup>Recordings of those sessions are on the Maryland PSC website and YouTube channel.

<https://www.youtube.com/watch?v=Fw3gvQWUHJ8&t=4656s>

<sup>5</sup>PUCO's IIJA docket: <https://dis.puc.state.oh.us/CaseRecord.aspx?CaseNo=22-755&x=0&y=0>

<sup>6</sup> PURPA EV docket: <https://dis.puc.state.oh.us/CaseRecord.aspx?CaseNo=22-1025&x=0&y=0>

<sup>7</sup> PURPA demand response docket: <https://dis.puc.state.oh.us/CaseRecord.aspx?CaseNo=22-1024&x=0&y=0>

<sup>8</sup> Case number 22-755 for the metrics.

Summary of NARUC Staff “Surge Call” Tuesday, March 14<sup>th</sup>, 2023: AMI Data Access: Federal Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction Act (IRA)

agency designated “in the state” for the Resilience Grants program, and the Ohio Public Utilities Commission was designated the administrator of these funds.

The Ohio Public Utilities Commission also took interest in IIJA’s new GRIP program, particularly the Grid Innovation Program as many stakeholders urged them to pursue this grant. This program explicitly listed PUCs as eligible applicants, despite other programs having some confusion as to which “state” agencies can apply for funding.

The Ohio Public Utility Commission opened public forums as part of the DOE GRIP application process and received extensive feedback from stakeholders. In addition, Ohio chose to make no guarantees for cost recovery on behalf of the utility for IIJA and IRA related programs. One member on the call, asked Ohio a good question about federal funding deadlines and “what happens if a state or entity does not apply in a fiscal year, can they apply again?” According to the Ohio member on the call, for most IIJA programs like the GRIP program, states can apply in the next fiscal year, in a reallocated pot of money or formula.

## **Michigan**

The Michigan Public Service Commission (PSC) opened a docket U21227<sup>9</sup> in the summer of 2022 to examine how the Commission and utilities should seek federal funds from IRA/IIJA generally. This docket required the utilities to file a biannual report to the Commission listing grant opportunities that they are pursuing and any awards, concept papers, or RFIs that have been issued. The Michigan PSC hired a full-time staff person to focus on and monitor these federal funding opportunities and engage with stakeholders. Michigan works closely with state agencies or partners such as the Michigan Infrastructure Office, SEO, and Michigan Department of Transportation (DOT). They have established coordinating calls to identify which “state” office should pursue or be the lead on these funding opportunities, including tribal governments.

## **Q&A and Discussion**

### **Question: What determines who is eligible as a grantee and subgrantee? Can a utility be a subgrantee if an agency or PUC receives the funding?**

The members on the call believed that it depends on the program and state law, the GRIP program for example doesn’t allow a utility to apply without a state partner. Utilities may even ask for “letters of support” for projects related to federal funding such as the GRIP program, but Michigan decided not to endorse any “letter of support” for a project supported by federal funds, even if it’s a concept paper. Michigan has been cautious to not publicly endorse any utility project. Members on the call mentioned how utilities often want assurance for cost recovery, but as mentioned earlier, the state of Michigan did not put itself in a position to guarantee cost recovery for their utilities.

### **Question: How to meet 15% match requirements for Formula Resilience grants?**

Ohio mentioned how the state is using in state contributions i.e., stafftime and resources and apply that to match requirements as administrative costs to be matched.

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<sup>9</sup> See Motion for IIJA Comments: <https://mi-psc.force.com/s/case/5008y000003jci2AAA/in-the-matter-on-the-commissions-own-motion-to-seek-comments-from-rateregulated-electric-steam-and-natural-gas-utilities-regarding-potential-utility-infrastructure-improvements-in-the-state-of-michigan-from-the-federal-funding-available-under-the-in>

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**Question: Based on provisions in IRA such as tax credits, have these lead to issues regarding existing programs or planning for utilities (e.g., renewable energy programs)?**

Nevada plans to address these in future such as an upcoming transportation plan and a rate case for one of their utilities. Questions still linger for Nevada over how to alleviate ratepayer costs via the federal funding with no clear answer as to how to do it. Maryland’s Baltimore Gas and Electric utility has a Multi-Year Rate Plan coming up and some EV programs in front of the Commission where the Maryland Commission is examining where federal efforts and tax rebates can align with these plans or programs. Maryland is still unsure how much overlap there will be, since there are many pilots and details to be examined.

**Other relevant links and information mentioned on the call:**

For those that are interested: NARUC recently released its first iteration of an Energy Resilience Reference Guide: <https://pubs.naruc.org/pub/1C098515-1866-DAAC-99FB-3FBA6FA3AB0B>

The first chapter summarizes some definitions of energy resilience within use already and the second chapter looks at publicly available resilience valuation frameworks and will be added to in future iterations.

NARUC CPI is working closely with the Grid Deployment Office (on their resilience plans, metrics, and technical assistance --- There will be opportunities to get additional support beginning later in the spring and over the next two years (at least). This includes workshop time at the regional meetings in May-June. William McCurry at NARUC is the point of contact for the CPI team.: [wmccurry@naruc.org](mailto:wmccurry@naruc.org)

State Allocations for 40101d IIJA program FY22 / FY23 <https://netl.doe.gov/sites/default/files/2023-01/40101d%20Formula%20Grant%20Allocations%20-%20ALRD%20Amendment%20004.pdf>

Link to general federal page for the Formula Resilience Grants/40101d grants: <https://netl.doe.gov/bilhub/grid-resilience/formula-grants>.