

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. M-100, SUB 164

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	)	
	)	
Consideration of the Federal Funding Available	)	<b>COMMENTS OF PIEDMONT NATURAL GAS COMPANY, INC.</b>
Under the Infrastructure and Jobs Act	)	
	)	
	)	

Piedmont Natural Gas Company, Inc. (“Piedmont” or the “Company”), pursuant to the North Carolina Utilities Commission’s (“Commission”) February 1, 2022 *Order Allowing Comments Regarding Federal Funding for Utility Service of North Carolina* (“February 1 Order”), respectfully submits the following Comments in this proceeding. In support of this filing, Piedmont shows the Commission the following:

1. Any notices or other communications with respect to this filing should be sent to:

James H. Jeffries IV  
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201 North Tryon Street, Suite 3000  
Charlotte, NC 28202  
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2. Piedmont is a subsidiary of Duke Energy Corporation and is engaged in the business of transporting, distributing, and selling natural gas in the states of North Carolina, South Carolina, and Tennessee. Piedmont is a public utility under the laws

of this State, and its public utility operations in North Carolina are subject to the jurisdiction of this Commission.

### **BACKGROUND**

3. On November 15, 2021, President Joe Biden signed the \$1.2 trillion bipartisan infrastructure bill into law as the Infrastructure Investment and Jobs Act (“IIJA” or the “Act”).<sup>1</sup> On the very same day, North Carolina Governor Roy Cooper stated, “The bipartisan infrastructure package being signed today by President Biden is a huge investment in our country that will bring good-paying jobs and much-needed infrastructure modernization to North Carolina. This bill will help ensure we emerge from this pandemic stronger than ever before by improving our roads, bridges, public transit systems, high speed internet networks, clean water and disaster preparedness.”<sup>2</sup>

The IIJA signifies a virtually unprecedented recommitment by the United States government to the country’s physical systems, and ushers in a new era of government funding to support various projects around the country to fulfill the Act’s goals. Included within the Act are various categories of funding opportunities related to natural gas utilities, including, but not limited to, hydrogen fueling infrastructure, natural gas fueling infrastructure, and grants for establishing a wastewater efficiency grant pilot program to capture methane.

For example, other utilities, both in North Carolina and out of state, have initiated hydrogen projects:

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<sup>1</sup> Text - H.R.3684 - 117th Congress (2021-2022): Infrastructure Investment and Jobs Act | Congress.gov | Library of Congress

<sup>2</sup> (2021, November 15). Governor Cooper Statement on Infrastructure Investment and Jobs Act. NC Governor Roy Cooper. (<https://governor.nc.gov/news/press-releases/2021/11/15/governor-cooper-statement-infrastructure-investment-and-jobs-act>)

- Public Service Company of North Carolina, Inc. (“PSNC”) received approval from this Commission to engage a consultant to advise PSNC in the further development of hydrogen research and requiring annual reports concerning hydrogen research be provided to the Public Staff - North Carolina Utilities Commission.
- New Jersey Natural Gas has completed a green hydrogen, or power-to-gas project, in Howell, New Jersey – the first on the East Coast in the United States.
- SoCalGas is also evaluating the potential to use existing infrastructure for transporting hydrogen through testing and demonstration at its engineering analysis center.

The funding opportunities will be further refined into specific programs by the various to-be-determined state and federal agencies tasked with disbursing the funds to eligible entities. These to-be-determined agencies will further refine the funding opportunities into specific programs.

Accordingly, Piedmont views this as an opportunity to maximize benefits for our customers as we support North Carolina’s implementation of the Act.

### **COMMENTS**

4. Piedmont appreciates the opportunity to respond to the Commission’s request for comments regarding certain aspects of the IIJA. Additionally, the likely robust discourse from parties to the docket should have a positive impact on our State and the customers of the relevant utilities. Piedmont notes, however, that effective implementation of the Act requires not only the development of new programs,

particularly by the United States Department of Energy (“DOE”), but also coordination among numerous individuals and entities involved in federal, state, and local governments. Such coordination likely will involve a certain amount of ramp up time inherent in any rollout of a new federal program, and especially one such as the IIJA that implicates extensive state, business, and local community coordination. For example, on January 13th and February 9th, respectively, the DOE announced an initiative to hire 1,000 employees as well as an organizational realignment to effectively implement the clean energy investments in the IIJA.<sup>3</sup> In essence, it appears that the DOE itself is in the beginning stages of standing up a particularly important part of its organization.

It follows, then, that a significant amount of uncertainty remains regarding the specific process that will be employed around the receipt and deployment of funds. It is true that the Act appropriates specific amounts of federal funds for programs that meet certain criteria. The Act, however, only provides a general framework for those programs, and therefore, relies on the administering entities to further define the scope and eligibility criteria of specific programs and develop the processes that will guide the manner in which eligible entities may apply for and receive the funds.

As a result, Piedmont’s responses to the questions posed by the Commission are based on currently available information and its internal evaluation and analysis of the Act and DOE’s actions thus far. The state and federal agencies that receive appropriated funds and establish funding opportunities may ultimately provide much

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<sup>3</sup> (2022, February 9). DOE Optimizes Structure to Implement \$62 Billion in Clean Energy Investments from Bipartisan Infrastructure Law. Energy.gov. (<https://www.energy.gov/articles/doe-optimizes-structure-implement-62-billion-clean-energy-investments-bipartisan>).

of the information requested by the February 1 Order. In addition to reviewing the parties' responses, Piedmont recommends that the Commission review or allow parties to supplement the record with documentation from other agencies establishing or describing specific funding opportunities and the processes to receive those funds.

**I. The identification of all federal programs under the IIJA that are available to North Carolina public utilities to assist them in meeting their obligations under the North Carolina General Statutes and the Rules of the Commission**

Piedmont agrees with the list of IIJA programs included in the Commission's Order and appreciates the opportunity to suggest additional programs for the Commission's consideration. Below is a summary of programs under the IIJA that may provide benefits to the State of North Carolina and public utility customers:

**Relevant IIJA Sections Identified by the Commission**

- **Section 11301.** This section provides grants for the acquisition and installation of publicly accessible hydrogen fueling infrastructure and natural gas fueling infrastructure that is directly related to the charging or fueling of a vehicle.

**Additional IIJA Sections Identified by Piedmont**

- **Section 50202 – Wastewater efficiency grant pilot program.** This section provides grants for establishing a wastewater efficiency grant pilot program for owners or operators of publicly owned treatment works to carry out projects, such as the installation of anaerobic digesters or methane capture, that create or improve waste-to-energy systems.
- **Section 40314 – Clean Hydrogen Hubs.** This section provides \$8 billion in funding for Clean Hydrogen Hubs. Funds will be administered by DOE.

**II. The identification of actions that are reasonable and appropriate for North Carolina's public utilities to take to access those funds**

The IJIA appropriates funds to certain federal agencies, such as the U.S. Department of Transportation, DOE, and Environmental Protection Agency. These agencies may issue requests for information on how to properly allocate those funds and will establish Funding Opportunity Announcements (“FOAs”) for programs that will be subject to a competitive grant process. These administering agencies will distribute other portions of the funds directly to states, pursuant to formula-driven grants and certain state agencies, or instrumentalities thereof, will make awards to various entities under specific requirements and processes.<sup>4</sup>

Piedmont believes that public utilities will benefit from developing internal processes to identify which IJIA programs they will be eligible to participate in, either directly or through partnerships with other entities. In addition, public utilities should attempt to identify the funding opportunities which will result in the highest impact to their customers and service territories.

In the future, public utilities may present programs developed in response to the Act for cost recovery. At that point, the Commission will have the opportunity to review these programs to determine whether they are consistent with the public interest and meet the requirements of North Carolina law. However, prior to any proceedings under which the Commission reviews the prudence of costs incurred for specific IJIA-related programs or the reasonableness of any proposed recovery of such costs,

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<sup>4</sup> Both the National Governors’ Association and the National Association of Counties have created online IJIA resources dedicated to guiding state and local officials through the multi-step federal funding process. Please see IJIA Implementation Resources - National Governors Association ([nga.org](http://nga.org)) and Legislative Analysis for Counties: The Bipartisan Infrastructure Law ([naco.org](http://naco.org)) for additional information.

Piedmont believes public utilities should undertake a focused and targeted review of the Act to not only identify potential opportunities, but prioritize those opportunities according to their impacts on the customers in the state.

**III. The identification of the entities, public or private, with which North Carolina public utilities should coordinate in order to access available federal funds**

The IIJA establishes a process under which applicants for federal funding will coordinate with federal and state agencies, as well as state and local governments, to obtain grants for programs that are consistent with and further the legislative intent of the Act. Additionally, in developing and proposing programs that meet the criteria established by the IIJA and the specific FOAs that will initiate the competitive grant processes, public utilities may find benefit in consulting with entities and organizations that will directly benefit from the public utility proposals. For example, public utilities may wish to obtain input from interested persons, stakeholders, and impacted organizations on the proposals that will be the subject of a public utility grant application under the Act.

Piedmont does not believe coordination with specific groups should be compulsory; however, the Company recognizes the benefits of obtaining feedback on programs that are intended to benefit the public. In considering the nature of the funding opportunities that may be available under the IIJA and the potential impacts of programs created pursuant to those funding opportunities, Piedmont submits there may be a host of public and private entities with whom public utilities should consider coordinating. Accordingly, the list of entities below is not exhaustive and not provided in any specific order of importance or relevance to the IIJA funding process. Piedmont believes that North Carolina public utilities may consider communicating or consulting

with some or all the following entities as the utilities develop programs or pursue initiatives that may be eligible for funding under the Act:

- The North Carolina General Assembly
- Public Staff - North Carolina Utilities Commission
- North Carolina Attorney General's Office
- NC Department of Environmental Quality
- NC Department of Commerce
- NC Department of Transportation
- US Department of Energy
- US Department of Transportation
- Federal Energy Regulatory Commission
- US Environmental Protection Agency

**IV. The identification of the processes that have been either established or contemplated by other agencies of the State**

As noted, the IIJA is an unprecedented piece of legislation with a broad scope. Additionally, as detailed above, the mechanisms through the federal funds will be received and deployed are still in the early stages of development. Therefore, Piedmont is unaware of specific processes that have been established or contemplated by other agencies of the State of North Carolina related to the receipt and deployment of federal funds under the IIJA. Additionally, Piedmont has not yet identified other federal legislative acts in recent history that can be analogized to the IIJA and might serve as a blueprint for processes state agencies are likely to establish under the Act.



V. **The identification of actions that may be appropriate for this Commission to consider taking in order to facilitate appropriate receipt and deployment of available federal funding within the State**

Piedmont appreciates the Commission's request for comments on actions that may be appropriate for the Commission to consider taking in relation to the receipt and deployment of available federal funding within the State of North Carolina. As discussed above, the IIIJA establishes legislative goals, eligibility, and funding amounts for the funding opportunities that certain federal agencies will establish and for which Piedmont and other utilities may choose to submit grant applications. Piedmont may also submit to any process requirements established by the State of North Carolina to access funds that are provided from federal agencies based on formula grants.

Given that Piedmont has not determined which, if any, funds it will seek to access in connection with its existing or planned programs and initiatives, Piedmont does not have any specific recommendations for actions it believes the Commission should take at this time. Piedmont agrees that the Commission will play an integral role in the receipt and deployment of federal funds among the utilities it regulates. However, Piedmont believes it will be better positioned to provide a response once it obtains more information regarding specific funding opportunities and program requirements from the state and federal agencies that will administer the disbursement of funds. As noted, to the extent Piedmont applies for federal funding, it will prioritize opportunities with the highest impact on its customers and the State.

### **Conclusion**

WHEREFORE, Piedmont respectfully requests that the Commission accept its Comments as set forth herein.

Respectfully submitted this 15th day of March, 2022.

**Piedmont Natural Gas Company, Inc.**

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**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a copy of the attached is being served this date upon all of the parties to this docket electronically or by depositing a copy of the same in the United States Mail, First Class Postage Prepaid, at the addresses contained in the official service list in this proceeding.

This the 15th day of March, 2022.

/s/ Richard K. Goley  
Richard K. Goley