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VIA ELECTRONIC FILING

Ms. A. Shonta Dunston
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

**RE: Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's
Progress and Informational Report on the Infrastructure Investment
and Jobs Act
Docket No. M-100, Sub 164**

Dear Ms. Dunston:

Enclosed for filing with the North Carolina Utilities Commission ("Commission") on behalf of Duke Energy Carolinas, LLC ("DEC") and Duke Energy Progress, LLC ("DEP" and, together with DEC, "Duke Energy" or the "Companies") is the Companies' Progress and Informational Report on the Infrastructure Investment and Jobs Act, which is being filed in compliance with the Commission's November 10, 2022 *Order Directing North Carolina Public Utilities to Take Reasonable and Prudent Action to Obtain Federal Funding and to File Reports* ("IIJA Reporting Order").

Background

On February 1, 2022, the Commission issued its *Order Allowing Comments Regarding Federal Funding for Utility Service in North Carolina* in this docket ("IIJA Comments Order") in which it concluded that it is in the public interest for public utilities in this State to fully and carefully consider taking advantage of federal grants and loans potentially available under the Infrastructure Investment and Jobs Act ("IIJA" or the "Act") and provided parties an opportunity to file comments identifying (a) specific federal programs available to North Carolina public utilities under the Act; (b) reasonable actions to take to access the funds; (c) entities with whom North Carolina public utilities should coordinate; (d) processes contemplated or established by other state agencies; and (e) appropriate actions for the Commission to consider taking to facilitate receipt and deployment of available funds.

In response, the Companies submitted Initial Comments on March 15, 2022 and Reply Comments on April 14, 2022 in which they reported that they had undertaken a

comprehensive review of the Act to identify potential funding opportunities and were actively engaged with federal agencies to whom funds had been appropriated. The Companies attached their responses to agency Requests for Information (“RFI”) on potential funding opportunities under the Act and recommended that the Commission defer ordering any specific actions by North Carolina’s public utilities until agencies had published funding opportunity announcements (“FOAs”), which would define the scope of IIJA programs, identify eligible applicants, and establish the procedures for seeking federal funds under the Act. The Companies committed to keep the Commission apprised of all material developments in the Companies’ review of the IIJA and pursuit of funds available under the Act.

After filing their Initial and Reply Comments, the Companies followed through on their commitment to keep the Commission informed by submitting several informational filings in this docket. The Companies also hosted informational meetings with the Public Staff on the IIJA. Those filings and meetings are summarized below:

- June 10, 2022: The Companies provided the Commission with an informational update on Duke Energy’s response to a Department of Energy (“DOE”) RFI regarding the implementation of formula grants to states and Indian tribes for preventing outages and enhancing the resilience of the grid.
- June 20, 2022: The Companies provided the Commission with a second informational update on Duke Energy’s response to a DOE RFI regarding the implementation of the Long Duration Energy Storage for Everyone, Everywhere Initiative.
- September 8, 2022: The Companies provided the Commission with a third informational update on Duke Energy’s response to a DOE RFI regarding the development of hydroelectric incentive programs authorized under sections 243 and 247 of the Energy Policy Act of 2005, as amended by sections 40332 and 40333 of the IIJA.
- September 9, 2022: The Companies hosted a meeting with the Public Staff to present Duke Energy’s IIJA grant prioritization framework – the method by which the Companies identified and ranked potential funding opportunities under the Act.
- October 19, 2022: The Companies provided the Commission with a fourth informational update on Duke Energy’s response to a DOE RFI regarding the solicitation process and structure of the DOE’s Grid Resilience and Innovation Partnerships (“GRIP”) program.
- October 16, 2022: The Companies submitted an informational update providing a copy of Duke Energy’s Allowable *Ex Parte* Briefing to the Public Service Commission of South Carolina on the Companies’ approach to identifying and prioritizing opportunities under the IIJA and the Inflation Reduction Act.
- November 4, 2022: The Companies provided the Commission with an informational update on potential partnerships between the state and the Companies to obtain federal funding that may be available under IIJA Section 40103(b) – the DOE’s Grid Innovation Program.
- February 3, 2023: The Companies hosted an informational meeting with the Public Staff to discuss the Companies approach to pursuing opportunities under DOE’s GRIP program.

Ordering Paragraph 2 of the Commission's IJJA Reporting Order requires the Companies to file "as often as reasonable and appropriate . . . but at any rate no less than every six months beginning from the date of this order:" progress and informational reports regarding the following items:

- a. Any additional programs under the IJJA of which the Commission and parties should be aware
- b. Any State IJJA Procedures not previously reported
- c. Developments in IJJA funding opportunities and procedures for obtaining funding
- d. Efforts by the reporting party to obtain funding under the IJJA, including existing federal programs that received additional funding under the IJJA, such reports to quantify the net benefits provided or expected to be provided to customers
- e. Any specific actions the Commission might take in the public interest to increase the opportunity for North Carolina utility customers to receive benefits under the IJJA

Duke Energy hereby submits the below report in compliance with the Commission's directives.

November 2022 – May 2023 IJJA Report

I. Additional programs under the IJJA of which the Commission and parties should be aware

At this time, there are no additional programs under the IJJA of which Duke Energy believes the Commission and parties should be aware. In the IJJA Comments Order, the Commission identified several sections of the IJJA under which federal funding might be available for North Carolina public utilities. IJJA Comments Order at 1. The Companies' Initial Comments also provided a list of programs created by the IJJA under which federal funding might be available. However, the Companies stated that they were still engaged in a preliminary review of the Act and noted that certain of the programs identified in their Comments might exceed the scope of Duke Energy's service obligations or core business focus.

Since filing their Comments, the Companies have taken significant steps to determine which funding opportunities they should pursue under the Act. To do this, the Companies developed a prioritization framework which allowed them to rank IJJA programs and identify which were most likely to align with Duke Energy's business focus and ultimately be executable while providing the greatest benefits to customers. In addition, the Companies have provided feedback on the ways in which IJJA programs could be administered and the reasons why Duke Energy's involvement in those programs would align with and further promote the objectives of the Act. The Companies also reviewed and analyzed criteria specified in federal agency FOAs for IJJA programs. Through this ongoing and in-depth review of the IJJA and active engagement with agencies

and stakeholders, the Companies established a process for targeting the opportunities that will have a meaningful impact to the Companies and their customers.

II. State IIJA Procedures not previously reported

At this time, the Companies are not aware of any state IIJA procedures that have not been previously reported to the Commission. In general, procedures for pursuing funds under the IIJA are being developed by federal agencies such as the DOE. However, as noted in their Initial Comments, the Companies acknowledge the importance of working closely with the State and its agencies to pursue funding opportunities.

As an example, given that Duke Energy was not directly eligible for funding under Section 40103(b) of the IIJA, the Companies partnered with the Department of Environmental Quality, State Energy Office (“DEQ”), to submit a concept paper to the DOE for that program in January of this year. DEQ and Duke Energy are now working on a full application for funding that may offset the cost of future investments by the Companies. The application to be submitted under Section 40103(b) proposes no-regrets onshore transmission and network upgrades to support the development and interconnection of new energy generation capacity, including offshore wind.

III. Developments in IIJA funding opportunities and procedures for obtaining funding

At the time the Companies filed their Comments in this proceeding, most federal agencies to whom federal funds had been appropriated under the IIJA had not issued FOAs for the programs they were developing. Therefore, the Companies generally reported on their approach to identifying opportunities under the Act and kept the Commission apprised of their actions by submitting copies of their responses to agency RFIs on the development and administration of various programs.

Since that time, numerous FOAs have been issued, which have defined the scope of programs created by the IIJA, including the entities that are eligible to apply, and have established timelines for submitting materials to obtain funding. For example, several DOE programs require applicants to submit concept papers which describe the investments for which the applicant is seeking funding as well as the way those investments meet the objectives of the relevant IIJA section. DOE will then review the concept papers for alignment with IIJA objectives and will issue a letter “Encouraging” or “Discouraging” an applicant from submitting a full application for funding.

DOE has established deadlines for the submission of full applications for each of its IIJA GRIP programs and is projecting that it will announce awards for the first tranche of funds between summer and winter 2023. Other DOE programs establish modified processes such as the submission of a Letter of Intent, in lieu of a concept paper, prior to a full application. For applications with a Letter of Intent (such as the energy storage demonstrations), the application generally does not receive feedback (i.e., encouragement or discouragement) prior to submission of a full application.

IV. Efforts by the reporting party to obtain funding under the IIJA, including existing federal programs that received additional funding under the IIJA, such reports to quantify the net benefits provided or expected to be provided to customers

As noted, Duke Energy has implemented a rigorous prioritization methodology with specific criteria developed by the Companies to identify IIJA programs that align with the Companies' objectives of providing reliable and affordable energy to their customers. This framework has allowed the Companies to focus their efforts on pursuing programs that will yield the greatest results while identifying lower priority programs that Duke Energy will continue to monitor for further developments or alignment with future initiatives. The Companies aggressive pursuit of federal funds under IIJA programs that have been identified as high priority has resulted in Duke Energy submitting:

- 5 concept papers related to the programs established through the DOE's GRIP program
- 2 concept papers on DOE's Energy Improvement in Rural or Remote Areas Program
- A full application at the Enterprise level for funding under Topic Area 2 of DOE's GRIP Program (Smart Grid)¹
- 2 full applications (DEC and DEP) for funding under Topic Area 1 of DOE's GRIP Program (Grid Resilience)
- A full application for funding under DOE's Long Duration Energy Storage for Everyone, Everywhere Initiative
- A full application for funding under the DOE's Hydroelectric Production Incentives Program
- A full application for funding under DOE's Regional Clean Hydrogen Hubs program

The Companies are continuing to prepare applications for other IIJA programs that will be submitted over the next several months and will continue to stay abreast of new FOAs or developments with existing programs that align with the Companies' objectives.

As the Commission is aware, both DEC and DEP are in the process of multi-year rate plan ("MYRP") proceedings in Docket Nos. E-7, 1276 and E-2, 1300, respectively. Parties to both proceedings have raised questions around the potential impacts of IIJA funds on projects that are included in the Companies' proposed MYRPs, given that funding awards are competitive in nature, and therefore, uncertain. In Docket No. E-2, Sub 1300, the Public Staff submitted testimony recommending that the Commission authorize a

¹ While a full application under GRIP Topic Area 2 was submitted at the Enterprise level, the Companies did not pursue full applications under Topic Area 2. As noted, DOE's GRIP application submission process includes feedback from the DOE on concept papers for funding under each of the GRIP Topic Areas. While this feedback is high level, the Companies were ultimately discouraged from submitting full applications for Topic Area 2. Due to the highly competitive nature of this program, the Companies decided that pursuing opportunities for which they had received encouragement from the DOE would be the best and most efficient use of resources. Nonetheless, the Companies will leverage and incorporate feedback received from the DOE in the upcoming application cycle, which will occur in Q4 of 2023.

deferral of the impacts associated with the IIJA because “the uncertainty of securing funding through the IIJA and the competitive nature of grant funding make it difficult to determine which projects could or will benefit from the legislation.”² DEP submitted rebuttal testimony in that docket agreeing with the Public Staff’s recommendation.³

V. Any specific actions the Commission might take in the public interest to increase the opportunities for North Carolina utility customers to receive benefits under the IIJA

As noted, in 2022, the Companies informed the Commission of a potential partnership opportunity under IIJA Section 40103(b) given that state utility commissions were identified as eligible applicants. Duke Energy will continue to monitor FOAs and the Act for additional opportunities that may involve the Commission. At present, Duke Energy is not aware of any specific actions the Commission should take to increase the opportunity for North Carolina utility customers to receive benefits under the IIJA.

If you have any questions regarding any of the above information, please let me know.

Sincerely,



Jason A. Higginbotham

cc: Parties of Record

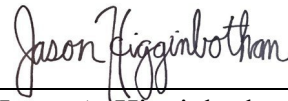
² *In the Matter of Application of Duke Energy Progress, LLC for Adjustment of Rates and Charges Applicable to Electric Service in North Carolina and Performance Based Regulation*, Docket No. E-2, Sub 1300, Testimony of Jordan A. Nader at 9-11.

³ *In the Matter of Application of Duke Energy Progress, LLC for Adjustment of Rates and Charges Applicable to Electric Service in North Carolina and Performance Based Regulation*, Docket No. E-2, Sub 1300, Rebuttal Testimony of Melissa B. Abernathy at 18.

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC's and Duke Energy Progress, LLC's Informational Report on the Infrastructure Investment and Jobs Act, in Docket No. M-100, Sub 164, has been served by electronic mail, hand delivery, or by depositing a copy in the United States Mail, 1st Class Postage Prepaid, properly addressed to parties of record.

This 10th day of May, 2023.



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