

May 10, 2023

**VIA Electronic Filing**

Ms. A. Shonta Dunston, Chief Clerk  
North Carolina Utilities Commission  
Dobbs Building  
430 North Salisbury Street  
Raleigh, North Carolina 27603

**Re: *First Periodic Progress Report of Dominion Energy North Carolina Addressing Infrastructure Investment and Jobs Act Developments* - PUBLIC**  
*Docket No. M-100, Sub 164*

Pursuant to Ordering Paragraphs 2 and 3 of the North Carolina Utilities 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*, Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina ("DENC") respectfully submits its *First Periodic Progress Report Addressing Infrastructure Investment and Jobs Act ("IIJA") Developments ("Report")*.

Attachments 1, 2 and 3 of the Report contain confidential information and are designated by DENC as confidential and qualify as "trade secret" under N.C.G.S. § 66-152(3). Pursuant to N.C.G.S. § 132.1.2, DENC is filing these pages separate from the Public filing and under seal.

Should you have any questions, please do not hesitate to contact me. Thank you for your assistance in this matter.

/s/ Mary Lynne Grigg

MLG:sbc

Enclosure

**Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina**  
**First Periodic Progress Report Addressing Infrastructure Investment and Jobs Act**  
**Developments**

**Docket No. M-100, Sub 164**

**May 10, 2023**

**I. Background**

On November 15, 2021, President Biden signed a \$1.2 trillion bipartisan infrastructure bill into law known as the Infrastructure Investment and Jobs Act (“IIJA” or the “Act”).<sup>1</sup> On February 1, 2022, the Commission issued its *Order Allowing Comments Regarding Federal Funding for Utility Service in North Carolina* in the above-captioned proceeding (“Order Allowing Comments”), in which it “dr[ew] the preliminary conclusion that it is in the public interest for the public utilities of this State to fully and carefully consider taking advantage of these available federal grants and loans, in order to promote adequate, reliable, and economical utility service to the citizens and residents of the State.”<sup>2</sup> Pursuant to the Order Allowing Comments, the Commission ordered Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (“DENC” or the “Company”) and other North Carolina public utilities parties of record in this proceeding to file written initial comments by March 15, 2022 and reply comments by April 14, 2022 regarding the above preliminary conclusion and regarding the following facts and considerations:

- a. 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;

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<sup>1</sup> Infrastructure Investment and Jobs Act of 2021, Pub. L. No. 117-58, 135 Stat. 429.

<sup>2</sup> Order Allowing Comments at 2.

- b. The identification of actions that are reasonable and appropriate for North Carolina’s public utilities to take to access those funds;
- c. The identification of the entities, public or private, with which North Carolina public utilities should coordinate in order to access available federal funds;
- d. The identification of the processes that have been either established or contemplated by other agencies of the State;
- e. 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.<sup>3</sup>

DENC and Public Service Company of North Carolina (“PSNC”) filed their Initial Comments on March 15, 2022 responding to the five questions presented in the Order Allowing Comments.<sup>4</sup> DENC identified several federal funding opportunities for electric and natural gas utilities and state agencies with which it had begun corresponding to access available federal funds.<sup>5</sup> DENC and PSNC filed a Joint Letter in Lieu of Reply Comments on April 14, 2022 providing their positions to the other parties’ and intervenors’ initial comments.<sup>6</sup>

After the parties’ initial and reply comments filings, on November 10, 2022, the Commission issued *Order Directing North Carolina Public Utilities to Take Reasonable and Prudent Action to Obtain Federal Funding and to File Report* in the above-captioned proceeding (the “Order”). The Order summarized the parties’ previous filings and directed North Carolina public electric, water, sewer, and natural gas utilities to file periodic progress reports addressing:

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<sup>3</sup> *Id.* at 2-3.

<sup>4</sup> *Initial Comments of Dominion Energy North Carolina and Public Service Company of North Carolina Regarding Federal Funding for Utility Services in North Carolina*, Docket No. M-100, Sub 164 (Mar. 15, 2022).

<sup>5</sup> *Id.* at pp. 2-5.

<sup>6</sup> *Joint Letter in Lieu of Reply Comments*, Docket No. M-100, Sub 164 (Apr. 14, 2022).

- a. Any additional programs under the IIJA of which that the Commission and parties should be aware;
- b. Any State IIJA Procedures not previously reported;
- c. Developments in IIJA funding opportunities and procedures for obtaining funding;
- d. 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;
- e. Any specific actions the Commission might take in the public interest to increase the opportunities for North Carolina utility customers customer to receive benefits under the IIJA;<sup>7</sup>

The Commission also ordered the parties to file in the docket “any funding opportunities under the IIJA that are only available to state utility regulatory commissions.”<sup>8</sup> The Order directed the parties to file their progress reports as “often as reasonable and appropriate . . . but . . . no less often than every six months beginning from the date of the Order.”<sup>9</sup>

DENC hereby provides the following information addressing Ordering Paragraphs 2 and 3 of the Commission’s Order.

## **II. Reporting Obligations Pursuant to Ordering Paragraph 2 of the Order**

### **a. Additional Programs under the IIJA**

In its Initial comments, the Company identified several programs under the IIJA.

These programs included:

- EV charging infrastructure, hydrogen fueling infrastructure, propane fueling infrastructure, and natural gas fueling infrastructure directly related to charging or fueling a vehicle (Act § 11401)
- Grant program for grid hardening activities to reduce disruption to the grid due to extreme weather, wildfires, or natural disasters (Act § 40101)
- Loans under a transmission facilitation program (Act § 40106)
- Funding for Smart Grid Investment Matching Grant Program (Act § 40107)
- Incentive payments to hydroelectric qualifying facilities (Act § 40331-4033)

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<sup>7</sup> Order at Ordering Paragraph 2.

<sup>8</sup> *Id.*, at Ordering Paragraph 3.

<sup>9</sup> *Id.* at p. 13.

- Financial assistance for a pumped storage hydropower demonstration project for intermittent renewable energy (Act § 40334)
- Funding for demonstration and pilot projects including energy storage demonstrations, advanced nuclear reactor demonstration projects, and hydropower projects (Title X of Act)
- Federal financial assistance to States to use in coordination and collaboration with electric industry to demonstrate innovative approaches to transmission, storage, and distribution infrastructure to harden and enhance resilience and reliability and demonstrate how to enhance regional grid resilience (Act § 40103(b))<sup>10</sup>

In its Letter in Lieu of Reply Comments filed in this proceeding, the Company also agreed with the additional IIJA programs identified by Duke Energy Progress, LLC and Duke Energy Carolinas, LLC (together, the “Duke Utilities”) in the Duke Utilities Initial Comments.<sup>11</sup>

These are the only programs DENC is currently aware of, and the Company continues to evaluate any programs under the IIJA for which the Company could be eligible for funding. Specifically, the Company is focusing its evaluation on programs which may provide optimal funding opportunities and align with the Company’s operations in North Carolina. The Company will keep the Commission apprised of any additional programs identified in the IIJA that the Company believes would benefit its customers and align with its operations in North Carolina.

**b. Previously unreported State IIJA Procedures**

DENC is not aware of any State IIJA procedures that were not previously reported.

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<sup>10</sup> See Initial Comments at 2-3 (March 15, 2022).

<sup>11</sup> See Letter in Lieu of Reply Comments at 2 (April 14, 2022).

**c. Developments in IIJA funding opportunities and procedures for obtaining funding**

The Company regularly and primarily communicates with the North Carolina Department of Environmental Quality State Energy Office ("NC SEO") to keep it updated about funding opportunities.

Two types of funding opportunities are available for electric utilities: (1) direct funding, in which the eligible utility would directly apply for funding, and (2) indirect funding, which includes state competitive funding. For indirect funding, utilities are not directly eligible, yet have the opportunity to support, shape, and partner to enhance either the probability of the eligible entity's award or the optimal application of its funds. Ultimately, the State or other partners establish procedures for obtaining indirect funding. The Company will update the NC SEO on potential opportunities for obtaining funding and will apprise the Commission of the same upon further developments. The Company is determined to ensure that North Carolina customers benefit as much as possible from the programs and grants created by the IIJA.

**d. Funding-related efforts**

The Company's realization regarding the vast amount of funding opportunities available through the IIJA prompted it to create an internal team to evaluate and apply for the grants. DENC thus created a Grants Office, which acts as a clearinghouse for all potential grant applications and as the strategic decisionmaker. The Grants Office and business unit project teams have spent considerable time and resources in understanding the IIJA programs, determining which programs may maximize benefits for customers, and drafting competitive applications. The Grants Office continues to evaluate both direct

and indirect opportunities, whether it involves a partnership or supporting the states or localities in the furtherance of the Company's service to its customers.

On December 16, 2022, DENC submitted three concept papers—an expression of intent to apply for program funding that includes short descriptions of the proposed project(s)—for funding opportunities identified by the Grants Office. Subsequently, and based on the Department of Energy's February 2, 2023 notification encouraging DENC to apply, DENC filed three applications under the Grid Resilience and Innovation Partnership ("GRIP")<sup>12</sup> program for work that extends into North Carolina. GRIP, a program under the Department of Energy's Grid Deployment Office, was instituted "to enhance grid flexibility and improve the resilience of the nation's power grid against growing threats of extreme weather and climate change."<sup>13</sup> GRIP consists of three funding mechanisms: (1) Grid Resilience Utility and Industry Grants, IIJA § 40101; (2) Smart Grid Grants, IIJA § 40107; and (3) Grid Innovation Program, IIJA § 40103(b).<sup>14</sup>

On March 17, 2023, DENC submitted an application under IIJA § 40107, Analytics and Control for Driving Capital Efficiency ("ACDC"). ACDC's projects include the development of 88 grid edge visibility devices in Virginia and North Carolina to increase data acquisition in support of advanced grid analytics.

On April 6, 2023, DENC also submitted two applications under IIJA § 40101:

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<sup>12</sup> Pursuant to GRIP, DENC is partnering with the NC SEO to apply for funding as part of the State competitive grant program. NC SEO plans to submit its application by May 19, 2023.

<sup>13</sup> See Grid Resilience and Innovation Partnerships Program, <https://www.energy.gov/sites/default/files/2023-04/GRIP-Overview-Fact-Sheet-April-2023.pdf> (last accessed May 9, 2023).

<sup>14</sup> *Id.*

(1) Substation Technology and Resilience (“STAR”) – whose projects include voltage island mitigation at five (5) substations in North Carolina and Flood Mitigation and Modernization at 32 substations in Virginia and North Carolina.

(2) Targeted Outage Prevention Project (“TOPP”) – whose projects include 36 miles of mainfeeder hardening in North Carolina and undergrounding of approximately 80 miles of lines to reduce the total length of restoration in the event of extreme weather.<sup>15</sup>

Attachments 1, 2, and 3 to this Report includes three confidential, one-page summaries of ACDC, STAR and TOPP, respectively. The Company is supporting the submittal of an additional application pursuant to IIJA § 40103(b) regarding the Creating Local Energy Access Now (“CLEAN”) project which will deploy 35 sensors at existing substations and build a dynamic performance monitoring solution for transmission assets in the State. DENC will update the Commission regarding the net benefits to customers of these IIJA funding opportunities in its next update report depending on the status of these applications.

**e. 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**

At this time, DENC does not have any specific actions for the Commission to take to increase opportunities for North Carolina utility customers to receive benefits under the IIJA. DENC continues to explore and evaluate potential beneficial opportunities for its customers under the IIJA and will continue to apprise the Commission of the same. In

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<sup>15</sup> By providing the list of programs above, the Company is not representing to the Commission that no other program under the IIJA is available to the Company. The Company’s evaluation of the IIJA is continuous, and it may identify programs not listed above for which it qualifies, either directly or indirectly, and believes would benefit its customers.



future applications, the Company will notify the Commission if a letter of support from the Commission to the relevant agency directing the funding opportunity could assist in substantiating the Company's application.

**III. Reporting Obligations Pursuant To Ordering Paragraph 3: Funding Opportunities Under The IIJA That Are Only Available To State Utility Regulatory Commissions**

DENC is not aware of funding opportunities under the IIJA that are only available to State Utility Regulatory Commissions. DENC will inform the Commission if it becomes aware of any such state-specific funding opportunities.

**IV. Conclusion**

DENC appreciates the opportunity to provide its First Periodic Progress Report and will file its Second Periodic Progress Report on or before November 10, 2023.

Respectfully submitted, this the 10<sup>th</sup> day of May, 2023.

/s/ Mary Lynne Grigg

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## CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing First Periodic Progress Report of Dominion Energy North Carolina Addressing Infrastructure Investment and Jobs Act Developments – PUBLIC as filed in Docket No. M-100, Sub 164 was served electronically or via U.S. Mail, first-class postage prepaid, upon all parties of record.

This the 10th day of May, 2023.

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