



**North Carolina
Conservation
Network**



SIERRA CLUB
NORTH CAROLINA



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May 03 2022

From: NC Conservation Network et al.
Re: Docket No. M-100, Sub 164
Subject: Recommendations for IIJA funding usage
Date: May 3rd, 2022

Dear Chair Mitchell & Commissioners,

As the Commission has recognized, the Infrastructure Investment and Jobs Act (IIJA)—also referred to as the Bipartisan Infrastructure Law—provides a substantial amount of funding for issues under the Commission’s jurisdiction. This funding presents an opportunity for North Carolina to leverage federal resources as it works to update and modernize its energy infrastructure, and we strongly agree with the Commission 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. The expansive and diffuse nature of the IIJA means that the Commission will need to continue to actively oversee the implementation of the bill and ensure that the funding is deployed effectively and equitably.

We support pursuing each of the programs identified in the Commission’s February 1, 2022 *Order Allowing Comments Regarding Federal Funding for Utility Service in North Carolina*.¹ Below, we offer recommendations regarding specific programs we recommend pursuing along with ways to ensure that funds are implemented in an equitable manner.

1. Federal funds must be used in a manner consistent with the Justice40 Initiative goal.

The Commission should ensure consistency with federal Executive Order No. 14,008,² which established the goal that 40 percent of the overall benefits of certain federal investments flow to disadvantaged communities.³ Under the “Justice40 Initiative,” federal agencies are required to identify the benefits of covered programs—including any that invest in climate change, clean energy, or clean transportation—determine how covered programs distribute benefits, and calculate and report on reaching the 40-percent goal of the Justice40 Initiative.⁴ Ensuring that investments overseen by the Commission support the Justice40 Initiative is not only the right thing to do, it will increase the likelihood that applications for IIJA funds are successful.⁵

1 Docket No. M-100, Sub 164, <https://starw1.ncuc.gov/NCUC/ViewFile.aspx?Id=ee9659cf-dbd6-4ce6-b34f-e8073fcf744e>.

2 Executive Order on Tackling the Climate Crisis at Home and Abroad (Jan. 27, 2021), <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/27/executive-order-on-tackling-the-climate-crisis-at-home-and-abroad/>.

3 The joint Council on Environmental Quality and Office of Management and Budget Interim Implementation Guidance for the Justice40 Initiative (July 20, 2021)

4 Interim Implementation Guidance for the Justice40 Initiative (July 20, 2021), <https://www.whitehouse.gov/wp-content/uploads/2021/07/M-21-28.pdf>.

5 Since the 40-percent goal of the Justice40 Initiative applies across the entire federal government and

2. Grants for public EV charging should focus on equitable distribution and benefits to underserved communities.

One form of environmental injustice is proximity impacts of transportation, which are disproportionately borne by people of color and, to a lesser extent, people with low incomes. Proximity impacts include a wide variety of health hazards, but the primary problem is impaired air quality, which increases the risk for asthma and impaired lung function in children, cardiac and pulmonary mortality, and likelihood for lung cancer. Electrifying transportation can help to reduce the proximity impacts from transportation, particularly air pollution. The converse is also part of environmental justice: environmental amenities, access to clean technologies, and other benefits are often distributed unequally.

The IIJA appropriates unprecedented funding for the proliferation of electric vehicle (EV) charging infrastructure. The bill contains a total of \$7.5 billion for EV chargers split between formula funding (\$5 billion), which will automatically flow to states, and a competitive grant program (\$2.5 billion). These investments have the potential to greatly expand the capacity for EV charging throughout North Carolina, but will require thoughtful deployment to make sure all areas benefit and the electrical grid is ready to handle the new demand.

We recommend designing programs to ensure that at least 40% of the benefits of EV charging investments would be felt by members of disadvantaged communities. To help alleviate the pollution burden from medium and heavy-duty trucks, we recommend focusing investments in charging infrastructure for electric vehicles that can replace medium and heavy-duty trucks on locations and routes in or near disadvantaged communities. To help alleviate pollution burden as well as equitably distribute the benefits of the electric vehicles, including lower lifetime cost of ownership, we recommend ensuring that at least 40% of charging infrastructure be located in disadvantaged communities, with particular focus on multifamily dwellings, and at locations frequented by members of those communities. Applications should conform to the U.S. Department of Transportation's National Electric Vehicle Infrastructure (NEVI) Formula Program Guidance.⁶

3. Federal funds for grid hardening should be equitably distributed, focusing on disadvantaged communities that face outsized impacts from climate change.

The IIJA provides a total of \$10 billion across two new programs that seek to enhance grid resilience, prevent outages, and foster innovative approaches to energy transmission, distribution, and storage. With these two programs—entitled “Program Upgrading Our Electric Grid and Ensuring Reliability and Resiliency” (Section 40103) and “Preventing Outages and Enhancing Resilience of the Electric Grid” (Section 40101)—the Commission, along with the utilities it regulates, have an opportunity to make significant upgrades to the current grid as North Carolina transitions to a new energy future. The IIJA also has a host of research and demonstration grant programs for solar, wind, and hydroelectric energy projects that could prove beneficial for the Commission.

The “Program Upgrading Our Electric Grid Reliability and Resiliency” requires that \$1B out of the \$5B available be invested in rural or remote areas; otherwise, however, there are few statutory commitments to equitable distribution. We recommend that the Commission ensure that at least 40% of the benefits of investments under these programs are realized by disadvantaged communities.

sets a minimum rather than a precise target, the competitiveness of applications from North Carolina likely increases linearly with the percentage of benefits that will be felt by disadvantaged communities. In other words, it likely would help competitiveness to structure programs to allocate even more than 40% of the benefits to disadvantaged communities.

6 U.S. Dep't of Transp., National Electric Vehicle Infrastructure (NEVI) Formula Program Guidance (Feb. 10, 2022), https://www.fhwa.dot.gov/environment/alternative_fuel_corridors/nominations/90d_nevi_formula_program_guidance.pdf.

4. Demonstration projects should focus on available and near-term technology like energy efficiency and demand side management, not speculative technologies such as small modular reactors or methane to hydrogen conversion

We already have the technology we need in order to dramatically reduce carbon emissions from electricity generation.⁷ We strongly support continuing to explore and invest in zero-emitting technologies that will make the transition faster, more efficient, and more equitable. However, we recommend focusing on improvements to existing and near-term technologies, especially those that are particularly cost-effective and promise to reduce bills for customers, such as energy efficiency and demand-side management. Energy efficiency, for example, is so cost-effective that investing in it significantly reduces the cost of cutting carbon emissions compared to continuing with business as usual,⁸ and federal investments in energy efficiency research and development have yielded a 33:1 benefit to cost ratio in the aggregate.⁹ We do not recommend focusing on more distant and speculative technologies such as small modular nuclear reactors or hydrogen, particularly hydrogen derived from fossil feedstocks.

Conclusion

Thank you for considering this letter. The undersigned organizations look forward to continuing to work with other stakeholders to ensure that North Carolina maximizes the benefits available from the IIJA.

Sincerely,

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7 See Kate Konschnik, et al., Power Sector Carbon Reduction: An Evaluation of Policies for North Carolina (2021), <https://nicholasinstitute.duke.edu/publications/power-sector-carbon-reduction-evaluation-policies-north-carolina>; Mark Z. Jacobson, Stanford University, Zero Air Pollution and Zero Carbon From All Energy Without Blackouts at Low Cost in North Carolina (2021), <http://web.stanford.edu/group/efmh/jacobson/Articles/I/21-USStates-PDFs/21-WWS-NCarolina.pdf>; Nikit Abhyankar, et al., 2030 REPORT: POWERING AMERICA'S CLEAN ECONOMY (2021), <https://energyinnovation.org/wp-content/uploads/2021/04/2030-Report-FINAL.pdf>; Goldman School of Public Policy, 2035 Report (2020)

8 Kate Konschnik, et al., Power Sector Carbon Reduction: An Evaluation of Policies for North Carolina at 14 (2021), https://nicholasinstitute.duke.edu/sites/default/files/publications/Power-Sector-Carbon-Reduction-An-Evaluation-of-Policies-for-North-Carolina-Revised_0.pdf.

9 Jeff Dowd, U.S. Department of Energy, Aggregate Economic Return on Investment in the U.S. DOE Office of Energy Efficiency and Renewable Energy (2017), <https://www.energy.gov/sites/default/files/2017/11/f46/Aggregate%20ROI%20impact%20for%20EERE%20RD%20-%202010-31-17%20%28002%29%20-%2011-17%20%28optimized%29.pdf>.