

May 10, 2023

VIA ELECTRONIC FILING

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

**Re: Piedmont Natural Gas Company, Inc.
Docket No. M-100, Sub 164**

Dear Ms. Dunston:

Pursuant to the North Carolina Utilities Commission's ("Commission") November 10, 2022 *Order Directing North Carolina Public Utilities to Take Reasonable and Prudent Action to Obtain Federal Funding and to File Reports* (the "Order"), Piedmont Natural Gas Company, Inc. ("Piedmont" or the "Company") respectfully submits its First Progress and Informational Report ("Report") on the Infrastructure Investment and Jobs Act ("IIJA"). In its Order, the Commission directed all North Carolina public utilities ("NC Utilities") to "submit periodic progress and informational reports, as often as reasonable and appropriate in light of the timing of funding opportunities and actions that may be requested of the Commission, but at any rate no less often than every six months beginning from the date of this order." (Order at 13). The Order also provided structure around the forthcoming reporting obligation by requiring NC Utilities to address the following, to the extent each topic is applicable:

- 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; and
- e. 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.

(Id.). Additionally, the Order requires NC Utilities to notify the Commission of any funding opportunities under the IIJA that are only available to state utility regulatory commissions.

Piedmont's initial comments, filed on March 15, 2022 ("Piedmont's Comments"), noted three IIJA funding areas with potential applicability to natural gas local distribution companies ("NC LDCs"): (1) IIJA §11401 (grants for fueling infrastructure), (2) §50202 (grants for methane capture from wastewater), and (3) §40314 (funding for clean hydrogen programs). The Public Staff – North Carolina Utilities Commission ("Public Staff") submitted Reply Comments ("Public Staff IIJA Reply Comments") on April 28, 2022, acknowledging the IIJA's limited application for NC LDCs, and specifically stating:

With respect to the natural gas local distribution companies, PSNC and Piedmont, the IIJA has very limited implications. The IIJA provides funding for new alternative-fuel infrastructure for natural gas, hydrogen, and propane fueled vehicles (Section 11401 and 11403) that are intended to address climate change mitigation. Section 40125 discusses potential programs and funding related to natural gas networks that are intended to respond to electric grid security matters. The only reference to potential funding for natural gas transmission and distribution assets appears to be related to retrofitting existing infrastructure to allow those assets to be used for alternative-fueled transportation, including hydrogen (Section 40313).

(Public Staff IIJA Reply Comments at 12). The Order specifically acknowledged the Public Staff's position with respect to NC LDCs. (Order at 10). To that end, what follows below is Piedmont's response to the categories set forth on page 13 of the Order.

A. Additional programs under the IIJA of which the Commission and parties should be aware

At this time, there are no additional programs under the IIJA of which Piedmont believes the Commission and parties should be aware.

B. State IIJA Procedures not previously reported

At this time, Piedmont is not aware of any state IIJA procedures that have not been previously reported to the Commission.

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

In Piedmont's Comments, the Company noted that effective implementation of the IIJA would require 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. Piedmont also noted that such coordination

likely would involve ramp up time inherent to any the rollout of any new federal program, and especially one such as the IIJA that implicates extensive state, business, and local community coordination.

Regarding the IIJA §11401 grants for hydrogen and natural gas fueling infrastructure, there is a partnership opportunity that Piedmont continues to monitor. To date, the Company has not submitted any applications in this regard.

Regarding the IIJA §50202 grants for methane capture from wastewater, this program was authorized but not appropriated by the IIJA. It has still not yet been funded, but the Company continues to monitor it.

Regarding the IIJA §40314 funding for clean hydrogen programs, Piedmont, through Duke Energy Corporation, is a member of the Southeast Hydrogen Hub coalition. The coalition's plan is to develop a regional hydrogen hub in response to growing demand for clean energy sources in the Southeast transportation, industry, and power generation sectors. A hydrogen energy ecosystem is one possible option for decarbonization in the Southeast across all sectors of the economy that could potentially foster economic development while also providing abundant energy for customers and communities. In April 2023, the coalition submitted its full application to the DOE for funding to build a green hydrogen network spanning six states. Award selections are expected to be announced later this year.

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

As indicated above, full application for funding under DOE's Regional Clean Hydrogen Hubs program has been submitted. In addition, the Company submitted a proposal that was selected for a non-IIJA funded opportunity, the DOE's funding for Innovative Methane Measurement, Monitoring and Mitigation Technologies under Funding Opportunity Announcement ("FOA") 2616.¹ Piedmont's approved proposal is for the development of an Integrated Methane Monitoring Extension Platform ("IMMPE") which will leverage transdisciplinary expertise from academia, natural gas operations, digital, and advanced cloud computing technologies, as well as data science to deploy, measure, and analyze methane emissions data. The IMMPE project will allow the Company to close the gap in establishing a methane emissions baseline with direct measurement. The project team will evaluate and select technology to address assets and quantification that have not yet been explored. Upon completion, the IMMPE will offer a standardized framework that would allow others to leverage the approach and extend to upstream components, including midstream transmission and storage and upstream production and gathering. The project supports the goal of creating an industry-wide direct methane measurement standard for quantifying methane emissions through empirical means.

¹ See <https://www.energy.gov/fecm/project-selections-foa-2616-innovative-methane-measurement-monitoring-and-mitigation>

E. 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

Piedmont does not have any specific recommendations at this time for specific actions that the Commission should take to increase the opportunity for North Carolina utility customers to receive benefits under the IIJA. The Company will continue to monitor FOAs and the Act, however, for additional opportunities that may involve the Commission.

Thank you for your assistance with this matter. If you have any questions regarding this filing, you may reach me at the number shown above.

Sincerely,

/s/ Brian L. Franklin
Brian L. Franklin

BLF/bms

cc: Elizabeth Culpepper
Megan Jost
Brian Heslin
Pia Powers
James H. Jeffries IV
Mason Maney

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing is being served this date upon all 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 10th day of May, 2023.

/s/ Brooke M. Szymanski
Brooke M. Szymanski