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Commonwealth of Virginia, ex rel. State Corporation Commission
Ex Parte: Federal Grant Opportunities under the Infrastructure Investments and Jobs Act
Case No. PUR-2022-00180

Dear Mr. Logan:

Enclosed for electronic filing in the above-captioned proceeding, please find *Virginia Electric and Power Company's Federal Grant Opportunities Under the Infrastructure Investment and Jobs Act Biannual Report*. The Company apologizes for the slight delay in filing this biannual report.

Please do not hesitate to contact me if you have any questions regarding this filing.

Highest regards,

/s/ Jontille D. Ray

Jontille D. Ray

Enc.

Cc: Lisa R. Crabtree, Esq.
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FEDERAL GRANT OPPORTUNITIES UNDER THE INFRASTRUCTURE INVESTMENT AND JOBS ACT BIANNUAL REPORT

March 1, 2024

INTRODUCTION

The State Corporation Commission of Virginia (the "Commission") established a proceeding, Case No. PUR-2022-00180, to allow interested parties to comment on opportunities for federal grants or loans made available to electric utilities under the Infrastructure Investment and Jobs Act of 2021 (the "IIJA"). The Commission subsequently found it appropriate to also include consideration of federal funding opportunities under the Inflation Reduction Act ("IRA") within the scope of the proceeding. Pursuant to the Commission's June 15, 2023 Order Directing a Biannual Report ("Order"), Virginia Electric and Power Company ("Dominion Energy Virginia" or the "Company"), by counsel, submits its Biannual Report.

As to the scope of the Biannual Report, the Order provides as follows.

> Reporting shall include at least the following, to be filed biannually on September 1 and March 1 and continuing until all applicable funding opportunities under the IIJA and IRA are closed to applications or further order of the Commission:
>
> 1. Funding for which the Reporting Utilities have applied, noting (i) the applicable section of the IIJA or IRA, (ii) the purpose for which the funding is intended to be used, (iii) whether the funding is intended to offset costs to customers and funding implications on future rate cases, (iv) the status of funding applications, and (v) conditions that must be met to obtain funding.
>
> 2. Funding opportunities identified for potential application through the IIJA or IRA, noting the anticipated timeline for applying for such funding, and whether any significant obstacles have been identified. To the extent known, identify (i) the purpose for which the funding would be used, (ii) whether the funding would offset costs to customers and funding implications on future rate cases, and (iii) conditions that must be met to obtain funding.

3. A list of ongoing or upcoming Commission proceedings in which the utility reasonably knows or anticipates IIJA or IRA funding is implicated, and whether expedited or revised Commission processes are anticipated.

4. How the utilities are addressing equity and environmental justice in the context of the IIJA and IRA funding opportunities[1]

The Order further directs the Company to address the status of its efforts to obtain funding under the IIJA and the IRA for previously approved projects in the biannual reporting.[2]

BACKGROUND

The IIJA was enacted on November 15, 2021, and provides a number of competitive funding opportunities, of which some will be directly available to utilities, and some will be partnership-based.[3] The Company continues to evaluate these opportunities to provide its customers the associated benefits, such as those in the areas of resiliency, grid modernization, reliability, and flexibility. At its core, the IIJA seeks to inject approximately one trillion dollars in infrastructure, including energy infrastructure, over five years, primarily 2022 through 2026. Of interest, the law unlocks the largest amount of federal stimulus in energy infrastructure ever made—with 600% more funding for energy and infrastructure than the American Recovery and Reinvestment Act of 2009, the last major federal infrastructure bill.

The federal agencies tasked with implementing the Act—and different arms within these agencies—are administering the various funding opportunities, which include a mix of existing and new programs. In some instances, agencies are asking potential applicants to submit a "Concept Paper"—an expression of intent to apply for program funding that includes short descriptions of the proposed project(s)—prior to full applications. The agencies will then either

[1] Order at 3.
[2] Order at 4.
[3] The IIJA also provides for direct-to-state formula funding opportunities, through which funding could be sub-awarded to the Company through the Commonwealth of Virginia.

encourage or discourage full applications, effectively pre-screening project ideas. In some instances, agencies are accepting applications directly without a Concept Paper "pre-screen," while others are requiring a "Letter of Intent" prior to the full applications. The IIJA's core program most relevant to grid operators is the Grid Resilience and Innovation Partnerships ("GRIP") Program. The Company has pursued GRIP Program funding, continues to explore as many other applicable opportunities as possible, and is actively tracking the procedures and deadlines applicable for each agency.

In August 2022, the IRA became law. The IRA includes various climate and energy provisions expected to have a positive effect on current and future Company clean energy investments, subject to Commission approval. The IRA generally extends and creates incentives to promote clean energy nationwide, including approximately $369 billion for climate and clean energy provisions, such as increased federal tax credits for solar, wind, and nuclear electric generating resources, as well as energy storage facilities.

There are generally two types of federal tax credits available under the IRA to utilities to incentivize investment in renewable energy generation facilities—investment tax credits ("ITCs") or production tax credits ("PTCs"). ITCs are one-time credits calculated by multiplying the credit percentage by the amount of qualified capital (*e.g.*, the cost of constructing or acquiring the ITC-eligible property, such as solar or wind energy property) invested in a facility. Facilities that elect the PTC option receive tax credits over a ten-year period equal to an inflation-adjusted credit amount, multiplied by the kilowatt-hours of renewable electricity produced and sold by the facility during each year.

The IRA includes several provisions relevant to the Company. The IRA extends ITCs and PTCs for renewable energy technologies, including wind and solar, for at least ten years and expands the qualifying technologies to include hydrogen, biogas, and, after 2024, other zero-emissions facilities, including new nuclear. The IRA also expands the qualifying technologies for ITCs specifically to include standalone storage greater than five kilowatts. Any incremental credit that the Company receives as a result of the IRA will be passed on to customers through lower project costs. Eligible property for credits is expanded to include interconnection property for certain small projects (*i.e.*, five megawatts or less).

BIANNUAL UPDATE

The Company appreciates the Commission's efforts to ensure that Virginia utilities fully avail themselves of the opportunities the IIJA and IRA may provide. Generally, the Company continues to develop its strategies to assess and take advantage of the IIJA and IRA. Importantly, Dominion Energy Virginia has not limited its evaluation of IIJA and IRA funding opportunities to a one-time review of the programs. Instead, the Company continually reviews available IIJA and IRA opportunities over the laws' funding periods. The Company intends to actively participate in as many opportunities that align with the Company's operations as possible while providing overall net benefits to its customers.

The Commission set forth four items for electric utilities to address in its Order. The Company provides responsive information based on the information known at this time.

1. **Funding for which the Reporting Utilities have applied, noting (i) the appliable section of the IIJA or IRA, (ii) the purpose for which the funding is intended to be used, (iii) whether the funding is intended to offset costs to customers and funding implications on future rate cases, (iv) the status of funding applications, and (v) the conditions that must be met to obtain funding.**

The table below provides the requested information, with updates to this section since the Company's last biannual report shown in bold.

IIJA or IRA Section No.	Purpose	Offset Costs to Customers*	Implications on Future Rate Cases	Status	Conditions that must be met to obtain funding
11401-2A	Develop and pilot a community-driven model for shared charging deployment	Yes	To be determined	**Selected for award negotiation[4]**	DE-FOA-0002881
40101(c)	Advance Mainfeeder Hardening, Strategic Undergrounding, Smart Vegetation Management	Yes	**None**	**Not selected for award**	DE-FOA-0002740
40101(c)	Advance Voltage Island Mitigation, Substation Flood Mitigation and Modernization, and Substation Technology Deployment	Yes	**None**	**Not selected for award**	DE-FOA-0002740
40103(c)	Distribution upgrades in the rural part of the Company's territory	Yes	None	**Full application discouraged**	DE-FOA-0002970
40107	Smart grid sensor deployment, performance monitoring platform, grid-forming inverter control pilot, and dynamic line rating	Yes	To be determined	**Selected for award negotiation[5]**	DE-FOA-0002740
40314	Grid-connected electrolysis to support heavy-duty transportation, industrial decarbonization, and a power generation hydrogen blending pilot	Yes	**None**	**Not selected for award**	DE-FOA-0002779

[4] https://driveelectric.gov/files/ride-and-drive-foa.pdf.

[5] https://www.energy.gov/sites/default/files/2023-11/DOE_GRIP_2038_Virginia%20Electric%20and%20Power%20Co.%20%28Dominion%20Energy%20Virginia%29_v4_RELEASE_508.pdf.

IIJA or IRA Section No.	Purpose	Offset Costs to Customers*	Implications on Future Rate Cases	Status	Conditions that must be met to obtain funding
40333	**Maintaining and Enhancing Hydroelectricity Incentives**	**Yes**	**To be determined**	**Awaiting decision**	**DE-FOA-0003088**
40342	Solar generation construction	Yes	To be determined	Awaiting decision	DE-FOA-0003009
40342	Small modular reactor deployment on former mine land	Yes	None	**Full application discouraged**	DE-FOA-0003009
41001.2A	Long Duration Energy Storage	Yes	**None**	**Not selected for award**	DE-FOA-0002867
60401	Middle mile broadband deployment	Yes	None	Not awarded	NTIA-MMG-2022
Division J, Title V	Deployment of mobile energy storage systems	Yes	To be determined	Pre-award[6]	BRIC FY2022 NOFO**
*Any incremental credit or grant that the Company receives as a result of the IRA or IIJA will be passed on to customers through lower project costs ** Fiscal Year, starting October 1					

In addition to the applications listed above, the Company has supported its customers in the following applications.

- Indirect Participation
  - As a part of the FY22 and FY23 Federal Transit Administration's Low or No-Emission Bus grants, and Bus and Bus Facilities formula and competitive grant programs, the Company supported public transit agencies in the service territory in their efforts to electrify their buses by holding webinars, providing capacity assessments and other relevant information, and providing letters of support for customers' grant applications.
  - During June and July 2022, the Company met with the Virginia Department of Transportation ("VDOT") to provide support for the National Electric Vehicle Initiative Formula Program and VDOT's development of its EV Infrastructure Deployment Plan.
  - In July 2022, the Company announced it would expand its electric school bus program. Dominion Energy Virginia continues to support school districts in

[6] Virginia: Virginia Department of Emergency Management - Green Power Mobile Energy Storage System | FEMA.gov

its service territory who apply for electric school bus funding through the IIJA by providing utility coordination, including grid upgrades, construction, and charger installation. So far, four school districts within the Dominion Energy Virginia service territory have been awarded 58 zero emission, electric school buses through the IIJA/EPA Clean School Bus Program.

The Company interprets "the conditions that must be met to obtain funding" broadly. Specific program conditions are provided within their respective Funding Opportunity Announcements ("FOA"), and links to each are provided in the table above. General conditions common to many of the applications are:

- Supplemental to existing efforts. Grants under GRIP, for example, are in general intended to be supplemental to the existing hardening efforts of applicants for any given year.
- A commitment to a monetary match, or cost share, to the agency's investment of each federal dollar, usually on a one-for-one basis.
- Reporting requirements as part of a grant award. For example, reporting, tracking, and segregation of incurred costs and reporting on job creation and preservation. Recipients of funding appropriated by the IIJA or IRA must comply with requirements of all applicable federal, state, and local laws, regulations, funding agency policy and guidance, and instructions within the specific FOAs.
- To support the goal of building a clean and equitable energy economy, the IIJA funded projects are expected to (1) support meaningful community and labor engagement; (2) invest in America's workforce; (3) advance diversity, equity, inclusion, and accessibility; and (4) contribute to the goal that 40% of the overall benefits of certain federal investments flow to disadvantaged communities (the Justice40 Initiative). As a result, the proposed project should include community benefits and stakeholder engagement associated with the project upon grant award.

While a utility may have a project that promotes the public interest, would provide reliable and high-quality services to utility customers at reasonable rates, and meets the requirements and the intent and goals of the IIJA, that project may not receive IIJA funding. There are a very limited number of awards per opportunity.

The Company will keep Commission Staff apprised of funding decisions received, as appropriate, and will continue to report on the status of its applications in future biannual reports.

2. **Funding opportunities identified for potential application through the IIJA or IRA, noting the anticipated timeline for applying for such funding, and whether any significant obstacles have been identified. To the extent known, identify (i) the purpose for which the funding would be used, (ii) whether the funding would offset costs to customers and funding implications on future rate case, and (iii) conditions that must be met to obtain funding.**

The table below provides the requested information. On November 14, 2023, the Biden-Harris Administration announced up to $3.9 billion available through the second-round funding opportunity of GRIP for fiscal years 2024 and 2025. Many of the potential application opportunities below are associated with GRIP.

IIJA or IRA Section No.	Purpose	Offset Costs to Customers*	Implications on Future Rate Cases	Status	Conditions that must be met to obtain funding
40101(c)	Resiliency	Yes	To be determined	Applications Due 4/17/24	DE-FOA-0003195
40101(d)	Resiliency	Yes	To be determined	Applications Due 3/29/24	VGRIP
40103(b)	Grid Flexibility	Yes	To be determined	Applications Due 4/17/24	DE-FOA-0003195
40107	Grid Flexibility	Yes	To be determined	Applications Due 5/22/24	DE-FOA-0003195
41201	Demonstrate Distributed Energy Resource Management System	Yes	To be determined	Applications Due 4/15/24	DE-FOA-0003139

3. **A list of ongoing or upcoming Commission proceedings in which the utility reasonably knows or anticipates IIJA or IRA funding is implicated, and whether expedited or revised Commission processes are anticipated.**

The Company anticipates that IIJA or IRA funding may be implicated in Commission proceedings focused on grid modernization; solar, wind, and energy storage development; and associated cost recovery, including:

- Biennial review proceedings
- Grid Transformation Plan prudence determination proceedings
- Annual RPS Program-related proceedings as required by Va. Code § 56-585.5 D 4, including updates to Rider CE
- Battery energy storage pilot program proceedings
- Demand-side management proceedings
- Rider GT
- Rider RBB
- Rider U
- Rider E
- Rider OSW
- Rider US-2
- Rider US-3
- Rider US-4

The Company does not anticipate any expedited or revised Commission processes.

4. How the utilities are addressing equity and environmental justice in the context of the IIJA and IRA funding opportunities.

Under the Virginia Environmental Justice Act ("VEJA"), environmental justice is defined as the fair treatment and meaningful involvement of every person—regardless of race, color, national origin, income, faith, or disability—regarding the development, implementation, or enforcement of any environmental law, regulation, or policy.[7] Like its federal predecessor, under the VEJA, "fair treatment" focuses on the negative and adverse environmental impacts of a project, and is defined to mean "the equitable consideration of all people whereby no group of people bears a disproportionate share of any negative environmental consequence resulting from operations, programs, or policies." Similarly, "meaningful involvement" under the VEJA means "the requirements that (i) affected and vulnerable community residents have access and

[7] The primary tenets of the VEJA (fair treatment and meaningful involvement) were not created anew, but instead stand and build upon existing, governmental environmental justice policies stemming back to Executive Order 12898, issued by President Clinton in 1994, which was focused on disproportionately high and adverse human health or environmental effects, including high risks from environmental hazards and impacts on populations relying on subsistence lifestyles, of federal agencies' actions on minority populations and low-income populations. Executive Order 12,898 §§ 1-101, 3-301, 4-401 (Feb. 16, 1994), available at https://www.archives.gov/files/federal-register/executive-orders/pdf/12898.pdf.

opportunities to participate in the full cycle of the decision-making process about a proposed activity that will affect their environment or health and (ii) decision makers will seek out and consider such participation, allowing the views and perspectives of community residents to shape and influence the decision." The VEJA defines "environment" broadly to mean "the natural, cultural, social, economic, and political assets or components of a community."

Dominion Energy Virginia is dedicated to meeting environmental justice expectations of fair treatment and meaningful involvement by being inclusive, understanding, and dedicated to finding solutions, and by effectively communicating with its customers and neighbors. The Company adopted an environmental justice policy in 2018 through which it committed to hearing, fully considering, and responding to the concerns of all stakeholders. Consistent with the VEJA, this commitment includes ensuring that a voice in decisions about siting and operating energy infrastructure is given to all people and communities. Communities should have ready access to accurate information and a meaningful voice in the project development process. The Company has pledged to be a positive catalyst in its communities.

Generally, when conducting an environmental justice review, the Company evaluates: the type of project or program; where it will occur; what type of environmental impacts are likely; whether any such impacts are negative or adverse; and whether there are environmental justice communities (as defined by the VEJA) that might suffer any such negative or adverse environmental impacts of the proposed activity. These factors are consistent with the VEJA, U.S. Environmental Protection Agency guidance, and currently accepted best practices. The outcome of one or more of these inquiries may result in a finding that no environmental justice concerns exist. For example, a proposed project or program may not have a significant adverse environmental impact on any community, let alone an environmental justice community.[8] Alternatively, if the evaluation determines an environmental justice community might suffer negative or adverse environmental impacts from the proposed activity, then an analysis is done to determine whether that community would bear a disproportionate share of such impacts.

As discussed above in response to the first prompt, Justice40 is a federal initiative, whereby projects must demonstrate how they contribute to the goal that 40% of the overall benefits of certain federal investments will flow to disadvantaged communities. For federal funding applications, applicants must provide an overview of benefits to disadvantaged communities that the project and the federal investment can deliver, including how and when anticipated benefits will flow to the identified communities, as well as any anticipated negative impacts and how those may be mitigated. To identify the communities and the flow of investment, the Company maps the overlay of each of the project locations to disadvantaged communities, as identified by the DOE Disadvantaged Communities Reporter tool.

[8] Importantly, the VEJA defines environmental justice communities as identifiable, discrete communities within specific geographic area, and not, for example, at large. "Community of color" means "any geographically distinct area where the population of color, expressed as a percentage of the total population of such area, is higher than the population of color in the Commonwealth . . . ." "Low-income community" means "any census block group in which 30 percent or more of the population is composed of people with low income." "Fenceline community" means an area that contains all or part of a low-income community or community of color and that presents an increased health risk to its residents due to its proximity to a major source of pollution."

CERTIFICATE OF SERVICE

I hereby certify that on this 5th day of March 2024, a true and accurate copy of the foregoing filed in Case No. PUR-2022-00180 was hand delivered, electronically mailed, and/or mailed first class postage pre-paid to the following:

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