

**DOCKETED**

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# FEDERAL FUNDING OVERVIEW

## INVESTOR OWNED UTILITIES (IOUS)

September 20, 2024  
DACAG Meeting

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Climate & Equity Initiatives  
Energy Division  
California Public Utilities Commission



California Public  
Utilities Commission

# Presentation Agenda:

1. **Context for oversight by CPUC & Opportunity for California**
2. **Commission Expectations for IOUs and Federal Funding**
3. **CPUC Tracking of Utility Applications/Awards and Approval Process for Spending**
4. **Federal Grant Awards to Utilities So Far**

**IOU Projects funded in whole or in part by federal grants face the same level of CPUC scrutiny as any other project submitted before the Commission.**



# Biden Administration Federal Funding Available to IOUs

- **Infrastructure Investment and Jobs Act / Bipartisan Infrastructure Law (IIJA/BIL)- November 2021**
  - Competitive and Formula Grants
  - \$62 Billion for 60 new programs to the Dept. of Energy (DOE)
  - Available through 2026
- **Inflation Reduction Act (IRA) – August 2022**
  - Tax Credits, Financing, and Production Incentives
  - \$9B in home energy efficiency rebates - \$292M and \$290M for CA for HOMES and HEEHRA
  - Solar-for-All is in this one
- **Creating Helpful Incentives to Produce Semiconductors and Science Act (CHIPS) – August 2022**
  - R&D Investments to lower production costs

# CPUC Expectations on Leveraging Federal Funds

*“The CPUC views this as a one-time opportunity to benefit California utility customers and make critical grid and gas infrastructure investments. These investments can help to minimize energy bill charges, improve the reliability and resiliency of our electric and gas systems, and achieve our ambitious climate change goals.”*

President Alice Reynolds,  
January 2022

- President Reynolds sent three letters to Electric and Gas IOUs
  - January 2022, November 2022, and April 2024
  - Letters and Responses are [available here](#)
- Commission voiced support for IOUs accessing federal funding to make critical investments to modernize and prepare California’s grid for the future
- Commission urged IOUs to plan to apply for grants, to identify roadblocks to successful applications, and for input on how CPUC should review grant-funded projects

# IIJA/BIL GRIP Program

- Grid Resilience and Innovation Partnerships Program ([More Info Here](#))
- \$10.5B to enhance grid flexibility and improve the resilience of the power system against growing threats of extreme weather and climate change.

Grant Program	Purpose
<b>Grid Resilience Industry Grants Preventing Outages and Enhancing the Resilience of the Electric Grid / Hazard Hardening (Sec. 40101(c))</b>	Strengthen and modernize America's power grid against wildfires, extreme weather, and other natural disasters exacerbated by the climate crisis.
<b>Smart Grid Grants Deployment of Technologies to Enhance Grid Flexibility (Sec. 40107)</b>	Deploy advanced grid technologies to enhance grid flexibility focused on advanced transmission technologies such as dynamic line rating, flow control devices, and advanced conductors.
<b>Grid Innovation Program Upgrading Our Electric Grid and Ensuring Reliability and Resiliency (Sec. 40103(b))</b>	Support large-scale demonstration projects that use innovative approaches to energy transmission, distribution, and storage to harden and enhance grid resilience and reliability

# IIJA/BIL Match Requirements

Grant Program	Total Available Funding	Cost Share (per application amount)
<b>Grid Resilience Industry Grants</b> <b>Preventing Outages and Enhancing the Resilience of the Electric Grid / Hazard Hardening (Sec. 40101(c))</b>	\$2.5 billion (\$500 million/year FY 2022-2026)	100%
<b>Smart Grid Grants</b> <b>Deployment of Technologies to Enhance Grid Flexibility (Sec. 40107)</b>	\$3 billion (\$600 million/year FY2022-FY2026)	50% minimum
<b>Grid Innovation Program</b> <b>Upgrading Our Electric Grid and Ensuring Reliability and Resiliency (Sec. 40103(b))</b>	\$5 billion	50% minimum

# Commission Orders on Federal Grants

- **The Commission adopted [Resolution E-5254](#) on April 6, 2023 directing the IOUs on how to seek cost-recovery for ratepayer matching funds for federal grants**
  - Applies to all Electric and Gas IOUs in CA – Large & Small
  - Three key components:
    - Describes process by which the IOUs should seek to recover costs associated with matching funds and other costs:
      - GRCs or
      - Standalone Application
    - Creates a memorandum account to track costs
      - Establishes a tracking mechanism for IOUs to report quarterly to Energy Division on utility activities related to planning, seeking, and implementing federal grants
    - Tracking and Reporting Requirements

# Reasonableness Review Standard for Cost Recovery

- Same CPUC scrutiny as for non-federally funded projects to ensure ratepayer matching funds are invested prudently
- Litigated in a public proceeding that includes public participation
- Opportunities for discovery, review the details of the costs, submit briefs and testimony, cross-examine witnesses in evidentiary hearings, and may or may not propose settlements.
- Approval relies on an evidentiary record on which the Commission will base its determination of whether costs are reasonable and therefore should be borne by ratepayers.

# Considerations with Federal Funds

- Cost to Ratepayers: Is project necessary, even at a discount?
  - Most applications require some portion of ratepayer match. Some of that match can come from state programs.
- What is being displaced to do this project?
  - Federal funds have expiration dates and will need to be used quickly.
  - Ex. Is this a substation that will facilitate increased interconnection or are these resources that need to be interconnected?
- Does this align with State goals?
  - Federal priorities aren't always the same as California's

Evaluation of ratepayer costs for projects receiving IIJA, IRA, or CHIPS grant funding must be **consistent with existing Commission practice** and directives in other relevant regulatory proceedings.

*Resolution E-5254*

# Grant Activity Data Tracked

- Quarterly Reports: <https://www.cpuc.ca.gov/about-cpuc/divisions/office-of-governmental-affairs/federal-funding>
- Filed templates include detailed information including:
  - Application status
  - Project description
  - Expected cost and timeline
  - Project partners
  - Grant amount and anticipated ratepayer cost share
  - Associated CPUC proceedings
  - If there is/how many/how much of a common element such as EV chargers, Renewables Generation, or a microgrid

# IOUs Federal Grant Awards: Summary to Date

# Grant Status

- Most awards are still in negotiation
- No cost-recovery Applications have been received by the CPUC for federally-funded projects as of September 2024
- Two types of wins:
  - IOU-specific & led
  - Consortia/Statewide

# CHARGE-2T (PGE/SCE)

- California Harnessing Advanced Reliable Grid Enhancing Technologies for Transmission
- Joint proposal between CEC, CPUC, CAISO, PG&E, SCE and UC Berkeley
- Reconductor 100+ miles of lines to increase transmission capacity to support renewables integration. Also supports interconnection reform.
- \$600M Federal Share / \$901M Ratepayer Share
- [More details here.](#)

# TERAs (PGE/Redwood Coast Energy Authority)

- **Tribal Energy Resilience and Sovereignty (TERAS) Project**
- Joint between PGE, CCA, Schatz Energy Research Center @ Cal Poly Humboldt
- \$88M Federal / \$89M Ratepayer
- For nested microgrids serving Hoopa Valley, Yurok, Karuk, and Blue Lake Rancheria tribes
- More details: [Department of Energy “GRIP” Funding Enables a Transformative Energy Solution for Rural Northern California Tribes \(yubanet.com\)](https://www.yubanet.com).

# Project Leapfrog (Liberty)

- \$13M Federal Share / \$13M Ratepayer Share
- Upgrading the distribution system for real-time information gathering, greater manipulability, and faster outage management
- Details here: [DOE-GRIP-Liberty-Utilities-CalPeco-Electric-LLC.pdf](#)  
[\(energy.gov\)](#)

# Resilience and Wildfire (PacifiCorp)

## PacifiCorp's Equity-aware Enhancement of grid Resiliency (PEER) Grid Resilience - [Details here](#)

40101

- California Cost Share Unknown
  - Total: \$100M federal \$106M ratepayer
- Reduce outages, reduce wildfire ignition risks, end flood-related outage for the Yurok Tribal community

## Resiliency Enhancement for Fire mitigation and Operational Risk Management (REFORM) Wildfire Reduction – [Details here](#)

40107

- California Cost Share Unknown
  - Total: \$50M federal \$53M ratepayer
- Upgrading the grid to reduce outages and ignition potential

# Hydropower Incentives (PG&E)

- “Maintaining and Enhancing Hydroelectricity” incentive payments in Section 247 of the Bipartisan Infrastructure Law.
- \$34.5 million for 39 different projects
- Incentive cap is 30% of project costs up to \$5M per hydropower facility
- Full DOE list here:
  - [Section 247: Maintaining and Enhancing Hydroelectricity Incentives Selections | Department of Energy](#)

# Research Awards:

- **PG&E** - Advanced Solutions to Mitigate Wildfire Risk (Digital Twin Coalition Application with six utilities). Focus on LiDAR and imagery. \$32M [More info here](#).
- **PG&E** - A Sensitivity-Driven Wide Area Protection (SWAP) Condition Tool for High Penetration of Inverter Based Resources (IBRs). \$2.3M [More info here](#).
- **SDG&E** - Reliable Protection for an Inverter-Based Resources Dominant Grid: Technology Development and Field Demonstration. \$3M. [More info here](#).

# Consortia/Statewide:

- **ARCHES Hydrogen Hub (Public-Private Partnership)**
  - \$1.2B Statewide for Hydrogen Development; 1-to-1 cost share eventually
  - [More info here](#)
- **Solar-for-All (CEC/CPUC)**
  - \$200+M to expand low-income solar programs
  - This is non-match money
  - [More info here](#)
- **National Clean Investment Fund (IRA) (CA IBank)**
  - CA is a subrecipient for a Coalition for Green Capital - \$5B award
  - California expecting \$400-\$500M in improved access to clean capital
  - [For info here](#)

- **California Direct Air Capture & Storage Hubs**

- About 40 organizations from across industry, community, tribes, government, technology, national labs, academia, labor, and workforce development
- Envision a network of CCS sites across California
- \$12M FEED study to remove 1 MMT/yr of CO<sub>2</sub> directly from the air, and transport to a permanent sequestration site in Kern County. [More info here.](#)

**Questions?**





# California Public Utilities Commission

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