

Update on the Inflation Reduction Act and the Bipartisan Infrastructure Law

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Bipartisan Infrastructure Law (BIL)

- BIL contains \$4.275 B to address orphaned well plugging
 - Initial Grants \$775 M
 - Formula Grants \$2 B
 - Performance Grants \$1.5 B
- Shall vs May distinction between Federal and States/Tribes

Bipartisan Infrastructure Law (BIL)

- Generally
 - Up to 10% of grants for administrative purposes – 349(c)(2)(B)
 - States can use their own definitions and procedures for plugging and remediation – 349(a)(5) and 349(c)(4)(B)
 - Secretary of Interior has limited discretion in administering the grants – 349 (c)(3)(B), (4)(C), and (5)(C)
 - **Davis-Bacon Act applies**

Bipartisan Infrastructure Law (BIL)

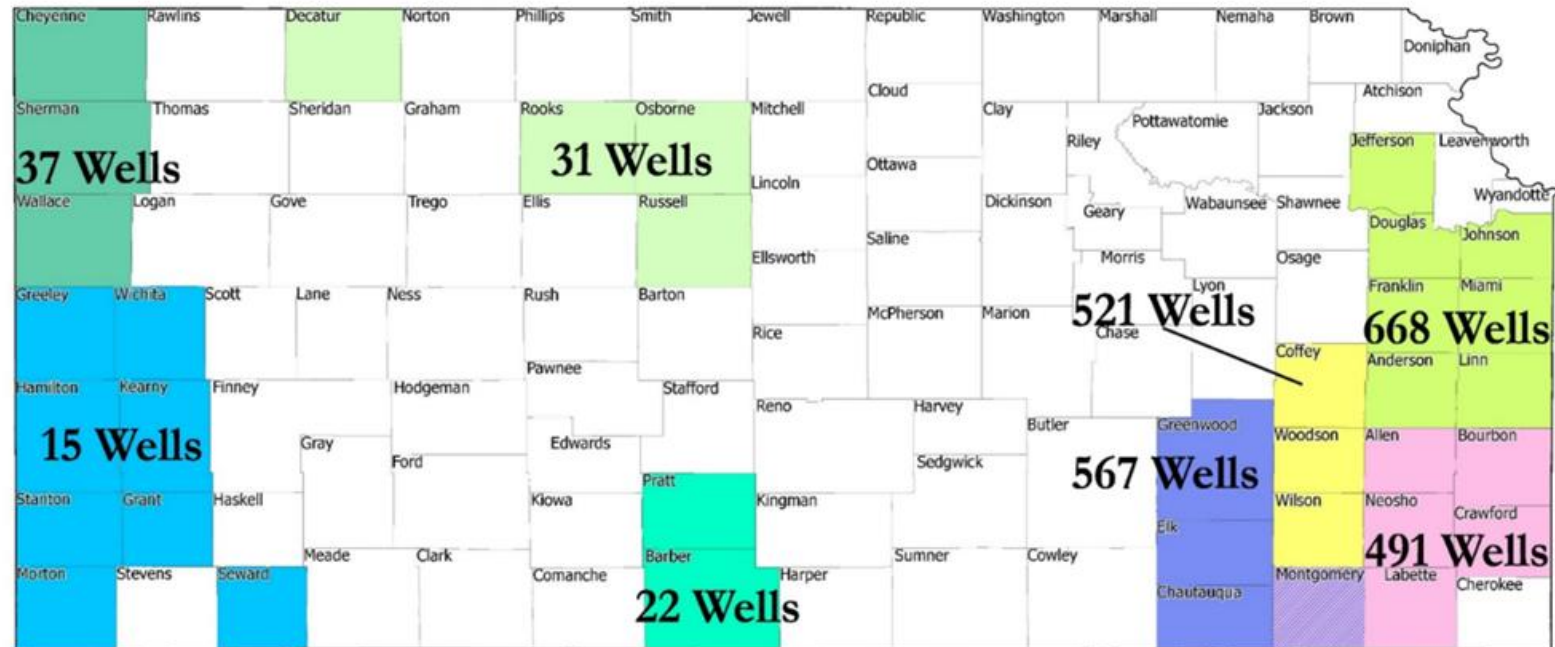
- Performance Grants – Sec 349(c)(5)
 - Regulatory Improvement Grants
 - Strengthening regulatory plugging standards and procedures
 - Reducing future orphaned well burdens
 - “financial assurance reform, alternative funding mechanisms for orphaned well programs, and reforms to programs relating to well transfer or temporary abandonment”
 - Have a 10-year lookback period so states can account for recent actions but...
 - Also has a 10-year clawback period if the state enacts a law or regulation that would make it ineligible to apply the first time
 - Up to \$20 M per state
 - Matching Grant
 - Up to \$30 M during FY 2022 – 2031
 - Avg. annual state plugging expense (2010 – 2019) – Amount state certifies it will spend during FY
 - 49-page draft guidance issued 1/12/24 – states’ initial response due 2/2/24

Bipartisan Infrastructure Law (BIL)

- Initial Grants – two types
 - \$25 M Initial Grant – all states are eligible
 - Request for funding must be submitted within 180 days after enactment (Friday 5/13/2022)
 - State will “obligate” 90% of the funds within 90 days
 - 10% of grant can be used for administrative costs
 - Funds must be distributed to state within 30 days of request*
 - State must return “unobligated” funds one year after receipt*
 - State must report to Secretary 15 months after receipt how the funds were used*
 - \$5 M Initial Grant
 - No timeframe for request or obligation requirement (9/30/2030)
 - Not subject to the 10% administrative costs limitation
 - Still subject to the bullets with an * above

Bipartisan Infrastructure Law (BIL)

- Kansas put eight projects out for bid – received bids on six.



- Project 1 - 15 Wells
- Project 2 - 22 Wells
- Project 3 - 668 Wells
- Project 4 - 521 Wells
- Project 5 - 491 Wells
- Project 6 - 567 Wells
- Project 7 - 31 Wells
- Project 8 - 37 Wells

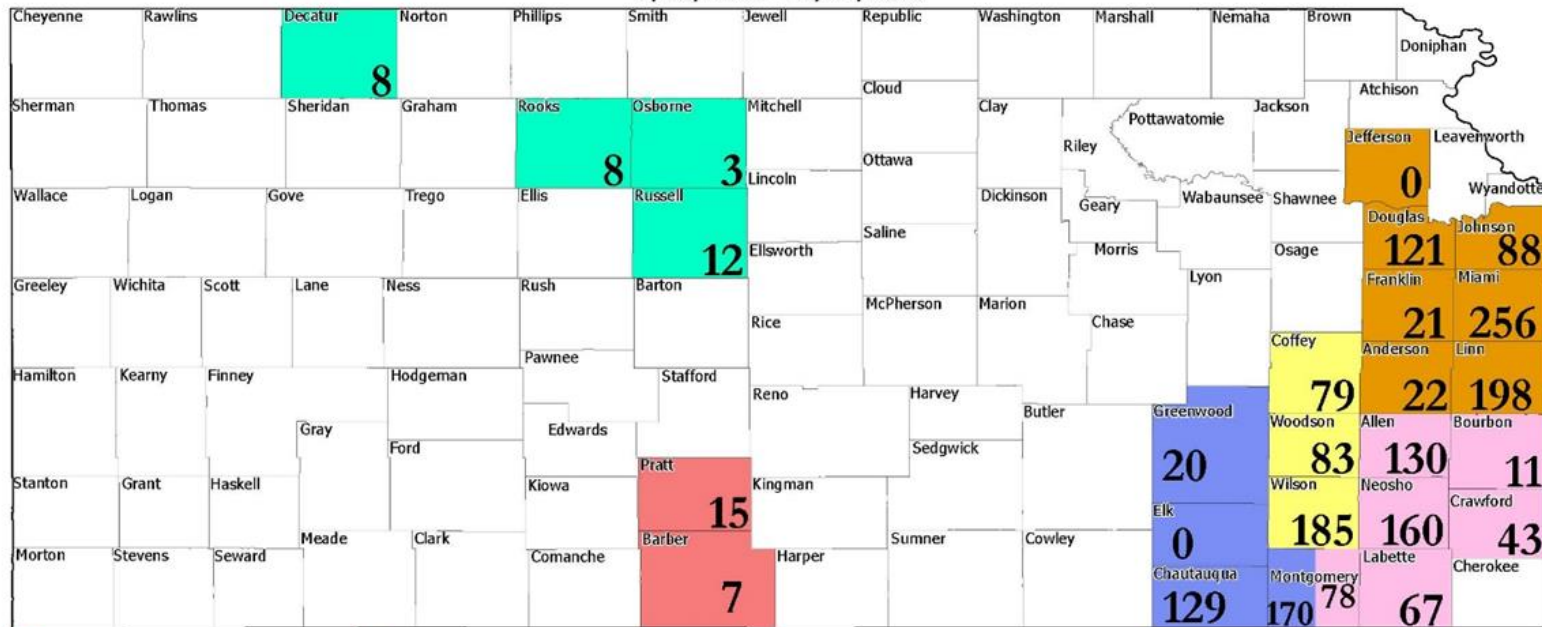
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Bipartisan Infrastructure Law (BIL)

Federal Initial Grant Projects

Wells Plugged

1/16/2023 - 12/31/2023



- 2023FP1-02: District 1, Project 2 - 22 Wells
- 2023FP3-01: District 3, Project 1 - 814 Wells
- 2023FP3-02: District 3, Project 2 - 502 Wells
- 2023FP3-03: District 3, Project 3 - 490 Wells
- 2023FP3-04: District 3, Project 4 - 654 Wells
- 2023FP4-01: District 4, Project 1 - 31 Wells

State-wide total of wells plugged to-date: 1,914
 Amount paid to contractors for wells invoiced: \$20,118,735.28

Map indicates the number of wells plugged in each county using federal funding from the initial grant. Number in legend indicates the total number of wells in each project.



Bipartisan Infrastructure Law (BIL)

State of Kansas Abandoned Well Plugging • Federal Program • Federal Initial Grant	
Initial Funds Available TOTAL	\$25,000,000.00
Sold Salvage Profit TOTAL	\$624,638.00
INITIAL ESTIMATED AMOUNTS	
Initial Estimated TOTAL Wells	2,295
Adjustment Administrative Cost (software)	\$21,028.00
Initial Estimated TOTAL Projects Cost	\$24,862,078.74
ADDED WELLS FROM SALVAGE PROFIT	
Additional TOTAL Wells	218
Additional TOTAL Well Cost	\$2,199,000.00
NEW ESTIMATED TOTAL WITH ADDITIONAL WELLS	
Additional TOTAL Wells	2,513
Additional TOTAL Well Cost	\$25,336,423.28

Bipartisan Infrastructure Law (BIL)

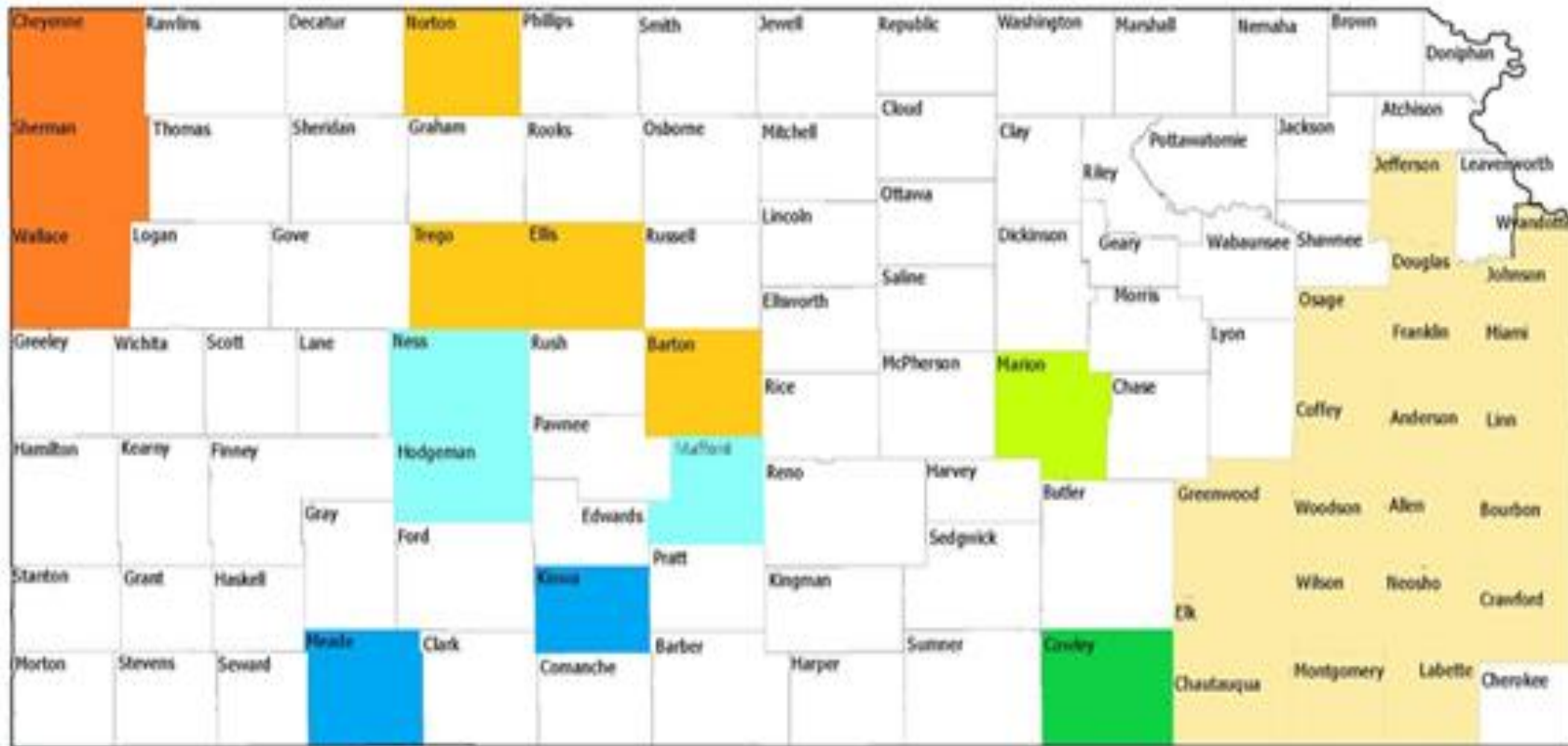
- Formula Grants
 - Formula has three variables:
 - Number of “documented” abandoned wells;
 - Cost to plug abandoned wells; and
 - Job losses in the oil and gas sector
 - State must file notice of intent to apply within 45 days
 - 75 days after enactment, Secretary must publish amount state is eligible to receive
 - Secretary must issue funds within 60 days of receiving a complete application
 - Application period is open-ended (9/30/2030)
 - Funds must be used within five years or returned
 - Kansas’ Notice of Intent to Apply for Funding Submitted 12/2021
 - 5,477 “documented” abandoned wells
 - Estimated plugging cost of \$35,765,916.69*
 - 401 jobs lost (8.4%) Kansas Bureau of Labor Statistics data through June 2021

Bipartisan Infrastructure Law (BIL)

- Actual Formula Grant Award
 - \$33.6 M “awarded”
 - *\$8.6 M available in Phase 2?*
 - Could more money be available?
- DOI provided “Draft Guidance” on January 30, 2023
- KCC will provided written comments on Draft Guidance
- KCC applied for Formula Grant on December 29, 2023
 - BIL provides for funding within 60 days of a complete application
- Meetings with contractors began January 10, 2024 – two more in-person meetings took place on January 16 and 18, 2024 and one last minute video conference will be held prior to submitting the RFP to Department of Administration for bidding

Bipartisan Infrastructure Law (BIL)

- Approximately 1,875 wells and 8-10 projects



Department of Energy (DOE) BIL Grants

IIJA Grants			
Grant Name	Federal Funds Available	Date Application Submitted	Date Application Approved
SEP IIJA	\$5,410,310.00	December 5, 2022	May 19, 2023
40101(d) Grid Resilience	\$13,313,126.00	March 23, 2023	July 5, 2023
Energy Efficiency Revolving Loan Fund (EERLF)	\$6,706,230.00	May 26, 2023	Pending approval by DOE
Energy Efficiency and Conservation Block Grant (EECBG)	\$1,914,100.00	July 25, 2023	Pending approval by DOE

DOE – BIL Grant Requirements

- Subject to Davis-Bacon Requirements;
- Subject to Buy American Requirements;
- Formula grants and not subject to match requirements – except the 40101(d) does have project entity match and a State match;
- 40101(d) funds listed is a two year allocation and we anticipate another allocation of about \$6.2 for year three.
- SEP-IIJA, EERLF, and EECBG are one time formula grants;

Inflation Reduction Act (IRA)

IRA Grants			
Grant Name	Federal Funds Available	Date Application Submitted	Date Application Approved
IRA Rebate - Home Electrification and Appliance Rebates	\$52,663,910.00	Application for Early Administration Funds* submitted on November 11, 2023. Full applications due by January 30, 2025. *\$1,316,598.00 of the total funds	Pending approval by DOE
IRA Rebate - Home Efficiency Rebates	\$52,971,870.00	Application for Early Administrative Funds* submitted on November 11, 2023. Full applications due by January 30, 2025. *\$1,324,297.00 of the total funds	Pending approval by DOE
Training for Residential Contractors (TREC)	\$1,906,060.00	January 12, 2024	Pending approval by DOE
IRA Assistance for Latest and Zero Building Energy Code Adoption	\$5,944,454.85	Pending (Application due September 30, 2025) LOI January 31, 2024	N/A

IRA - Rebate

- Early Administration Funds application submitted November 11, 2023:
 - Third Party Contractor to assist with the development of the Implementation Blueprint which must include:
 - Community Benefits plan;
 - Education and Outreach Strategy plan;
 - Utility Data Access plan;
 - Consumer Protection plan;
 - Privacy and Security risk Assessment;
 - Market Transformation Plan
 - Address Justice 40 Initiatives
 - Target is low-income households
 - In the meantime, residential tax incentives are available now and information can be found at this link: <https://www.irs.gov/credits-deductions/energy-efficient-home-improvement-credit>