

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION  
DOCKET NO. E-2, SUB 1294

In the Matter of: )  
Application of Duke Energy ) POST HEARING BRIEF OF NORTH  
Progress, LLC for Approval of ) CAROLINA JUSTICE CENTER,  
Demand-Side Management and ) NORTH CAROLINA HOUSING  
Energy Efficiency Cost Recovery ) COALITION, AND SOUTHERN  
Rider Pursuant to N.C. Gen. Stat. ) ALLIANCE FOR CLEAN ENERGY  
§ 62-133.9 and Commission Rule )  
R8-69

PURSUANT to North Carolina Utilities Commission (Commission or NCUC) Rule R1-25 and the Commission's *Order Excusing Witnesses, Canceling Expert Witness Hearing, Requiring Late Filed Exhibit and Taking Notice of Prior Testimony* issued September 12, 2022 in this docket, North Carolina Justice Center (NCJC), North Carolina Housing Coalition (NC Housing Coalition), and Southern Alliance for Clean Energy (SACE) (collectively, Efficiency Advocates) respectfully submit this post-hearing brief in the above-captioned docket.

**I. Introduction**

The Efficiency Advocates support Duke Energy Progress' (DEP or the Company) application and the savings achieved by the Company's portfolio of programs, which continue to provide substantial benefits for its customers. The Efficiency Advocates remain committed to strengthening DEP's programs, increasing overall savings, and providing additional opportunities for low-income customers to receive expanded energy-efficiency services, including access to comprehensive efficiency retrofits.

Although the DMS/EE rider dockets are primarily focused on cost-recovery for DEP, they also provide the only regular avenue for the Commission

to observe trends and set direction for program and policy improvements in the Company's portfolio of programs. The Efficiency Advocates appreciate the opportunity to intervene on behalf of our members and constituents to highlight the importance of reaching low-income customers with bill-saving efficiency programs and the central role of energy efficiency in the transition to a clean energy future as mandated by N.C. Gen. Stat § 62-110.9.

Efficiency Advocates filed the testimony of Forest Bradley-Wright, Energy Efficiency Director for SACE, on August 24, 2022. This post-hearing brief reiterates his recommendations and conclusions.

**II. Duke Energy Progress' Performance in Delivering Energy-Efficiency Savings to its Customers**

**a. DEP Adjusted to Difficult Circumstances but Failed to Meet the Target of One Percent of Savings of Prior-Year Sales**

The Efficiency Advocates commend DEP for proactively adjusting its approach to delivering DSM/EE services in light of the COVID-19 pandemic. Despite these adjustments, DEP has yet again failed to achieve the agreed-upon energy savings target of one-percent of prior-year retail sales. Although the Company's projected total savings increased by about 6.9% when compared to last year, these savings only amounted to 0.75% of 2021 retail sales<sup>1</sup>

**b. Non-Residential Opt Outs Have Led to a Significant Decline in Non- Residential Savings**

Non-residential program performance worsened in 2021, with non-

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<sup>1</sup> *Direct Testimony of Forest Bradley-Wright on Behalf of the North Carolina Justice Center, North Carolina Housing Coalition, and Southern Alliance for Clean Energy*, Docket No. E-2, Sub 1294, at 4:18-20 (Aug. 24, 2022) (*Bradley-Wright Direct Test.*).

residential programs amounting to “26% of total energy efficiency savings,” which is “36% below the Company’s savings forecast.”<sup>2</sup> As non-residential customers consume a significant amount of energy and the cost of commercial and industrial energy efficiency is relatively minor, there is good reason to suspect that these programs’ share of total savings would have been higher but for commercial and industrial opt outs.<sup>3</sup> “[I]n 2021, approximately 55% of DEP’s commercial and industrial energy consumption opted out of the utility’s energy efficiency offerings (10,963 GWh out of 19,772 GWh of DEP’s North Carolina non-residential retail sales).”<sup>4</sup> In addition, given the lack of “real world verification of eligibility, and . . . enforcement,”<sup>5</sup> it is unclear whether all the commercial and industrial customers who have opted out of the DSM/EE rider have in fact implemented alternative efficiency improvements.<sup>6</sup> In addition, without any kind of reporting on the savings achieved by opt-out C&I customers, it is difficult to accurately project load forecasts.<sup>7</sup> Moreover, these unverified opt-outs inequitably shift some of the costs associated with DEP’s DSM/EE programs to other ratepayers, including low-income customers.<sup>8</sup>

### **c. Overreliance on Short-Lived Measures in Residential Behavioral Programs**

Residential program savings accounted for 74% of total savings in 2021.<sup>9</sup>

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<sup>2</sup> *Id.* at 6:16-18. Overall, non-residential savings “have decreased 39%” from 2018 through 2021. *Id.* at 6:19-20.

<sup>3</sup> *Id.* at 7:4-5, 12-14.

<sup>4</sup> *Id.* at 7:9-11. The Company did not provide DEP systemwide opt-out data, electing instead to provide North Carolina specific opt-out data in its discovery responses. *Id.* at 7:5-7.

<sup>5</sup> *Id.* at 8:8-9.

<sup>6</sup> *Id.* at 8:5-7.

<sup>7</sup> *Id.* at 9:18-21.

<sup>8</sup> *Id.* at 8:13-17.

<sup>9</sup> *Id.* at 6:2-3.

Within these residential programs, the largest savings came from My Home Energy Report (MyHER), a behavioral program responsible for 54% of DEP's total savings.<sup>10</sup> We have consistently expressed concern about the Company's overreliance on these behavioral measures. Although its decision is not controlling authority, Efficiency Advocates would note that the South Carolina Public Service Commission (PSC) found that DEP's planned overreliance on behavioral programs to achieve future efficiency savings was a reason to require modifications to the DEP and Duke Energy Carolinas (collectively, the Companies) Companies' Integrated Resource Plans.<sup>11</sup> The PSC ordered the Companies to "work with members of the Collaborative to ensure that residential saving projections are not overly dependent on behavioral programs with short savings persistence."<sup>12</sup> Behavioral programs like MyHER provide no significant long-term or deep savings. At the same time, changing federal lighting standards are making it increasingly difficult for the Company to continue to rely on lighting measures to achieve cost-effective savings.

### **III. The Energy Efficiency Collaborative**

Over the past few years, Energy Efficiency Collaborative (EE Collaborative) stakeholders have submitted several DSM/EE program proposals for DEP's consideration.<sup>13</sup> While the Company has relayed that it has and will continue to diligently assess each stakeholder program proposal, there has been

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<sup>10</sup> *Id.* at 6:3-5.

<sup>11</sup> *Order Requiring Modifications to Integrated Resource Plans of DEC and DEP*, South Carolina Public Service Commission Docket Nos. 2019-224-E & 225-E, at 15 (June 28, 2021).

<sup>12</sup> *Id.*

<sup>13</sup> *Bradley-Wright Direct Test.* at 27:2-4.

a lack of clarity about this process.<sup>14</sup>

Fortunately, lessons learned from the Residential Income Qualified High Energy Use Pilot (IQ High Energy Use Pilot) and the Tariffed On-Bill Programs (TOB Programs) provide a path forward for improving EE Collaborative program review and development process. Although the impetus and much of the zeal driving the development of these two programs stems from a settlement reached in the most recently concluded DEP general rate case, the progress achieved developing the IQ High Energy Use Pilot and the TOB Programs nevertheless demonstrates the importance of (1) a “sustained schedule of meetings with clear objectives, deliverables, responsible parties . . . ,” and a consensus on the necessary steps to finalize and file an agreed upon program application with the Commission (2) close collaboration between stakeholders and Company staff; and (3) creative problem-solving when issues arise.

#### **IV. There is Further Room to Grow DEP’s Low-Income Efficiency Programs**

Predictably, DEP’s minimal low-income DSM/EE program offerings have limited its low-income program performance. For example, in 2019, DEC’s low-income programs delivered 9 GWh of savings, while DEP’s programs only delivered 3.7 GWh.<sup>15</sup> Neighborhood Energy Saver will be responsible for “4.6 GWh of system energy reductions” of DEP’s total 2023 demand impact projections,<sup>16</sup>

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<sup>14</sup> *Id.* at 27:4-7.

<sup>15</sup> *Id.* at 15:21-23.

<sup>16</sup> *Id.* at 15: 12-13.

which amounts to “just over 1% of the Company’s total residential energy savings in 2023.”<sup>17</sup>

Promisingly, DEP has submitted an application with the Commission for a proposed Income-Qualified Energy Efficiency and Weatherization Program and received approval to provide additional offerings through its Neighborhood Energy Saver program.<sup>18</sup> In addition, findings and recommendations from Low Income Affordability Collaborative (LIAC) make clear the scale of the need, as “approximately 29% of DEC and DEP residential accounts [or about 900,000 households] fall below 200% of the Federal Poverty Guideline,”<sup>19</sup> and would therefore potentially qualify for low-income efficiency programs, and the centrality of increasing energy efficiency programming to advance energy affordability.<sup>20</sup> The Efficiency Advocates are hopeful that DEP will act upon the LIAC findings and recommendations and “increase participation and achieve higher total savings for low-income customers.”<sup>21</sup>

#### **V. DSM/EE Programs Relevance to Decarbonization Objectives**

Witness Bradley-Wright’s testimony covered a number of key policy and regulatory matters relating to the Company’s DSM/EE efforts. Specifically, he discussed settlements in the most recently concluded general rate cases and the Carbon Plan. It is important to recognize that the Company’s efficiency and DSM programs do not exist in isolation. Efficiency Advocates raise these dockets and

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<sup>17</sup> *Id.* at 15:13-14.

<sup>18</sup> *Id.* at 16:6-8, 19-20.

<sup>19</sup> *Id.* at 18:7-8, 10.

<sup>20</sup> *Id.* at 18:19-22, 19:1-3, 6, 12-17.

<sup>21</sup> *Id.* at 22:11-12.

related policy issues to increase the chances that efficiency goals are supported by and not undermined by rate design, resource planning decisions, the Carbon Plan, and other policy decisions.

With regards to decarbonization more specifically, increasing the scale of DSM/EE, which is a least cost resource,<sup>22</sup> can help North Carolina cost effectively achieve the carbon reduction targets set forth in House Bill 951. Comments filed by the SACE, Sierra Club, and National Resources Defense Council, and in collaboration with the North Carolina Sustainable Energy Association, make clear how “increasing annual efficiency savings to 1.5% of retail load could accelerate decarbonization in North Carolina at less cost than lower levels of DSM/EE investment.”<sup>23</sup> Achieving this level of savings will necessitate new strategies, measures, and partnerships.

## **VI. Conclusion and Summary Recommendations**

In conclusion, the Efficiency Advocates request that the Commission direct the Company to do the following:

1. Work with the EE Collaborative to develop a concrete, multiyear implementation plan to achieve the efficiency savings levels established in the Carbon Plan, as directed by the Commission’s final order in Docket No. E-100, Sub 179.
2. Annually report the carbon reduction impacts of its DSM/EE portfolio in future rider proceedings, following a stakeholder process to inform how the carbon reduction impacts of Duke’s

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<sup>22</sup> See *id.* at 30:15-17.

<sup>23</sup> *Id.* at 30:11-13.

DSM/EE portfolio are to be quantified and tracked.

3. Annually report on steps it is taking to (i) increase participation and achieve higher total savings for low-income customers and (ii) help bridge the gap between existing efficiency offerings and the scale of need identified by the Low-Income Affordability Collaborative.
4. Include a calculation of its prior-year reported and future-year projected efficiency savings as a percentage of total annual retail sales in future DEP DSM/EE Rider filings and to indicate whether the Company anticipates achieving 1% savings to receive the \$500,000 performance bonus.
5. Report to the Commission on an annual basis the progress the Company has made working with the EE Collaborative to advance stakeholder proposed recommendations to modify existing efficiency programs or create new programs.
6. Track prior-year reported and future-year projected efficiency savings associated with EE Collaborative-sponsored program recommendations and report them to the EE Collaborative and in future DEP DSM/EE Rider filings.
7. File a proposed plan with the Commission by January 31, 2023, for enhanced verification or reporting of self-certified DSM and EE opt outs to ensure the savings associated with those customers' energy efficiency improvements are valid



and consistent with the Company's resource planning assumptions.

Respectfully submitted this the 28th day of October, 2022.

s/ David Neal

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CERTIFICATE OF SERVICE

I certify that the parties of record on the service list have been served with the Post-Hearing Brief by the North Carolina Justice Center, North Carolina Housing Coalition, and Southern Alliance for Clean Energy either by electronic mail or by deposit in the U.S. Mail, postage prepaid.

This the 28th day of October, 2022.

s/ David L. Neal  
David L. Neal