STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-7, SUB 1289
DOCKET NO. E-2, SUB 1314

In the Matter of Petition of Duke Energy Progress, LLC, and Duke Energy Carolinas, LLC, Requesting Approval of Green Source Advantage Choice Program and Rider GSAC	INITIAL COMMENTS OF CUCA

The Carolina Utility Customers Association, Inc. ("CUCA"), through counsel, respectfully submits these Comments pursuant to the Commission's *Order Requesting Comments* issued on February 9, 2023, in the above-referenced proceedings. In its order, the Commission seeks comments on, among other things, the *Joint Petition for Approval of Green Source Advantage Choice Program* (the "Petition") filed by Duke Energy Carolinas, LLC ("DEC") and Duke Energy Progress, LLC ("DEP," and together with DEC, "Duke" or "Duke Energy") on January 27, 2023.

INTRODUCTION

Duke's Green Source Advantage Choice ("GSA Choice") program is proposed pursuant to the directive of subdivision (iv) of Section 5 of S.L. 2021-165 (House Bill 951), which provides that the Commission shall:

> establish a rider for a voluntary program that will allow industrial, commercial, and residential customers who elect to purchase from the electric public utility renewable energy or renewable energy credits . . . to offset their energy consumption, which shall ensure that customers who voluntarily elect to purchase renewable energy or renewable energy credits through such programs bear the full direct and indirect cost of those purchases, and that customers that do not participate in such arrangements are held harmless, and neither advantaged nor disadvantaged, from the

> impacts of the renewable energy procured on behalf of the program customer, and no cross-subsidization occurs.

As discussed by Duke in its Petition, S.L. 2021-165 further specifies that the ownership requirements for new solar generation, including the requirement that 45% of capacity shall be supplied through purchase power agreements (PPAs) and 55% of capacity shall be supplied through utility-owned facilities, is applicable to solar energy facilities procured in connection with any voluntary customer program.[1]

These provisions are components of the legislation which, more generally, requires Duke to implement a plan to achieve a reduction in carbon dioxide emissions of 70% from 2005 levels by the year 2030 and carbon neutrality by the year 2050.[2]

COMMENTS

Many large users of electricity—such as those users who are members of CUCA—have their own environmental, social, and governance (ESG) goals, including policies for addressing and limiting Scope 1 and Scope 2 (and, in some cases, Scope 3) greenhouse gas (GHG) emissions. These goals are, in many cases, critical considerations as businesses consider investment decisions and weigh opportunities in various jurisdictions. It is this business need that the General Assembly sought to address with its directive that the Commission establish a new voluntary rider program allowing customers to purchase renewable energy or RECs to offset energy consumption.

While seeking to ensure opportunities for participating customers, the legislation makes clear that the voluntary customer program should be cost neutral for non-participating customers. That is, participating customers are required to "bear the full

---

[1] S.L. 2021-165, at Sec. 1, subdiv. (2), sub-subdiv. b.
[2] Codified at N.C. Gen. Stat. § 62-110.9.

direct and indirect cost of those purchases, and that customers that do not participate in such arrangements are held harmless, and neither advantaged nor disadvantaged, from the impacts of the renewable energy procured on behalf of the program customer, and no cross-subsidization occurs."[3]

CUCA supports both pillars of the legislation—the establishment of a new customer program that (1) allows customers to offset carbon-based resources with renewable energy-based resources and (2) holds non-participating customers harmless. More generally, CUCA supports the establishment of new programs that provide large users flexibility in meeting ESG goals and that leverage such customers' resources and expertise in support of the State's overall goal of reducing carbon reduction targets in the least cost manner.

Duke's Petition seeks to build upon the existing Green Source Advantage customer program by carrying forward several elements from the existing program while proposing modifications to create more flexibility for customers.

CUCA acknowledges several positive aspects of Duke's GSA Choice proposal, including (1) allowing for a new 10-year avoided cost option; (2) allowing the customer to partner with Duke or a third party on battery storage or other clean energy technology; (3) carrying forward the existing bill credit options (Administratively Established Avoided Cost Bill Credit and Hourly Marginal Avoided Cost Bill Credit); and (4) recognizing a new Clean Energy Environmental Attribute to be retired, together with the associated RECs, on behalf of the Customer.

---

[3] S.L. 2021-165, at Sec. 1, subdiv. (2), sub-subdiv. b.

However, other aspects of the proposal could deter participation by some customers. For example, Duke's proposed Clean Energy Environmental Attribute raises issues of regulatory surplus and ESG accounting. Duke proposes to administer the GSA Choice program as a component of its Carbon Plan, where RECs and CEEAs will be retired "on behalf of the customer" on Duke's system. This proposal, while understandable given the statutory mandates for carbon reduction, does not appear to be compelled by S.L. 2021-165 nor the Carbon Plan adopted by the Commission.[4] And it raises a double counting issue: If the program's environmental attributes are being counted by Duke towards its own compliance efforts, then it is unclear whether participating customers will also be able to count these attributes for purposes of their own ESG goals. These issues are worthy of further exploration to ensure that the program offers meaningful opportunities for participation, that non-participating customers are not disadvantaged, and that the program, overall, is successful.

Otherwise, CUCA supports consideration of revisions that would make the program even more flexible and accessible, including revisions such as:

- Facilitating enhanced opportunities for customers to time-align renewable energy procurement with actual energy consumption patterns.
- Ensuring coordination between Carbon Plan solar procurement and GSA-Choice procurement so that customers and developers have the maximum opportunity to identify potentially beneficial projects capable of achieving operation.

[4] *See, e.g.,* Letter from Center for Resource Solutions, Docket No. E-100, Sub 179 (Nov. 14, 2022) (suggesting methodology to address double-counting issues).

- Potentially expanding the geographic footprint of eligible projects (i.e., beyond the immediate serving utility's service territory).

Achieving carbon neutrality for North Carolina by 2050 will require significant investment in new carbon-free resources and comprehensive integrated resource planning to ensure optimal use of supply and demand side resources to maintain reliability. Where regulations permit, large customers can be an important piece of the solution, especially in regards to behind-the meter solutions and demand management. CUCA appreciates the Commission's continued support of new and creative customer options.

CONCLUSION

CUCA respectfully submits these Comments for the Commission's consideration as it evaluates Duke's proposal in this proceeding.

Respectfully submitted, this 25th day of April, 2023.

<u>/s/ Craig D. Schauer</u>
Craig D. Schauer
Christopher B. Dodd
BROOKS, PIERCE, McLENDON,
HUMPHREY & LEONARD, LLP
Suite 1700, Wells Fargo Capitol Center
150 Fayetteville Street
P.O. Box 1800 (zip 27602)
Raleigh, NC 27601
(919) 839-0300
cschauer@brookspierce.com
cdodd@brookspierce.com

Attorneys for Carolina Utility Customers Association, Inc.

Certificate of Service

I hereby certify that a copy of the foregoing *Initial Comments of CUCA* has been served this day upon all parties of record in this proceeding, or their legal counsel, by electronic mail or by delivery to the United States Post Office, first-class postage pre-paid.

This the 25th day of April, 2023.

BROOKS, PIERCE, MCLENDON,
HUMPHREY & LEONARD, LLP

By: */s/ Craig D. Schauer*