

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-100, SUB 158

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of Biennial Determination of Avoided Cost ) Rates for Electric Utility Purchases ) from Qualifying Facilities – 2018 ) )	<b>REPLY COMMENTS OF THE PUBLIC STAFF ON PROPOSED REQUIREMENTS FOR AVOIDANCE OF SISC</b>
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NOW COMES THE PUBLIC STAFF – North Carolina Utilities Commission, by and through its Executive Director, Christopher J. Ayers, and respectfully submits the following reply comments on the proposed Requirements for Avoidance of the Solar Integration Services Charge (SISC), filed by Duke Energy Carolinas, LLC (DEC) and Duke Energy Progress, LLC (DEP) (collectively, “Duke”) on November 18, 2019.

On July 10, 2020, the Public Staff filed initial comments. On July 13, 2020, DEC and DEP filed Joint Initial Comments, the Southern Alliance for Clean Energy (SACE) filed initial comments, and the North Carolina Sustainable Energy Association (NCSEA) and the North Carolina Clean Energy Business Association (NCCEBA) filed joint initial comments. The Public Staff responds to several specific recommendations made by other parties in their initial comments.

As noted by DEC and DEP, the SISC Avoidance requirements are identical to the Requirements for Avoidance of SISC contained in Exhibit 11 to the Companies' Pro-Forma Competitive Procurement of Renewable Energy (CPRE)

Program Tranche 2 Power Purchase Agreement (PPA). DEC and DEP described how the requirements were discussed and amended based on feedback submitted by CPRE market participants during the Commission-directed and Independent Administrator (IA)-supervised CPRE stakeholder process for CPRE Tranche 2, and that the Commission approved the CPRE PPA, including Exhibit 11, in January 2020, expressly finding that the Requirements were appropriate.<sup>1</sup> The Public Staff generally agrees that maintaining this consistency between the SISC avoidance requirements applicable in the CPRE context and in the avoided cost context applicable to qualifying facilities (QFs) is appropriate.

The Public Staff does agree, however, with NCSEA's and NCCEBA's recommendation that Duke should be required to file with the Commission the methodology used for determining the 6 percent and 12 percent thresholds used in determining SISC Avoidance.<sup>2</sup> The Public Staff also agrees with NCSEA and NCCEBA that requiring Duke to review these thresholds, during the biennial avoided cost proceedings,<sup>3</sup> and to update the thresholds as appropriate for future avoided cost PPAs and CPRE PPAs, is reasonable.

NCSEA and NCCEBA also recommended that Duke should replace the existing revenue meter with a SISC Meter, capable of recording five-minute output data, as an alternative to installing the SISC Meter separately.<sup>4</sup> The Public Staff

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<sup>1</sup> Joint initial comments of DEC and DEP at 2.

<sup>2</sup> Initial comments of NCSEA and NCCEBA at 4.

<sup>3</sup> *Id.* at 4.

<sup>4</sup> *Id.* at 4-5.

does not object to this recommendation, as long as the SISC Meter meets or exceeds the accuracy of the existing revenue meter installed at the solar facility.

SACE, NCSEA, and NCCEBA also raised concerns with Duke's proposed process by which facility owners would calculate and self-report their Solar Volatility Metric using five-minute solar output data input into a spreadsheet provided by Duke.<sup>5</sup> The self-reporting process was described as "unnecessarily burdensome" and "unduly burdensome" with no clear benefit. The Public Staff does not object to Duke calculating the Solar Volatility Metric each month, using data from the SISC Meter installed at the solar facility. However, if such a process results in significant incremental administrative costs resulting from data management practices, disputes over the veracity of the Solar Volatility Metric as calculated by Duke, or any other reason, that those costs should be recovered from the relevant solar facility owners through monthly charges.

NCSEA and NCCEBA also recommend that Duke utilize the data it collects to "prepare an analysis about solar variability in the DEC and DEP territories and in different segments of its transmission system," and recommend that this analysis be filed along with the recalculated Solar Volatility Metric.<sup>6</sup> The Public Staff agrees that the inclusion of an analysis of actual solar variability of Controlled Solar Generators in the DEC and DEP service territories in future biennial avoided cost proceedings would be informative, and may support evaluation and potentially recalculation of the SISC and the SISC Avoidance thresholds. The scope of

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<sup>5</sup> Initial comments of SACE at 2-3; Initial comments of NCSEA and NCCEBA at 4-5.

<sup>6</sup> Initial comments of NCSEA and NCCEBA at 5.

NCSEA and NCCEBA's suggested analysis of solar variability on different segments of DEC and DEP's transmission systems is unclear, however, and the Public Staff recommends that the granularity of this analysis should be considered and discussed in the next biennial avoided cost proceeding.

Finally, the Public Staff responds to SACE's recommendation that solar facilities seeking to avoid the SISC be subject to a "one-time technical demonstration and a contractual commitment," as opposed to the proposed monthly verification.<sup>7</sup> Because this is a new process, the Public Staff believes that the monthly verification (whether by the solar generator or Duke) will provide useful information to further evaluate the efficacy of the SISC avoidance charge. The Public Staff has concerns about relying on a one-time demonstration of a project's ability to control solar volatility for the entire life of the project or term of the PPA. Further, in the event that a solar generator is only subject to a one-time technical demonstration, followed by a contractual commitment, the risk of non-compliance would shift from the solar generator to the ratepayer in the form of potential increases in integration service costs. In alignment with the general avoided cost concept of ensuring ratepayer indifference, the SISC Avoidance process is designed to ensure that ratepayers are held neutral. At this time, the Public Staff favors a monthly reporting mechanism incorporating the recommended changes described heretofore.

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<sup>7</sup> Initial comments of SACE at 3.

Respectfully submitted this the 31st day of July, 2020.

PUBLIC STAFF  
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### **CERTIFICATE OF SERVICE**

I certify that a copy of these Comments have been served on all parties of record or their attorneys, or both, by United States mail, first class or better; by hand delivery; or by means of facsimile or electronic delivery upon agreement of the receiving party.

This the 31st day of July, 2020.

Electronically submitted  
/s/ Tim R. Dodge