

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-100, SUB 180

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

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| In the Matter of: |) | <u>RESPONSIVE COMMENTS</u> |
| Investigation of Proposed Net Metering |) | <u>OF DONALD E. OULMAN</u> |
| Policy Changes |) | |

Pursuant to the North Carolina Utilities Commission's ("NCUC" or "Commission") *Order Granting Extension of Time to File Reply Comments and Allowing Parties to File Responsive Comments* entered on May 13, 2022 in the above-referenced docket, Intervenor Donald E. Oulman hereby submits the following Responsive Comments.

SUMMARY

In my Initial Comments in this docket, I reported the results of my modeling of current net energy metering ("NEM") versus the terms of the Application filed by Duke Energy Carolinas, LLC ("DEC") and Duke Energy Progress, LLC ("DEP") (collectively, the "Companies") in this docket (the "Application"). The present Comments address problems with the Application as well as with the Stipulation filed by the Companies and the North Carolina Rooftop Solar Installers ("NCRSI") on May 19, 2022 (the "Stipulation"). The issues discussed are:

1. The Stipulation still produces an unacceptable loss of value for rooftop solar customers.
2. Poor treatment of legacy customers in the original Application is even worse under the Stipulation.

3. Rooftop solar has more value to the grid than the Companies have accounted for.
4. There has been inadequate notification of the proposed changes to legacy NEM customers.
5. Public hearings are urgently needed in this docket so that the Commission can hear directly from the customers who would be harmed by these changes.

DISCUSSION

1. The Stipulation still produces an unacceptable loss of value for rooftop solar customers.

In my Initial Comments, I reported that I downloaded a year's worth of my hourly usage data and compared the economics of my current net metering to the results under the Companies' proposed TOU-CPP tariff and found that my annual electric bill would double under the proposed tariff.

I have amended my model to compare the financial impact over the entire 25-year lifetime of my solar installation under the current NEM vs. the various options offered to legacy customers: the TOU-CPP tariff, the TOU-CPP tariff with the "alternative NEM rate option" provided in the original Application, and the bridge rate provided in the Stipulation.

I found that the impact on my total Duke Energy Carolinas bill for the remaining useful life of my system, compared to current NEM, would be as follows under the different options:

- Converting to TOU-CPP rate in 2027: 78% increase; \$2,496 over the remaining system (25 year) useful life
- Converting to “alternative NEM rate option” from 2027-2037, as offered in the original Application: 61% increase; \$1,932 over the remaining system (25 year) useful life
- Converting to bridge rate offered by the Stipulation for maximum period allowed: 68% increase; \$2,174 over the remaining system (25 year) useful life.¹

All options that have been proposed cause me significant financial harm, and the Stipulation worsens the harm compared to the original Application. The increased out-of-pocket cost that I will incur will directly impact the amount of money that I will have available to spend on other goods and services in North Carolina.

2. Poor treatment of legacy customers in the original Application is even worse under the Stipulation.

¹ Model in Excel spreadsheet is available upon request. Figures are to the best of my understanding, given the very complex proposals and unclear presentation of them. I have not accounted for any rate changes over the time period studied.

In the Companies' original Application, legacy customers were only allowed to remain on their current NEM tariff until January 1, 2027, after which they would have to convert either to the TOU-CPP NEM tariff or to an "alternative NEM rate option" similar to the bridge rate in the Stipulation. As of December 31, 2037, they would have to convert to the NEM TOU tariff in effect at the time.

The language regarding legacy customers in the Stipulation is confusing:

Current NEM customers may remain on their current rate until Jan 1, 2027 at which point they will transition to the Proposed Bridge Rate or may choose to move to the NEM-TOU rate in effect at that time. Customers may remain on the Proposed Bridge Rate for 15 calendar years after the date on which the customer submitted an interconnection application (the "Bridge Rate Period"), less the number of years they were on an alternative NEM rate structure prior to Jan 1, 2027. After that, the customer will move to the NEM-TOU rate in effect at the end of the Bridge Rate Period.²

The following edit to the Stipulation is needed to express what I believe was the intent of the stipulating parties:

² Stipulation between the Companies and NCRSI, filed May 19, 2022, p. 3, paragraph 8.

Customers may remain on the Proposed Bridge Rate for 15 calendar years after the date on which the customer submitted an interconnection application (the “Bridge Rate Period”), less the number of years they were on an alternative NEM rate structure prior to Jan 1, 2027.

Taking my own case as an example, since I went on “an alternative NEM rate structure” (current NEM tariff) in 2016, I could remain on my current tariff through 2026, then apply for the bridge rate and remain on it until 2031 ($2026 + 15 - (2026 - 2016)$). I would be on the bridge rate for only 4 years.

Thus, the stipulation causes me more financial harm than the original Application, which would have allowed me to stay on a tariff similar to the bridge rate until 2037.

Furthermore, the cap on number of megawatts allowed on the bridge rate means my application for the bridge rate could be rejected if the cap had already been reached.

Finally, customers who installed solar in 2011 or earlier would receive no benefit from the bridge rate at all. They would remain on their current NEM through 2026, at which point the 15 years they had been on an “alternative NEM rate structure” would completely cancel out the 15-year bridge rate period ($2026 + 15 - (2026 - 2011) = 2026$), and they would have to go directly onto the NEM TOU-CPP tariff in 2027.

It is unclear whether the “alternative NEM rate option” available from 2027-2037 in the original Application would still be an option for legacy customers if the Stipulation were adopted in a Commission order. If not, the Stipulation is worse for legacy customers than the original Application, and increasingly worse the earlier a customer installed solar.

It is unconscionable that legacy NEM customers should suffer such financial harm and be required to navigate such an unclear array of complex options. Legacy NEM customers should be grandfathered on their existing NEM tariff for a period of 25 years (roughly the lifetime of their solar installations). To require other arrangements of them is an unfair, retroactive interference in private contracts that they signed under the assumption of a given value proposition for the useful life of their investment.

At the time my wife and I purchased our PV solar system in 2016, the provider (Southern Energy Management) provided us with a return-on-investment projection for our PV solar system. If the Commission allows the Companies to materially change the NEM tariff prior to the end of the useful life of our PV solar system, it will unfairly impact the financial basis for our good faith investment that supported what was, at the time, the North Carolina Legislature’s intent to promote distributed PV solar rooftop development.

3. Rooftop solar has more value to the grid than the Companies have accounted for.

I fully endorse the call of other intervenors (NC WARN et al., Environmental Working Group, 350 Triangle et al., the Attorney General's Office and the NCRSI) for a full and complete investigation of the costs and benefits of rooftop solar before new tariffs are adopted. I find particularly compelling the analysis of Bill Powers in Table 2 of his Report Responding to the Initial Comments of the Public Staff and NCSEA et. al.,³ in which he enumerates the benefits not yet accounted for by Duke Energy in its determination of appropriate compensation rates for net-metered solar energy.

4. There has been inadequate notification of the proposed changes to legacy NEM customers.

I concur with intervenors 350 Triangle et al., who argue in their Reply Comments filed May 12, 2022, that

...the NCUC should require Duke Energy to provide individual notice to customers to allow them an opportunity to evaluate their interests and engage in this docket.⁴

I would go further and argue that the Companies should provide individualized analysis to each of their legacy NEM solar customers projecting each customer's increased cost for the remainder of their PV solar system's useful

³ Bill Powers, PE, Report Responding to the Initial Comments of the Public Staff and NCSEA et. al., p. 6, filed with Joint Reply Comments of NC WARN et al.

⁴ Joint Reply Comments of 350 Triangle, 350 Charlotte, and the North Carolina Alliance to Protect Our People and the Places We Live, filed May 12, 2022, p. 15.

(25-year) life, so that customers have the opportunity to understand the impact of the proposed changes on their return on investment.

- 5. Public hearings are urgently needed in this docket so that the Commission can hear directly from the customers who would be harmed by these changes.**

Intervenors in this docket include the Companies (a private entity with a vested interest, under current utility incentives, to reduce adoption of rooftop solar); the NCRSI (private entities with a vested interest in continuing to sell solar to new customers); trade associations with a vested interest in fostering the growth of the solar industry; and nonprofit entities with agendas to slow climate change by maximizing clean energy.

The category that would be most affected by the proposed changes is barely represented. There are 36,269 legacy NEM customers in the Carolinas as of January 2022,⁵ presumably half or more of those in North Carolina, yet the only NEM customer represented among the intervenors is myself.

The Commission has received over 700 consumer statements of position in the docket, many of them from existing NEM customers who do not agree with the changes being proposed by the Companies' original Application. Those who

⁵ Duke Energy, Carolinas Carbon Plan, Appendix G: Grid Edge and Customer Programs, p. 18.

become aware of the Stipulation may file additional statements. All of them deserve an opportunity to be more clearly heard by the Commission, since they are the parties who will be most harmed by the Application and the Stipulation. Therefore, the Commission should provide for public hearings in this docket.

CONCLUSION

For all the reasons outlined above, the Commission should:

- reject the Companies' Application and Stipulation, or at least, prior to issuing an order in this docket, require the Companies to use the last 24 months of each legacy NEM customer's meter export and import data to project the increased cost for the remainder of each customer's PV solar system's useful (25-year) life, and provide this information to customers so that they have the opportunity to understand the impact on their return on investment, and require the Companies also to provide the Commission with these data plus the number of affected NEM customers and the mean and median of the increased cost data to inform the Commission's order in this docket,
- perform a thorough investigation of the costs and benefits of rooftop solar, as required by HB 589,
- in this and all future NEM proceedings, allow legacy NEM customers to remain on the NEM tariff in effect when they applied for interconnection, for a period of 25 years, and

- schedule an adequate number of public hearings in this docket to accommodate all the legacy NEM customers and other members of the public who wish to be heard.

This the 27th day of May, 2022



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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing document upon all counsel of record by email transmission.

This the 27th day of May, 2022.



Donald E. Oulman