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February 14, 2020

VIA ELECTRONIC FILING

Ms. Kimberley A. Campbell
Chief Clerk
North Carolinas Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

**RE: Duke Energy Progress, LLC and Duke Energy Carolinas, LLC's Joint
Update on the Solar Rebate Program and Joint Response Opposing
NCSEA's Request for Hearing
Docket Nos. E-2, Sub 1167 and E-7, Sub 1166**

Dear Ms. Campbell:

Please find enclosed for filing Duke Energy Progress, LLC and Duke Energy Carolinas, LLC's Joint Update on the Solar Rebate Program and Joint Response Opposing NCSEA's Request for Hearing in the above-referenced dockets.

Please do not hesitate to contact me if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink that reads 'Kendrick C. Fentress'.

Kendrick C. Fentress

Enclosure

cc: Parties of Record

OFFICIAL COPY

Feb 14 2020

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 1167

DOCKET NO. E-7, SUB 1166

In the Matter of:)	DUKE ENERGY PROGRESS, LLC'S
Application of Duke Energy Progress, LLC)	AND DUKE ENERGY CAROLINAS,
and Duke Energy Carolinas, LLC)	LLC'S JOINT UPDATE ON THE
Requesting Approval of Solar Rebate)	SOLAR REBATE PROGRAM AND
Program Pursuant to N.C. Gen. Stat.)	JOINT RESPONSE OPPOSING
)	NCSEA'S REQUEST FOR HEARING

NOW COME Duke Energy Carolinas, LLC ("DEC") and Duke Energy Progress, LLC ("DEP") (collectively, the "Companies") and hereby jointly update the Commission on the Solar Rebate Program and jointly respond in opposition to North Carolina Sustainable Energy Association's ("NCSEA") Request for a Hearing in the above-captioned matter. In its Request, NCSEA refers to the Companies' website malfunction on January 2, 2020, when the window opened for customers seeking Solar Rebates for rooftop installations to submit applications. The malfunction caused certain applicants to the Solar Rebate Program to either receive notifications that their applications had been received by the Companies when in fact they had not, or to have trouble applying and receiving any response from the Companies in general. The Companies greatly regret the inconvenience this has caused to their customers, and they are working to address their concerns.

The Solar Rebate Program has been enormously popular in North Carolina, with customers' applications quickly reaching maximum participation limits for residential and non-residential allocations in both 2018 and 2019.¹ Demand in 2020 shows no signs of

¹ The allocation for non-profit organizations established in N.C. Gen. Stat. § 62-155(f)(3) has not reached capacity; thus, when the Companies refer to capacity or participation limits in this response, they are referring only to the residential and non-residential allocations established in N.C. Gen. Stat. § 62-155(f)(1) and (2), respectively.

abating. The Companies experienced technical difficulties in the 2020 application process due, in part, to the flood of applications received on the morning of January 2, 2020. The website problems notwithstanding, the maximum participation limits for residential and non-residential allocations were reached that morning at 9:19 a.m. for DEP and 9:21 a.m. for DEC. Since that time, and prior to the filing of NCSEA's request, the Companies have worked diligently to respond to each individual customer's concerns, customer-by-customer. The Companies continue these efforts to date, and will continue to reasonably, fairly, and prudently address our customers' frustrations.

NCSEA does not represent these customers. It does, however, request that the Commission schedule a formal hearing to determine: (i) whether the Companies acted appropriately in administration of the 2020 solar rebate allocation; (ii) what steps are necessary to make applicants who were negatively affected by the faulty administration whole, and (iii) how to ensure this does not happen again. As NCSEA notes, the Companies have already responded to similar questions from the Public Staff of the North Carolina Utilities Commission ("Public Staff") through data request responses that NCSEA also receives. That response is attached to NCSEA's request as Exhibit A. The Companies' response that NCSEA has provided to the Commission is correct, and the Companies will provide additional detail on how they have been and currently are responding to impacted customers herein. Accordingly, because the Companies will include additional information in this filing and will respond to any questions that the Commission or the Public Staff has on this matter, the Companies believe that scheduling a formal hearing is not necessary to provide the Commission with the additional information it wants and needs to address our customers' concerns. At this point, devoting resources to helping

customers appears more productive than diverting resources to prepare for a hearing that is likely to produce the same result as continuing to work informally with the Commission, the Public Staff, and impacted customers.

Background

1. The Companies' Solar Rebate Program ("Program") was developed to comply with N.C. Gen. Stat. § 62-155(f). In that statute, the North Carolina General Assembly required each electric utility serving more than 150,000 North Carolina retail jurisdictional customers as of January 1, 2017 to file with the Commission an application requesting approval of a program offering reasonable incentives to residential and nonresidential customers for the installation of small customer-owned or leased solar energy facilities participating in a public utility's net metering tariff. Significantly, for purposes of this matter, the statute imposes limits on the offering of the incentives to participants in the Program. For residential solar installations, the incentives are limited to 10,000 kilowatts (kW) of installed capacity annually; for nonresidential installations, the incentives are limited to 5,000 kW in the aggregate for each of the years of the Program, with 2,500 kW of the nonresidential installations being set-aside for use by non-profit organizations. Reasonable and prudent costs that the Companies incur in providing the incentives and administering the Program are recovered through the Renewable Energy/Energy Efficiency Portfolio ("REPS") annual rider proceeding under N.C. Gen. Stat. § 62-133.8(h). Additionally, N.C. Gen. Stat. § 62-155(f)(4) provides that if in any year a portion of the incentives goes unsubscribed, the utility may roll excess incentives over into a subsequent year's allocation. Each year of the program thus far, the non-profit allocation has unsubscribed capacity remaining. The statute, however, prevents using that

remaining non-profit capacity to meet residential and non-commercial capacity demands until after December 31, 2022.

2. On January 22, 2018, the Companies filed their Application Requesting Approval for Solar Rebate Program, pursuant to N.C. Gen. Stat. § 62-155(f). The Commission issued an Order that, among other things, approved the Companies' Solar Rebate Program with certain modifications on April 3, 2018. Consistent with that Order and subsequent Orders, the Solar Rebate Program is made available through DEC's Solar Rebate Rider SRR and DEP's Solar Rebate Rider SRR-3 (together, the "Solar Rebate Riders"), which were filed at the Commission on December 13, 2018.

3. The Solar Rebate Riders expressly provide that applications are handled on a first-come, first-served basis and that submission of an application does not guarantee a rebate.

January 2, 2020 Application Window and Companies' Response

4. The Companies opened their application process for 2020 at 9:00 a.m. on January 2, 2020. As previously noted, the Companies reached nonresidential and commercial maximum capacity limits at 9:19 a.m. for DEP and 9:21 a.m. for DEC on January 2, 2020. The Companies updated their websites and filed their required notifications to the Commission the very next day. Applications received after 9:19 a.m. for DEP and 9:21 a.m. for DEC were placed on the waiting list.

5. Although there had not been any apparent problems with the websites in receiving applications in the months leading up to January 2020, the Companies quickly became aware of issues with the application process that January 2 morning. In many instances, customers reached out to the Companies directly. The Companies realized that

certain customers had been unable to submit their applications to the Companies through the webpages. The Companies investigated the issue and determined that their websites did not perform as expected due to a recent migration of infrastructure to the cloud. The number of applications that were placed at 9 a.m. on the morning of January 2, 2020 resulted in a spike of activity on the database. The Companies have determined that this spike, in turn, caused approximately 350 rebate form submissions to fail. Although users were provided with messages confirming their applications had been properly submitted, the form data was not successfully loaded into the Companies' database. If the application did not get to the database, customers would not receive an email notification that the Companies had received the application, even though the website screen relayed that the application went through. Furthermore, increased volume caused the rendering of the application to appear incorrectly, making it difficult for customers to complete the application.

6. Realizing that customers had received the faulty notifications, or that customers had not received notifications at all, the Companies determined that if customers had applied before capacity was reached in their service territories, these customers would qualify for a rebate. The Companies had received texts, emails, or phone calls from certain customers questioning the rebate application process on January 2, 2020, before the 9:19 a.m. (DEP) and the 9:21 a.m. (DEC) deadlines; consequently, the Companies could easily identify those customers as otherwise eligible for the rebate.

7. The Companies have further offered customers multiple ways to show that they had applied before capacity had been reached for their service territory. Customers could either take a screenshot of their application entry with an included timestamp or save

their internet history and send it to the Companies to help establish the time they applied. The Companies will also consider other means to establish the time of application and have committed to assisting customers in any way they can with this process. For example, the Companies have recently accepted evidence of a text from a husband to a wife saying he had applied prior to the deadline as sufficient to qualify that customer for a rebate. No customer that can establish that they applied prior to capacity limits being reached in their service territory has been excluded from the ability to receive a Solar Rebate; they are being treated as timely applied.

8. Moreover, the Companies are treating all customers that clearly did not apply prior to capacity limits being reached the same – they are put on the waiting list. At this time, there are 435 customers on the DEP waiting list for the residential allocation, and 7 for the non-residential allocation. There are 542 customers on the DEC waiting list for the residential allocation and 24 for the non-residential allocation. They will move up the waiting list if 2020 capacity becomes available due to attrition.

9. The Companies are working to ensure that they have prepared for the applications for the 2021 year, as well. With respect to this technological malfunction happening again next year, the Companies have already committed to “stress-testing” the application process in advance of the application window opening in January 2021. On the morning of the application window opening, program management and technical resources will be deployed to sit with call center agents so that if any calls are received about difficulties in applying, they can be responded to quickly. In addition, the Companies are building a new application that will not have the same technology architecture and will instead work like the solar interconnection application.

10. Additionally, early on in this process, the Companies responded to questions from NCSEA and the Public Staff, requesting that they send any customer concerns and questions to them so that the Companies could address them quickly and directly. The Companies are aware that numerous emails from customers who are dissatisfied or inconvenienced by the Companies have been filed in the Solar Rebate Dockets at the Commission. As stated earlier, the Companies regret that these customers are dissatisfied with their service and were so inconvenienced.

11. With respect to cost recovery, as the Companies have already informed the Public Staff, they have committed to providing Solar Rebates to customers that applied prior to the capacity limits being reached in their service territories, even though that results in providing rebates in excess of capacity limits, regardless of whether they will be able to recover those costs through the annual REPS rider proceedings.

12. Finally, the Companies are working to respond to those customers who have filed emails in the above-captioned dockets to the extent they have not done so already. The Companies will continue to work with them to determine if they qualify for a Solar Rebate under the terms and conditions of the Program as approved by the Commission.² The Companies intend to further update the Commission on this matter in their April 1, 2020 annual report on the Program and are available to answer any questions from the Public Staff or the Commission.

WHEREFORE, the Companies respectfully request that the Commission:

² The Companies have reviewed these emails and note that numerous ones were sent on Saturday, February 1, and contain the same apparent instructions embedded in the email to “PLEASE PERSONALIZE YOUR EMAIL, such as include your precise timeline for submitting your application, IT problems you encountered with Duke’s website, date/time of email messages received from Duke, etc.” Additionally, many of these same emails do not indicate whether the customer was ultimately determined to qualify for a rebate. The Companies would like to renew their request to NCSEA and the Public Staff to please not hesitate to direct customers to the Companies if they are aware of individual customers that require assistance.

1. Accept this filing as a status update to the Companies' 2020 Solar Rebate Program administration, and

2. Deny NCSEA's Request for a Hearing.

Respectfully submitted, this the 14th day of February 2020.

DUKE ENERGY PROGRESS, LLC
DUKE ENERGY CAROLINAS, LLC



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CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Progress, LLC and Duke Energy Carolinas, LLC's Joint Update on the Solar Rebate Program and Joint Response Opposing NCSEA's Request for Hearing, in Docket Nos. E-2, Sub 1167 and E-7, Sub 1166, has been served by electronic mail, hand delivery, or by depositing a copy in the United States Mail, 1st Class Postage Prepaid, properly addressed to parties of record.

This the 14th day of February, 2020.



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