

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 1159
DOCKET NO. E-2, SUB 1297
DOCKET NO. E-7, SUB 1156
DOCKET NO. E-7, SUB 1268

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	
Duke Energy Progress, LLC, and Duke)	
Energy Carolinas, LLC, Joint Petition for)	
Approval of Competitive Procurement of)	
Renewable Energy Program)	ORDER REQUESTING COMMENTS
)	
Duke Energy Progress, LLC, and Duke)	
Energy Carolinas, LLC, 2022 Solar)	
Procurement Pursuant to Session)	
Law 2021-165, Section 2(c))	

BY THE CHAIR: Session Law 2021-165, codified in pertinent part at N.C. Gen. Stat. § 62-110.9, directs the Commission to develop a Carbon Plan that takes reasonable steps to reduce carbon dioxide emissions in this State from electric generating facilities owned or operated by Duke Energy Progress, LLC (DEP), and Duke Energy Carolinas, LLC (DEC, together with DEP, Duke) by 70% from 2005 levels by 2030 and to achieve carbon neutrality by 2050.

Section 2(c) of Session Law 2021-165 further authorizes the Commission to

direct the procurement of solar energy facilities in 2022 by the electric public utilities if, after stakeholder participation and review of preliminary analysis developed in preparation of the initial Carbon Plan, the Commission finds that such solar energy facilities will be needed in accordance with the criteria and requirements set forth in Section 1 of this act to achieve the authorized carbon reduction goals.

On March 14, 2022, Duke filed a petition seeking the Commission’s authorization of a 2022 solar procurement program pursuant Session Law 2021-165, § 2(c) (2022 Solar Procurement). In pertinent part, Duke requested that the Commission issue an order by no later than November 1, 2022, establishing the final solar resource procurement target for the 2022 Solar Procurement.

By order dated May 26, 2022, the Commission authorized Duke to commence a system-wide competitive procurement seeking a minimum of 700 MW of utility-owned and third-party solar energy resources sited in both North Carolina and South Carolina.

Consistent with Duke's request, the Commission deferred its decision establishing the final solar resource procurement target for the 2022 Solar Procurement.

CPRE PROGRAM

Pursuant to N.C.G.S. § 62-110.8 the Commission is tasked with oversight of the Competitive Procurement of Renewable Energy (CPRE) Program designed and implemented by Duke for the competitive procurement and development of an aggregate amount of 2,260 MW of renewable energy facilities in North Carolina over a period of 45 months, which commenced on February 21, 2018, and concluded on November 21, 2021 (CPRE Program Procurement Period).

During the CPRE Program Procurement Period, Duke was required to solicit a total of 6,160 MW of renewable energy through a combination of (1) CPRE Program procurement solicitations and (2) the execution of power purchase agreements (PPAs) for renewable energy capacity within the DEC and DEP balancing authority areas that are not subject to economic dispatch or curtailment and were not procured pursuant to the Green Source Advantage program authorized under N.C.G.S. § 62-159.2 (Transition MW). Under N.C.G.S. § 62-110.8(a) and (b)(1), 2,660 MW of this 6,160 MW total was targeted to be procured through the CPRE Program and the remaining 3,500 MW was targeted to be non-CPRE Program Transition MW capacity.

Section 62-110.8(b)(1) provides that, if during the CPRE Program Procurement Period, Duke contracts for Transition MW in excess of 3,500 MW, the Commission shall reduce the CPRE Program procurement target by the amount of such exceedance. Further, N.C.G.S. § 62-110.8(a) states that "[t]he Commission shall require the additional competitive procurement of renewable energy capacity by the electric public utilities in an amount that includes all of the following: (i) any unawarded portion of the initial competitive procurement required by this subsection . . ."

During the CPRE Program Procurement Period, DEC and DEP collectively procured 1,185 MW via the CPRE Program. Further, during the CPRE Program Procurement Period, Duke procured a total of 4,378 Transition MW, an excess of 878 MW. Therefore, pursuant to N.C.G.S. § 62-110.8(b)(1), the Commission determined that it was appropriate to reduce the CPRE Program procurement target to 1,782 MW. As a result, the Commission concluded that Duke was 596 MW short of the adjusted CPRE Program procurement target at the end of the CPRE Program Procurement Period, and ordered DEC on December 20, 2021,¹ to initiate a third procurement solicitation (Tranche 3) of the CPRE Program to procure the shortfall.

On January 5, 2022, DEC issued the CPRE Tranche 3 RFP seeking to procure 596 MW. The bid window for CPRE Tranche 3 closed on February 3, 2022. Only eight projects totaling 520 MW bid into CPRE Tranche 3. Following closure of the bid window, 365 MW withdrew from Tranche 3, citing market uncertainty and the rising costs of solar development as the cause of their withdrawal. Ultimately, only two projects totaling 155

¹ Order Determining Adjusted CPRE Program Procurement Target, Docket Nos. E-2, Sub 1159 and E-2, Sub 1156 (December 20, 2021).

MW completed the Tranche 3 bid evaluation process and have signed CPRE Program PPAs with DEC.

On September 1, 2022, Duke filed a petition stating that the CPRE Program is 441 MW short of meeting the target established by N.C.G.S. § 62-110.8, and requesting the Commission's approval to procure the CPRE Program capacity shortfall through the 2022 Solar Procurement, to extend the CRPE Program PPA term, and for waiver of certain provisions of Commission Rule R8-71.

Based on the foregoing, the Chair finds good cause to solicit comments on the solar resource procurement target for the 2022 Solar Procurement as well as Duke's request to procure the CPRE Program capacity shortfall through the 2022 Solar Procurement, to extend the CRPE Program PPA term, and for waiver of certain provisions of Commission Rule R8-71.

IT IS, THEREFORE, ORDERED as follows:

1. That parties may file comments responsive to the topics described above by Tuesday, October 4, 2022; and
2. That Duke may file reply comments by Wednesday, October 12, 2022.

ISSUED BY ORDER OF THE COMMISSION.

This the 23rd day of September, 2022.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "Erica N. Green". The signature is written in a cursive, flowing style.

Erica N. Green, Deputy Clerk