

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION
DOCKET NO. E-2, SUB 1219
DOCKET NO. E-7, SUB 1214

In the Matter of:

Application of Duke Energy
Progress, LLC, for Adjustment of
Rates and Charges Applicable to
Electric Service in North Carolina

In the Matter of:

Application of Duke Energy
Carolinas, LLC, for Adjustment of
Rates and Charges Applicable to
Electric Utility Service in North
Carolina

**SOUTHERN ALLIANCE FOR
CLEAN ENERGY AND NORTH
CAROLINA SUSTAINABLE
ENERGY ASSOCIATION JOINT
REPLY TO RESPONSE TO THIRD
QUARTER RATE DESIGN STUDY
STATUS REPORT**

The Southern Alliance for Clean Energy (“SACE”) and the North Carolina Sustainable Energy Association (“NCSEA”) jointly submit this Reply to the November 15, 2021 “Response to Duke Energy’s Rate Design Study Quarterly Status Report for the Third Quarter” submitted by NC WARN and Appalachian Voices (“Response to Status Report”). SACE and NCSEA wish to make corrections for the Commission’s consideration, specifically to (1) correct references to expert testimony in South Carolina proceedings and (2) to clarify that there were good reasons to consider the proposed NEM tariffs in the Fast-Track Working Group.

In their Response to Status Report, NC WARN and Appalachian Voices point to expert testimony by R. Thomas Beach relating to his analysis of Dominion Energy South Carolina’s value of solar calculation. This reference is from a generic

docket pursuant to the South Carolina Energy Freedom Act (“Act 62”) and his testimony specifically related to Dominion Energy, not Duke Energy. Response to Status Report at p. 14. Witness Beach was jointly retained by Vote Solar, the Solar Energy Industries Association, NCSEA, and the Southern Environmental Law Center (“SELC”) on behalf of its clients (SACE, S.C. Coastal Conservation League, and Upstate Forever) in a number of solar-related dockets before the South Carolina Public Service Commission (“PSC”) in 2020 and 2021. Witness Beach was at no time retained by Duke Energy in these South Carolina proceedings.

The Response to Status Report’s reference to witness Beach’s testimony merits correction. First, the Response implies that witness Beach did not agree with a basis for the settlement with Duke Energy. Id. The Response to Status Report states that “several parties who now support Duke Energy’s proposal...” sponsored testimony that was critical of the cost-shift analysis of another utility, implying that witness Beach’s testimony somehow calls into question the reasonableness of the settlement with Duke Energy. Id. That is not the case. In his role as an independent expert witness, Tom Beach reviewed and supported the settlement with Duke Energy before providing testimony in that generic docket and critiquing Dominion Energy South Carolina’s value of solar analysis. The more relevant testimony of witness Beach in South Carolina was his testimony in support of the Solar Choice NEM settlement with Duke Energy:

My testimony discusses why I support the proposal of the Duke utilities concerning a new residential Solar Choice tariff for DEC and DEP, consistent with Act 62. The DEC/DEP proposal was developed through extensive discussions and negotiations involving the Duke utilities and a group of key stakeholders.

Direct Testimony of R. Thomas Beach, DEC and DEP Establishment of Solar Choice NEM Tariffs, S.C. PSC Docket Nos. 2020-264-E & 2020-265-E (Feb. 8, 2021).

It was made clear in the Fast Track working group that witness Beach's testimony regarding Dominion Energy South Carolina's value of solar analysis was not relevant to Duke Energy's proposal in North Carolina and that he in fact supported the settlement with the Companies. Despite this fact, the Response to Status Report cites witness Beach's testimony out of context while failing to acknowledge his more relevant testimony in support of the NEM settlement with Duke Energy. Beyond the Response to Status Report, NC WARN's related public statement further misidentifies Tom Beach as Duke Energy's expert witness and again conflates his dispute with Dominion Energy South Carolina's value of solar analysis as somehow relevant to issues in the Duke Energy Solar Choice tariffs.¹

¹ NC WARN, *Groups File Complaint that Duke Energy Rigged Net Metering Process to Push Plan to Undermine Rooftop Solar Power in NC — News Release from NC WARN and Appalachian Voices* (Nov. 15, 2021) ("Powers [NC WARN's consultant] found that **the same consultant Duke used** when submitting its net metering proposal in South Carolina [testified](#) only weeks later in a separate South Carolina case that there was no such cost shift"; the hyperlink on the word "testified" then goes to witness Beach's testimony in the South Carolina generic docket on behalf of the S.C. Coastal Conservation League, SACE, Upstate Forever, Vote Solar, SEIA, and NCSEA, not on behalf of Duke Energy and not relating to any cost-shift issues on Duke Energy's system. NC WARN, in this statement, deploys more exaggerated rhetoric than in its Response to Third Quarter Status Report, claiming that the ICF Stakeholder process was a "rigged," "gold-plated platform" to support Duke's "scheme." *Id.*) (emphasis added) (<https://www.ncwarn.org/2021/11/groups-file-complaint-that-duke-rigged-net-metering-process/>)

Second, SACE and NCSEA do not agree with the notion that new NEM rates can wait until January of 2027. Response to Status Report at pp. 3-5. There were good reasons to include consideration of new NEM rates in the Fast Track working group. It takes time to educate customers about a new paradigm for solar NEM. The January 2027 date was a grandfathering provision, not the date when new rates would go into effect. See N.C. Gen. Stat. § 62-126.4(c). Switching both existing NEM customers and new solar adopters to a new paradigm on January 1, 2027 could have devastating consequences for the solar industry. Moreover, the looming switch to new NEM rates, without certainty, would continue to slow solar adoption in the run up to 2027.

Part of the settlement reached with the Companies in the Carolinas included an agreement to propose a new energy efficiency program (Smart \$aver Solar) that pairs rooftop solar with the Companies' winter-focused BYOT program (for customers with electric heat) and that provides an incentive associated with the utility system benefits of behind-the-meter solar consumption, which are akin to energy efficiency from the standpoint of the grid. This key component of the settlement is under consideration before the South Carolina PSC,² but will also need to be in place in North Carolina before it can be offered in either state given how the Companies operate their approved DSM/EE programs in the Carolinas. The current rooftop solar rebates authorized under HB 589 have a hard cap and expire next year, removing a critical support for the still nascent rooftop solar

² Joint Application of DEC and DEP for Approval of Smart \$aver Solar Program, S.C. PSC Docket Nos. 2021-143-E & 2021-144-E.

market in the state. N.C. Gen. Stat. § 62-155(f)(1). The Solar Saver incentive, which was agreed to in the context of the new proposed solar NEM rates, are an important reason why SACE and NCSEA disagree with NC WARN and Appalachian Voices about addressing NEM issues in the Fast Track working group.

In conclusion, SACE and NCSEA welcome critical feedback and any proposed improvements that could be made to further encourage rooftop solar adoption and the integration of distributed energy resources (DERs) in North Carolina in ways that align opportunities for customer bill savings with system savings. SACE and NCSEA support growing the market for distributed solar and other DERs and see those resources as critical for achieving carbon reduction goals and increased equity for North Carolina ratepayers. While there could be room for improvement in any stakeholder process, ICF has accommodated different points of view and invited participants to bring forward alternative rate design ideas for consideration by participants. But neither NC WARN nor Appalachian Voices suggested an alternative NEM rate design for discussion or consideration by the Fast Track working group. Months before the stakeholder process began, NC WARN made public its opposition to the NEM settlement reached in South Carolina, calling the settlement “a scheme” that is “part of a decade-long national effort by Duke, the Kochs and other polluters to choke the

growth of renewable power,” so we are not surprised that NC WARN came into the Rate Review opposed to the settlement.³

However, given that there was no alternative proposal to consider, SACE and NCSEA do not think it surprising that the framework developed as part of the South Carolina settlement with the Companies formed the basis for discussions in the Fast Track working group. This reality does not indicate “bias” in the stakeholder process, but simply reflects what was on the table for discussion. Response to Status Report at p. 8.

Respectfully submitted this 10th day of December, 2021.

/s/ David L. Neal
David L. Neal
N.C. Bar No. 27992

SOUTHERN ENVIRONMENTAL LAW
CENTER
601 W. Rosemary Street, Suite 220
Chapel Hill, NC 27516
Telephone: (919) 967-1450
Fax: (919) 929-9421
dneal@selcnc.org

*Attorney for Southern Alliance for Clean
Energy*

Peter H. Ledford, General Counsel for NCSEA
N.C. Bar No. 42999

³ *Duke Energy Seeks to Undermine Solar Growth in NC – Yet Again — News Release from NC WARN* (Feb. 23, 2021) (At no point in this statement did NC WARN inform its readers that the settlement was between Duke Energy and: (1) clean energy and efficiency advocates, (2) solar advocates, (3) the national solar industries trade association; (4) South Carolina conservation groups, and (5) one of the nation’s largest rooftop solar installers. Organizations will come to their own conclusions about the merits of the settlement, but SACE and NCSEA think that those opinions should be based on accurate information about the parties to the settlement and their motivation to promote access to solar energy) (<https://www.ncwarn.org/2021/02/duke-energy-seeks-to-undermine-solar/>).

Benjamin W. Smith, Regulatory Counsel for
NCSEA
N.C. State Bar No. 48344
4800 Six Forks Road, Suite 300
Raleigh, NC 27609
Telephone: (919) 832-7601
peter@energync.org
ben@energync.org

*Attorneys for North Carolina Sustainable
Energy Association*

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Southern Alliance for Clean Energy and North Carolina Sustainable Energy Association Joint Reply on Response to Third Quarter Rate Design Study Status Report by Southern Alliance for Clean Energy and North Carolina Sustainable Energy Association as filed today in Docket Nos. E-2, Sub 1219 and E-7, Sub 1214 has been served on all parties of record by electronic mail or by deposit in the U.S. Mail, first-class, postage prepaid.

This 10th day of December, 2021.

s/ David Neal