STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

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DOCKET NO. E-2, SUB 1170
DOCKET NO. E-7, SUB 1169

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Petition of Duke Energy Progress, LLC,	)	**DOD/FEA INITIAL COMMENTS ON**
and Duke Energy Carolinas, LLC,	)	**PROPOSED RIDER GSA**
Requesting Approval of Green Source	)	
Advantage Program and Rider GSA to	)	
Implement G.S. 62-159.2	)	

The United States Department of Defense and all other Federal Executive Agencies ("DoD/FEA"), pursuant to the January 26, 2018 Order Establishing Proceeding to Review Proposed Green Source Rider Advantage Program and Rider GSA, hereby provides its initial comments to Duke Energy Progress, LLC and Duke Energy Carolinas, LLC's ("Duke Energy") proposal in this docket. As an initial matter, DoD/FEA would like to thank all those involved in making efforts to increase options for military customers in pursuing energy alternatives that will strengthen energy resiliency on our important military installations in North Carolina. We are still reviewing the proposed rider and analyzing the options potentially available under it. While this review is currently underway, I will detail some initial concerns in these comments for consideration and further clarification.

DoD/FEA's two major concerns when it comes to energy procurement on our military installations are cost and energy resiliency. The cost concern is self-evident and present with every responsible customer, but DoD/FEA projects are not tenable if savings cannot be achieved. It is unclear at this time what the cost of energy under the proposed rider would be in comparison to the energy purchased through the current tariffs, especially when taking into account monthly administrative costs, application fees, and potential costs related to capacity bonds.

DoD/FEA has military installations that can provide land on the installation for use for renewable energy projects, but this access to use of land is usually in exchange for increased energy resiliency and cost savings on the price of the energy generated from the project. It is unclear from the proposed Rider GSA language how these types of arrangements would fit in to the CPRE Program contract, under either option. Moreover, the Federal Acquisition Regulations ("FAR") and Defense Federal Acquisition Regulations ("DFAR") require some contract terms that may conflict with any standard contract developed through the CPRE Program. These concerns may result in barriers to DoD/FEA participation in Rider GSA. However, so long as DoD/FEA is able to develop PPA agreements that allow for energy cost savings to be achieved through use of DoD/FEA land and any contract will be allowed to be modified to conform with the requirements of the FAR and DFAR, DoD/FEA should be able to utilize the opportunities provided under Rider GSA, so long as those projects also achieve increased energy resiliency for the installation.

Energy resiliency means providing stronger infrastructure to our military installations, including providing on-site sources of energy that could be used to power critical operations during times of crisis, even when the greater power grid is down. This is the reason DoD/FEA grants use of installation land for projects that are developed to increase energy resiliency, in addition to the cost savings that can be achieved. It is unlikely DoD/FEA policy would allow approval of a large procurement of renewable energy that did not achieve the dual goals of cost savings and increased energy resiliency to the installation.

Under both the Standard Offer and Self-Supply options, it appears that any energy generated will go directly onto the grid to serve Duke Energy customers and projects may not be able to be constructed in a manner that would strengthen installation energy resiliency. This would be antithetical to DoD/FEA policy and goals. Again, DoD/FEA must structure its projects in a manner that **increases installation energy resiliency and achieves costs savings**. If the end result of Rider GSA is that it provides options for purchasing renewable energy at higher costs than tariffed energy and it does not increase installation energy resiliency, then it is unlikely that DoD/FEA customers will subscribe to the program. However, if options under Rider GSA can be structured in a way that allow DoD/FEA to provide easements for use of its land for project-siting in exchange for cost savings and increased installation energy resiliency, then DoD/FEA will likely be able to use all of its reservation under Rider GSA and potentially more, providing a win-win for DoD/FEA and other Duke Energy customers. DoD/FEA looks forward to working with Duke Energy, The Commission, Commission Staff, and all other interested parties to achieve a program that will satisfy DoD/FEA's dual goals.

Respectfully submitted by:

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For
The United States Department of Defense
and
all other Federal Executive Agencies

CERTIFICATE OF SERVICE

I, Kyle J Smith, hereby certify that all persons on the docket service list have been served true and accurate copies of the foregoing United States Department of Defense and all other Federal Executive Agencies' Initial Comments on Proposed Rider GSA by first class mail deposited in the U.S. mail, postage prepaid, or by email transmission with the party's consent.

Dated this 22 day of February, 2018

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