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May 26, 2022

VIA ELECTRONIC FILING

Ms. A. Shonta Dunston
Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

**Re: Rebuttal Testimony of Angela M. Tabor
Docket No. E-7, Sub 1262**

Dear Ms. Dunston:

Enclosed for filing in the above-referenced proceeding on behalf of Duke Energy Carolinas, LLC is the Rebuttal Testimony of Angela M. Tabor.

Please feel free to contact me if you have any questions. Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in blue ink that reads "Ladawn S. Toon". The signature is fluid and cursive.

Ladawn S. Toon

cc: Parties of Record

OFFICIAL COPY

May 26 2022

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1262

In the Matter of)
Application of Duke Energy Carolinas, LLC)
Pursuant to G.S. 62-110.8 and Commission)
Rule R8-71 for Approval of CPRE)
Compliance Report and CPRE Cost)
Recovery Rider)

**REBUTTAL
TESTIMONY OF
ANGELA M. TABOR**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Angela M. Tabor, and my business address is 410 South
3 Wilmington Street, Raleigh, North Carolina.

4 **Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS**
5 **PROCEEDING?**

6 A. Yes. I filed direct testimony in this proceeding on March 1, 2022. My
7 direct testimony included an exhibit, Tabor Exhibit No. 1, which presented
8 Duke Energy Carolinas, LLC's ("DEC" or the "Company") Competitive
9 Procurement of Renewable Energy ("CPRE") Program 2021 Compliance
10 Report, in accordance with North Carolina Utilities Commission (the
11 "Commission") Rule R8-71(h). I also filed supplemental testimony in this
12 proceeding on May 2, 2022. Similar to my direct testimony, my
13 supplemental testimony included an exhibit, Supplemental Tabor Exhibit
14 No. 1, which presented DEC's Updated 2021 CPRE Compliance Report
15 and provided new information about the CPRE Program having occurred
16 after the Company's initial March 1, 2022, filing.

17 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN**
18 **THIS PROCEEDING?**

19 A. The purpose of my rebuttal testimony is to respond to the Public Staff's
20 request that the Company provide suggestions on how the CPRE shortfall,
21 which I define below, should be resolved. My testimony does not address
22 any other issues as the Public Staff's investigation into the Company's filing
23 resulted in (1) a finding that the Company's proposed CPRE rider and

1 experience modification factor rates were reasonable and should be
2 approved by the Commission; and (2) a finding that the Company's
3 Updated 2021 CPRE Compliance Report satisfies the requirements of
4 Commission Rule R8-71(h) and the Commission's *Order Modifying and*
5 *Approving Joint CPRE Program* issued in Docket Nos. E-7, Sub 1156 and
6 E-2, Sub 1159.

7 **Q. ARE YOU PROVIDING ANY EXHIBITS IN SUPPORT OF YOUR**
8 **REBUTTAL TESTIMONY IN THIS PROCEEDING?**

9 A. No, I am not.

10 **Background on CPRE Procurement Target**

11 **Q. PLEASE PROVIDE BACKGROUND ON THE CPRE**
12 **PROCUREMENT REQUIREMENTS.**

13 A. N.C. Gen. Stat. § 62-110.8 establishes and governs the CPRE Program, and
14 requires DEC and Duke Energy Progress, LLC ("DEP" and together with
15 DEC, "Duke Energy" or the "Companies") to competitively procure a
16 specific amount of energy and capacity from new renewable energy
17 facilities during a 45-month timeframe which ended on November 21, 2021.
18 Under the statute, DEC and DEP are required to add a total of 6,160 MW
19 of renewable energy through a combination of (1) CPRE Program
20 procurement ("CPRE Program MW") and (2) the execution of power
21 purchase agreements and interconnection agreements for renewable energy
22 capacity within the DEC and DEP Balancing Authority Areas that are not
23 subject to economic dispatch or curtailment and were not procured pursuant

1 to the Green Source Advantage program (projects satisfying such criteria,
2 “Transition MW”). Under the statute, 2,660 MW of this 6,160 MW total
3 was targeted to be procured through the CPRE Program and the remaining
4 3,500 MW was targeted to be non-CPRE Transition MW capacity.
5 However, the CPRE Statute further provides that, if during the 45-month
6 timeframe, DEC and DEP contract for Transition MW in excess of 3,500
7 MW, the Commission shall reduce the CPRE Program procurement target
8 by the amount of such exceedance.

9 **Q. HOW MANY CPRE PROGRAM MW HAVE DEC AND DEP**
10 **PROCURED THROUGH TRANCHES 1 AND 2 AND HOW MANY**
11 **TRANSITION MW HAVE DEC AND DEP PROCURED?**

12 A. As explained by Public Staff witness Jeff Thomas, on December 3, 2021,
13 DEC and DEP filed a Petition for Determination of Final CPRE Program
14 Procurement Amount in Docket Nos. E-2, Sub 1159 and E-7, Sub 1156.
15 The filing explained that DEC and DEP had procured a total of 4,378 of
16 Transition MW and 1,185 CPRE Program MW through Tranches 1 and 2.

17 **Q. WHAT IS THE CURRENT CPRE PROCUREMENT TARGET?**

18 A. As determined in the Commission’s December 20, 2021 *Order Determining*
19 *Adjusted CPRE Program Procurement Solicitation, Approving Resource*
20 *Solicitation Cluster, and Requiring Response to Commission Questions*
21 *Regarding Pro Forma PPA* (“Order”) issued in Docket Nos. E-2, Sub 1159
22 and E-7, Sub 1156, the current CPRE Program procurement target is 1,782

1 MW, as the original 2,660 MW required target was reduced by an excess
2 878 Transition MW procured through the CPRE Procurement Period.

3 **Q. WHAT IS THE CPRE TRANCHE 3 PROCUREMENT TARGET?**

4 A. As also determined in the Commission’s Order, the CPRE Tranche 3 target
5 is 596 MW.

6 **Q. WHAT IS THE CURRENT STATUS OF CPRE TRANCHE 3?**

7 A. Tranche 3 is currently underway, having opened on January 5, 2022. The
8 Request for Proposal (“RFP”) window closed on February 3, 2022. As
9 noted by Witness Thomas, only 520.79 MW of projects bid into Tranche 3,
10 which is short of the 596 MW target procurement volume. As also noted
11 by the Public Staff, several projects have since withdrawn from Tranche 3,
12 and bidders remaining in Tranche 3 have expressed concerns to the CPRE
13 Program Independent Administrator, Accion Inc. (the “IA” or “Accion”),
14 regarding market uncertainty and rising solar development costs.
15 DEC and DEP continue to diligently implement Tranche 3 with the goal of
16 procuring as many CPRE Program MW as reasonably possible. Recently,
17 on May 2, 2022, the Companies, after consulting with the IA, agreed to
18 provide remaining bidders the option to defer Step 2 Proposal Security
19 required under the Tranche 3 RFP if they committed to proceed to the Step 2
20 evaluation and paid a non-refundable fee (\$1/kW) to contribute to covering
21 the cost of the IA. Only two Proposals totaling 155 MW elected to proceed
22 to Step 2 of the Tranche 3 evaluation process.

1 Anticipated CPRE Shortfall

2 **Q. PLEASE EXPLAIN WHY THE PUBLIC STAFF HAS REQUESTED**
3 **DEC FILE REBUTTAL TESTIMONY.**

4 A. As I just explained, the number of MW that now remain in the RFP is below
5 the 596 MW Tranche 3 target. Due to this “shortfall” of projects bidding
6 into Tranche 3, DEC and DEP will not achieve the current 1,782 MW CPRE
7 procurement target at the close of Tranche 3. As also noted by the Public
8 Staff and explained in my supplemental testimony, several Tranche 2
9 projects have also withdrawn, or may withdraw in the future from the CPRE
10 Program and forego commercial operation. Based on these facts, the Public
11 Staff has requested DEC file rebuttal testimony to explain the ways DEC
12 and DEP may resolve this CPRE procurement target shortfall.

13 **Q. DOES THE COMPANY CONCUR WITH THE PUBLIC STAFF**
14 **THAT A CPRE SHORTFALL WILL RESULT AFTER TRANCHE 3**
15 **CONCLUDES LATER THIS SUMMER?**

16 A. Yes.

17 **Q. DOES THE COMPANY BELIEVE THIS DEC CPRE RIDER**
18 **PROCEEDING IS THE APPROPRIATE PROCEEDING TO**
19 **DETERMINE A SOLUTION TO THE ANTICIPATED CPRE**
20 **SHORTFALL?**

21 A. No. As an initial matter, this issue concerns both DEC and DEP and should
22 therefore be addressed in a docket in which both utilities are participating,
23 as opposed to this DEC-specific rider proceeding. Second, Tranche 3 is not

1 yet complete, and DEC believes any decision as to how to resolve the
2 anticipated shortfall would be premature. Third, and as explained below,
3 DEC believes it is appropriate to discuss this issue in greater detail with the
4 Public Staff and stakeholders following the close of Tranche 3 Step 2.
5 Fourth, and as also explained further below, the CPRE Rule outlines a
6 specific regulatory process—the annual CPRE Program Plan filing—that
7 requires DEC and DEP to update the Commission on CPRE Program MW
8 and any unprocured amounts each year during and in the year following
9 expiration of the CPRE Program Procurement Period. DEC therefore
10 believes this issue is best addressed in the CPRE Program dockets through
11 the required CPRE Program Plan filing; however, DEC preliminarily
12 responds to the Public Staff testimony as follows.

13 **Q. DOES THE PUBLIC STAFF OFFER ANY POSSIBLE**
14 **RESOLUTIONS TO THE CPRE SHORTFALL?**

15 A. Yes, in part. Public Staff witness Thomas’ testimony caveats that at this
16 time, it is unclear how the CPRE shortfall can be resolved. However, he
17 suggests that “[t]heoretically, the CPRE capacity shortfall would be
18 compensated for in future Carbon Plan filings by reducing the amount of
19 mandated solar. The Carbon Plan would then presumably select additional
20 economic solar to replace the CPRE shortfall, as it is assumed that the total
21 solar required to meet the carbon reduction goals is a sum of the mandated
22 solar and the economically selected solar.”¹ Public Staff witness Thomas

¹ Testimony of Jeff Thomas, Public Staff – North Carolina Utilities Commission, at 14, Docket No. E-7, Sub 1247 (filed May 17, 2022).

1 goes on to state that although the Carbon Plan may offer a solution, due to
2 limits on the amount of solar resources that DEC and DEP may be able to
3 interconnect annually, the Carbon Plan model may be “unable to make up
4 for the CPRE shortfall,” due to such interconnection constraints.²

5 **Q. IS THE PUBLIC STAFF CORRECT THAT THE CARBON PLAN**
6 **ASSUMES SOLAR RESOURCES PROCURED UNDER CPRE ARE**
7 **INTERCONNECTED EARLIER THAN ECONOMICALLY**
8 **SELECTED SOLAR?**

9 A. Yes. The Carbon Plan assumes 1,185 MW of solar resources are connected,
10 or will connect, under CPRE Tranches 1 and 2. Additionally, the Carbon
11 Plan assumes that 596 MW of solar resources will be procured and
12 connected under CPRE Tranche 3 earlier than economically selected solar
13 resources.

14 **Q. WHEN ARE CPRE TRANCHES 1, 2, AND 3 MW ASSUMED TO BE**
15 **ADDED TO THE SYSTEM IN THE CARBON PLAN?**

16 A. As shown in Table 1 below, all CPRE solar is assumed to interconnect by
17 the end of 2025 in the Carbon Plan. This forecasted or “mandated” solar
18 includes the following CPRE MW:

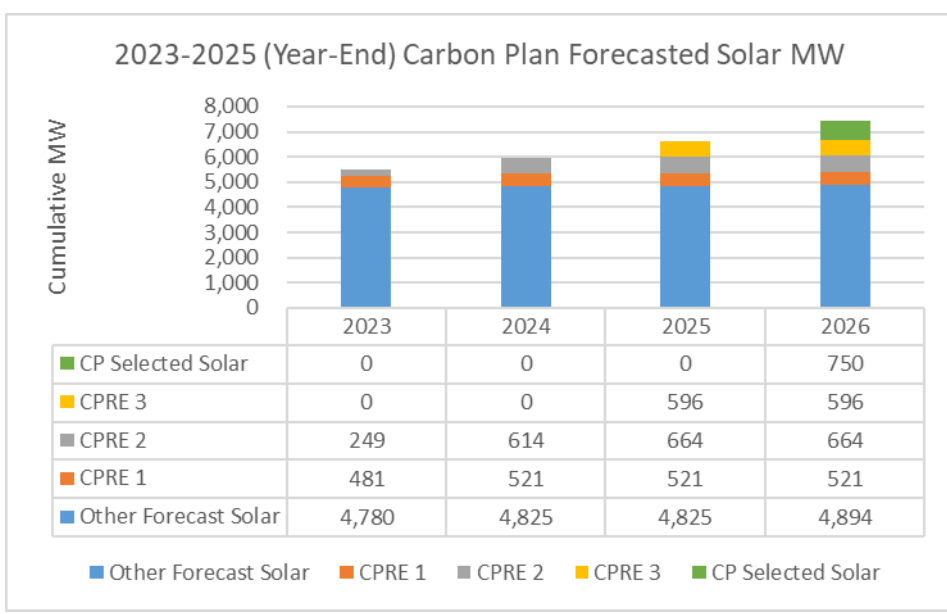
- 19 • 521 MW of Tranche 1 solar resources are forecasted to connect by
20 the end of year 2024,
- 21 • 614 of the procured 664 MW of Tranche 2 solar resources are
22 forecasted to interconnect by the end of 2024,

² *Id.*

- The remaining Tranche 2 (50 MW) and all 596 MW of Tranche 3 solar resources are forecasted to be connected by the end of year 2025.

The first economically selected solar resources in the Carbon Plan (750 MW) are forecasted to interconnect by the end of 2026.

Table 1



Q. WHAT ARE THE IMPLICATIONS TO THE CARBON PLAN WHEN THE CPRE SHORTFALL OCCURS?

A. The Carbon Plan model selects solar above and beyond the forecasted CPRE Program and other solar resource amounts in order to meet the 70% CO2 reduction target in all portfolios. Therefore, any shortfall in the forecasted CPRE Program or other solar resource amounts will need to be made up by additional solar procurements to execute the Carbon Plan in the near-term and to achieve the Carbon Plan emissions reduction targets. The timing and mechanism of such procurements (i.e., procurements occurring

1 under N.C. Gen. Stat. § 62-110.8 or pursuant to the Carbon Plan) is yet to
2 be determined.

3 **Q. DO DEC AND DEP AGREE THAT THE PUBLIC STAFF'S**
4 **PROPOSED SOLUTION OF PROCURING THE CPRE**
5 **SHORTFALL THROUGH THE 2022 SOLAR PROCUREMENT**
6 **PROGRAM MAY BE FEASIBLE?**

7 A. Yes. Although the Public Staff raises concerns over differences between
8 CPRE procurement and future Carbon Plan procurements, DEC agrees that
9 there exists the potential for the CPRE Program MW shortfall to be
10 procured through additional, competitive procurements in accordance with
11 the Carbon Plan.

12 **Q. IS DUKE ENERGY AMENABLE TO OTHER POSSIBLE**
13 **SOLUTIONS TO SOLVING THE CPRE SHORTFALL?**

14 A. Yes. DEC, along with DEP, plans to engage with the Public Staff and
15 interested stakeholders to determine possible solutions to the CPRE
16 shortfall.

17 **Q. WHEN WILL THE COMPANY DEFINITELY UPDATE THE**
18 **COMMISSION ON THE STATUS OF THE CPRE PROCUREMENT**
19 **TARGET AND RESOLUTION TO ACHIEVE SUCH TARGET?**

20 A. Pursuant to NCUC Rule R8-71(g), DEC and DEP are required to file their
21 annual CPRE Program Plan with the Commission by September 1, 2022.
22 DEC and DEP therefore plan to provide the Commission an update in the

1 CPRE Program Plan as to how the CPRE shortfall will be resolved at that
2 time.

3 **Q. IS DEC COMMITTED TO ACHIEVING THE HB 589**
4 **PROCUREMENT TARGET OF ADDING AT LEAST 6,160 MW OF**
5 **NEW SOLAR RESOURCE TO THE COMPANIES' SYSTEMS?**

6 A. Yes. As demonstrated by the Carbon Plan and Table 1 above, the
7 Companies are committed to procuring substantially more new solar
8 resources to achieve State energy policy under HB 589, and now under
9 Session Law 2021-165, as Duke Energy pursues the least cost pathway to
10 achieving carbon neutrality by 2050.

11 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

12 A. Yes.