



February 15, 2024

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

**RE: Duke Energy Progress, LLC, and Duke Energy Carolinas, LLC,
2024 Solar Procurement Pursuant to Initial Carbon Plan
Docket Nos. E-2, Sub 1340; E-7, Sub 1310**

Dear Ms. Dunston,

On February 5, 2024, the North Carolina Utilities Commission (“Commission”) opened Docket Nos. E-2 Sub 1340 and E-7 Sub 1310 pursuant to Duke Energy Progress, LLC’s (“DEP”) and Duke Energy Carolinas, LLC’s (“DEC”, collectively “Duke Energy”) *Motion To Open 2024 RFP Dockets, Grant Flexibility To Administer 2024 RFP Through A Resource Solicitation Cluster, And For Extension Of Time To File 2024 RFP*, which was made in compliance with the Commission’s *Order Adopting Initial Carbon Plan and Providing Direction for Future Planning* (“Carbon Plan Order”) issued on December 30, 2022 in Docket No. E-100 Sub 179. The Commission issued an *Order Initiating Proceeding and Requesting Expedited Comments* on Feb. 8, 2024, inviting comments from intervenors in these dockets on a limited set of issues. On February 14, 2024, NCSEA filed a Petition to Intervene in these dockets. NCSEA respectfully submits this letter in lieu of comments for consideration by the Commission.

NCSEA agrees with Duke Energy’s “plan to not utilize a red zone expansion plan

(“RZEP”) shadow cost allocation for the 2024 RFP.”¹ This position is consistent with NCSEA’s comments in previous solar procurement dockets.² In the case of the 2024 RFP, including an RZEP shadow cost would create the perverse result of prioritizing projects that do not maximize the use of infrastructure upgrades the Commission has already determined to be in the public interest.³

Though the RZEP shadow cost would not ultimately be imposed on a project that is successfully selected, imposing such a cost during the project selection process puts those projects that would utilize the RZEP upgrades at a competitive disadvantage. While this may have been appropriate previously (considering the uncertainty around planning for and paying for the RZEP upgrades), now that these upgrades have been approved both for planning purposes⁴ and for rate-base treatment⁵ such justification no longer applies. In fact, as the RZEP upgrades will now be paid for by all ratepayers, maximizing the timely use of these public infrastructure investments represents the most efficient use of ratepayer resources. In contrast, the imposition of an RZEP shadow cost would prioritize the selection of projects that do not utilize the RZEP upgrades—which risks undermining the purpose of such investments in the first place.

¹ Motion To Open 2024 RFP Dockets, Grant Flexibility To Administer 2024 RFP Through A Resource Solicitation Cluster, And For Extension Of Time To File 2024 RFP, Docket Nos. E-2 Sub 1340 and E-7 Sub 1310 (Feb. 5, 2024), at pg. 5.

² NCSEA, along with other intervenors, commented on reasons that the RZEP shadow price should not be included within the volume adjustment mechanism with the 2023 Solar Procurement. Joint Initial Comments of Southern Alliance for Clean Energy, Sierra Club, Natural Resources Defense Council, and North Carolina Sustainable Energy Association, Docket Nos. E-2 Sub 1317 and E-7 Sub 1290 (Apr. 28, 2023), at pg. 11.

³ See Order Accepting Stipulations, Granting Partial Rate Increase, and Requiring Public Notice, Docket No. E-2 Sub 1300 (Aug. 18, 2023), at pp. 68-71, 97; see Order Accepting Stipulations, Granting Partial Rate Increase, Requiring Public Notice, and Modifying Lincoln CT CPCN Conditions, Docket No. E-7 Sub 1276 (Dec. 15, 2023), at 130-32.

⁴ Order Adopting Initial Carbon Plan and Providing Direction for Future Planning, Docket No E-100 Sub 179 (Dec. 30, 2022), at pp. 41, 134.

⁵ See *supra* footnote 3.

The inclusion of a RZEP shadow cost could also increase the cost of procurement of these resources to customers by increasing uncertainty and injecting unneeded complexity into the bidding process. In business, uncertainty and complexity usually come with a price tag. In the case of a solar procurement where bidders are asked to submit bids years in advance of actual development, any additional uncertainty or complexity will most likely result in higher bids—costing ratepayers more—and would do nothing to help with the issue of attrition.⁶ With interconnection rates of solar and solar and storage being critical to North Carolina meeting the carbon reduction mandates of Session Law 2021-165,⁷ and with the RZEP upgrades being approved as in the public interest, the continued imposition of an RZEP shadow cost is not justified and should be abandoned.

NCSEA thanks the Commission for its consideration of these matters. By copy of this letter, I am serving copies of the attached to all parties of record by electronic delivery. Please do not hesitate to contact me if any questions or concerns arise in connection with this filing.

Thank you,

⁶ See Joint CCEBA and NCSEA Comments in Response to Motion to Discontinue CPRE Program, Docket Nos. E-2 Sub 1159 and E-7 Sub 1156 (Oct. 18, 2023).

⁷ See *supra* footnote 4.

/s/ Ethan Blumenthal

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Enclosures
cc: Parties of Record

OFFICIAL COPY

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CERTIFICATE OF SERVICE

I hereby certify that all persons on the docket service list have been served true and accurate copies of the foregoing filing by hand delivery, first class mail deposited in the U.S. mail, postage pre-paid, or by email transmission with the party's consent.

This the 15th day of February, 2024.

/s/ Ethan Blumenthal

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