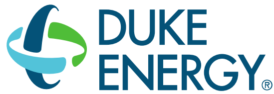

Jack E. Jirak
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Nov 27 2019

November 27, 2019

VIA ELECTRONIC FILING

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

RE: Duke Energy Progress, LLC's Answer and Motion to Dismiss Complaint of Williams Solar, LLC
Docket No. E-2, Sub 1220

Dear Ms. Campbell:

Please find enclosed Duke Energy Progress, LLC's Answer and Motion to Dismiss Complaint of Williams Solar, LLC in the above-referenced proceeding.

If you have any questions, please do not hesitate to contact me. Thank you for your assistance with this matter.

Sincerely,

Jack E. Jirak

Enclosure

c: Williams Solar, LLC

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Nov 27 2019

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 1220

In the Matter of Williams Solar, LLC, Complainant v. Duke Energy Progress, LLC, Respondent	)))))))))))	**RESPONDENT'S ANSWER AND MOTION TO DISMISS COMPLAINT OF WILLIAMS SOLAR, LLC**

NOW COMES Duke Energy Progress, LLC (the "Company," "DEP" or "Respondent") by and through counsel and pursuant to Rule R1-9 of the North Carolina Utilities Commission ("Commission") Rules and Regulations, and hereby responds to the Complaint of Williams Solar, LLC ("Complainant" or "Williams") served on Respondent on November 1, 2019 ("Complaint"). Respondent replies to the allegations as set forth below. Any allegation not specifically admitted is hereby denied.

SUMMARY OF ANSWER AND DEFENSES

Under the North Carolina Interconnection Procedures ("NC Procedures"),[1] the Company is required to study Interconnection Requests and identify the Interconnection Facilities and Upgrades that are necessary to allow new Generating Facilities to safely interconnect to the Company's system in a manner that does not adversely impact the

[1] *See Order Approving Revised Interconnection Standard and Requiring Reports and Testimony*, Docket No. E-100, Sub 101 (June 14, 2019). ("June 2019 NC Procedures Order"). All capitalized terms not otherwise defined here shall have the meaning assigned to them in the NC Procedures and, unless otherwise specified, all section references are to the NC Procedures.

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reliability and power quality of electric service provided to other customers. Through the interconnection study process established in Section 4 of the NC Procedures, the Company is required to provide an estimated cost for the Interconnection Facilities and any necessary Upgrades required to safely and reliably accomplish interconnection of a proposed Generating Facility. The NC Procedures contemplate that such non-binding cost estimates will be developed in a two-step process beginning with a preliminary, high-level estimate (developed during the Section 4.3 System Impact Study) and then a more detailed estimate (developed during the Section 4.4 Facilities Study). The very structure of the NC Procedures, therefore, establishes that the initial cost estimates provided during the System Impact Study is preliminary, non-binding and "high level" in nature and may be substantially revised during the subsequent, more detailed Facilities Study process based on information derived during field visits, through more detailed engineering cost calculations and based upon other updated information available at that time.[2]

[2] Specifically, Section 4.3.5 of the NC Procedures specifies that "the System Impact Study Report will provide the Preliminary Estimated Upgrade Charge, which is a ***preliminary indication*** of the cost and length of time that would be necessary to correct any System problems identified in those analyses and implement the interconnection." (emphasis added). "Preliminary Estimated Upgrade Charge" is defined as "[t]he ***estimated*** charge for Upgrades that is developed using ***high level estimates*** including overheads and is presented in the System Impact Study Report. This charge is not based on field visits and/or detailed engineering cost calculations." Similarly, Section 4.3.6 of the NC Procedures specifies that the "System Impact Study Report will provide the Preliminary Estimated Interconnection Facilities Charge, which is a ***preliminary non-binding indication*** of the cost and length of time that would be necessary to provide the Interconnection Facilities." (emphasis added). "Preliminary Estimated Interconnection Facilities Charge" is defined as the "estimated charge for Interconnection Facilities that is developed using ***high level estimates***, including overheads and is presented in the System Impact Study Report. This charge is not based on field visits and/or detailed engineering cost calculations." (emphasis added). With respect to the Facilities Study, Section 4.4.4 of the NC Procedures specifies that the "Facilities Study Report shall specify and estimate the cost of the equipment, engineering, procurement and construction work (including overheads) needed to implement the System Impact Studies and to allow the Generating Facility to be interconnected and operated safely and reliably." (emphasis added). The Facilities Study produces the Detailed Estimated Interconnection Facilities Charge and the Detailed Estimated Upgrade Charge. The "Detailed Estimated Interconnection Facilities Charge" is defined as the "estimated charge for Interconnection Facilities that is based on field visits and/or detailed engineering cost calculations and is presented in the Facilities Study Report and Interconnection Agreement. This charge is not final." (emphasis added). The "Detailed Estimated Upgrade Charge" is defined as the "estimated charge for Upgrades that is based on field visits and/or detailed

Moreover, even the cost estimates produced during the Facilities Study remain, by definition, estimates of the future costs the Company will incur to complete construction of the interconnection. There are numerous "real world" factors, including increased equipment or labor costs, unforeseen site conditions or extreme weather, that impact the amount of costs actually incurred. Therefore, the Interconnection Agreement expressly contemplates that the Interconnection Customer bears cost responsibility for the actual cost of the Interconnection Facilities and, where applicable, any Upgrades.[3]

Consistent with the NC Procedures, DEP's approach to developing cost estimates during System Impact Study (including the cost estimates provided to Complainant) is based upon initial modeling of the proposed Generating Facility and historic cost data for similar projects. The NC Procedures expressly contemplate that the preliminary cost estimates developed during System Impact Study are "high level estimates" with no detailed engineering or site visits having been performed.[4] Once an Interconnection Customer elects to move into Facilities Study (as was the case with Complainant), a Distribution Engineering Technologist is then assigned the responsibility to review the scope of work for the identified Interconnection Facilities and Upgrades and perform more detailed engineering required to design the proposed interconnection. Such detailed engineering involves a field visit which provides the opportunity to perform a more detailed engineering estimate taking into account actual facility and site conditions. Based on this

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engineering cost calculations and is presented in the Facilities Study Report and Interconnection Agreement." (emphasis added).

[3] *See* Section 6.1.1 of the Interconnection Agreement ("The Interconnection Customer shall pay 100% of required Interconnection Facilities and any other charges as required in Appendix 2 pursuant to the milestones specified in Appendix 4. The Interconnection Customer shall pay 100% of required Upgrades and any other charges as required in Appendix 6 pursuant to the milestones specified in Appendix 4.).

[4] See definitions of Preliminary Estimated Interconnection Facilities Charge and Preliminary Estimated Upgrade Charge in footnote 2 *supra.*

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more detailed engineering, the Distribution Engineering Technologist then creates preliminary work orders reflecting the scope of work that serve as inputs into the Company's engineering and construction cost estimating tool, referred to as "Maximo". Through this process, the Company then produces an estimated cost for the full scope of work based on estimated labor and material costs.

DEP, along with Duke Energy Carolinas, LLC ("DEC" and together with DEP, "Duke") has recently taken steps to refine the Facilities Study cost estimation process based upon Duke's nation-leading experience interconnecting utility-scale Generating Facilities to its distribution system. Duke's recent experience with the post-construction Final Accounting process has demonstrated that the preliminary estimated costs produced during the System Impact Study and the more detailed estimated cost produced by Maximo during Facilities Study have often been below the actual costs to complete the interconnection. Therefore, Duke proactively investigated the primary causes of such discrepancy and identified the following key factors:

1. In general, labor and equipment costs have escalated over time. Furthermore, in the context of interconnection work, there is often a substantial lag (as much as 1-2 years) between the time that cost estimates are produced and the work is actually performed. Maximo did not account for the escalation of costs that can occur even during the period of time from development of estimate to performance of the work.

2. Based on a review of completed projects, Maximo often underestimated the amount of labor hours that would be required to complete a particular scope of work.

3. Maximo utilizes a blended average labor rate. The Company's experience has shown that the actual average labor rate for interconnection projects was higher than the historical blended average labor rate assumed in Maximo.

4. In many cases, overtime labor was required in order to achieve particular commercial operation dates, including achieving commercial operation dates desired by Interconnection Customers. Maximo did not account for the increased cost of overtime labor.

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5. Maximo utilized an average fleet and equipment rate. The Company's experience has shown that the actual fleet and equipment rates for interconnection projects was higher than the average fleet and equipment rate assumed in Maximo.

6. Maximo did not take into account unforeseen circumstances that could impact actual project costs, including unforeseen site conditions (*e.g.*, flagging, matting, etc.) or increased costs to comply with new environmental or safety regulations.

The combined effect of these factors has resulted in the actual interconnection costs for operational projects exceeding the estimated cost identified during the Facilities Study and specified as the Company's "best estimate" of Interconnection Facilities and Upgrade costs in the applicable Interconnection Agreement.[5]

Based upon the foregoing and contrary to Williams' allegations in the Complaint, the Company has, in good faith, updated its interconnection cost estimates to account for the factors discussed above.[6] These efforts have been purposefully designed to provide Interconnection Customers (including Complainant) with the best estimates possible during the initial study process prior to delivering an Interconnection Agreement, which contractually binds the Interconnection Customer to pay DEP's actual costs of delivering the Interconnection Facilities and Upgrades required to interconnect the Generating Facility. In the case of Complainant, the factors discussed above are the primary factors that caused the cost estimate produced in Complainant's Facilities Study to be substantially higher than the preliminary cost estimates provided during System Impact Study. In summary, the Company has exerted considerable proactive and good faith effort to ensure

---

[5] *See* Section 4.1.1 of the Interconnection Agreement ("The Utility shall provide a best estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and provide a detailed itemization of such costs."); see also Appendix 2 and Appendix 6 of the Interconnection Agreement.

[6] In parallel, the Company has also worked to update Maximo assumptions.

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that the cost estimates provided to Complainant—and all other Interconnection Customers—better reflect actual costs.

The Company has implemented these efforts across the interconnection queue. Projects currently in the interconnection queue are obviously in various stages of the interconnection process. That is, there are projects that are "on hold" for interdependency and have not even begun System Impact Study, projects that are awaiting System Impact Study results, projects that are awaiting Facilities Study Report, etc. The Company's implementation of its improved cost estimating practice occurred after Complainant had received its System Impact Study cost estimates, which led to a substantial increase in its cost estimates between System Impact Study and Facilities Study. But the Company stands behind its decision to provide all Interconnection Customers, including Complainant, with improved cost estimates no matter where in the interconnection process a particular Interconnection Customer happened to be. The increase in the Facilities Study cost estimate for Complainant does not signal that the preliminary cost estimate provided during System Impact Study was not provided in good faith. Instead, the revised cost estimate provided during Facilities Study is, in fact, clear evidence of the Company's good faith efforts to improve its cost estimation process for the benefit of all Interconnection Customers.

Furthermore, it is an inefficient use of regulatory resources to litigate a preliminary cost estimate, when by the very terms of the NC Procedures, Complainant will be obligated to pay only the actual cost of the Interconnection Facilities and Upgrades. Stated differently, even if Respondent were to accede to Complainant's demand and offer an

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Interconnection Agreement with a reduced estimated cost, that will have no impact on Complainant's ultimate cost responsibility.

In summary, the NC Procedures expressly contemplate that the cost estimates provided in the System Impact Study Report are preliminary in nature and will be revised in the Facilities Study process based on more detailed information and analysis. That is precisely what Respondent has done in the case of the Facilities Study Report issued for Complainant. Consistent with Good Utility Practice, the Company has proactively taken action to improve its cost estimation process based on actual cost experience and provided such improved cost estimate to Complainant. Contrary to the central allegations in the Complaint, the Company's actions have at all times been made in good faith and to improve DEP's process of managing the unique challenges of North Carolina's interconnection landscape.

ANSWER

RESPONSE TO THE COMPLAINT'S ALLEGATIONS

Respondent denies each allegation of the Complaint not hereinafter specifically admitted and responds as follows to the allegations in the Complaint:

1. Respondent is without sufficient information to admit or deny the allegations contained in Paragraphs 1-3.

2. Respondent admits the allegations contained in Paragraph 4, but notes that the Complaint does contain sufficient specificity regarding what "certain parts" of PURPA are referenced in the allegation.

3. Paragraph 5 is administrative in nature and requires no response.

4. Respondent admits the allegation contained in Paragraphs 6.

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5. With respect to the allegations contained in Paragraphs 7-8, Respondent admits that Complainant previously disputed the Company's implementation of the NC Procedures as it related to the Company's commencement of the System Impact Study for Complainant. As was explained by the Company at that time, the Company's established policy is to proceed with a "with or without" System Impact Study under Section 4.3.6 only after the corresponding interdependent Project A has been preliminarily studied and has selected a mitigation option, if required within the System Impact Study process. This policy has been applied consistently by the Company to all Project Bs, and reasonably conforms to the requirements of Section 4.3.6 because Project Bs will be provided with a System Impact Study that addresses the "with or without" Project A scenarios. However, until the Company is provided with the Project A Interconnection Customer's final size and design characteristics, the Company cannot reasonably develop a System Impact Study report that completely and accurately reflects the interconnection capacity and potential mitigation options available to the Project B.

6. Respondent denies the allegations contained in Paragraphs 9-11. Though Complainant does not specifically identify what is meant by the phrase "multiple technical barriers to entry," upon information and belief, the Complaint is referring to Duke's Method of Service Guidelines. Contrary to the characterization of Complainant, the Commission has recently found the Method of Service Guidelines to be reasonable and reflective of Good Utility Practice in North Carolina.[7] The referenced Settlement Agreement—which Duke filed with the Commission—speaks for itself. The Commission has received

[7] *June 2019 NC Procedures Order*, at 9 (finding that "[t]he Duke Utilities' Method of Service Guidelines are reasonable and reflect Good Utility Practice in North Carolina").

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extensive evidence in Docket No. E-100, Sub 101 concerning the many factors outside of the control of the Company that have contributed to longer than expected interconnection timelines. The System Impact Study Report speaks for itself.

7. With respect to the allegations in Paragraph 12-13, the NC Procedures speaks for itself.

8. With respect to the allegations in Paragraph 14, the System Impact Study Agreement speaks for itself.

9. With respect to the allegations in Paragraphs 15-16, the System Impact Study Report speaks for itself. Respondent admits that the email communication accompanying the System Impact Study Report contained the same Upgrade cost estimate reflected in the System Impact Study Report. Respondent further admits that at the time of delivery of the System Impact Study Report, the Facilities Study had not been performed and therefore the Company had not revised its estimate for the cost of the Upgrades. Based on the progressively more detailed interconnection study process established under the NC Procedures (as discussed in the Summary of Answers and Defenses), Complainant should have been aware that there was a potential for changes to the initial preliminary non-binding cost estimates that DEP provided in the System Impact Study Report.

10. With respect to the allegations in Paragraph 17, Respondent admits that it is generally aware that Interconnection Customers such as Complainant utilize the cost estimate provided in the System Impact Study Report to make decisions regarding whether to proceed with further study of a proposed Generating Facility under the NC Procedures. Respondent is without sufficient information to confirm or deny whether Complainant took into account the fact that such estimate is by definition a "preliminary non-binding

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indication" of the cost of interconnection as stated in Section 4.3.6 of the NC Procedures. Respondent is also without sufficient information to admit or deny whether and to what extent Complainant engaged in further project analysis or incurred additional costs as a result of the System Impact Study Report.

11. With respect to the allegations in Paragraph 18, the referenced email speaks for itself. Respondent admits that Complainant was required under the NC Procedures to elect whether to move forward into Facilities Study.

12. With respect to Paragraph 19, the NC Procedures speak for itself. However, Respondent notes that Section 4.3.9 is irrelevant to Complainant since no Network Upgrades were assigned to Complainant.

13. With respect to Paragraph 20, Respondent admits that Complainant elected to move into Facilities Study but is without sufficient information to confirm or deny the basis for such decision or the amount of development costs incurred by Complainant either prior to or subsequent to the Company's issuance of the System Impact Study Report.

14. With respect to Paragraphs 21-22, the NC Procedures speaks for itself.

15. With respect to Paragraphs 23-24, the referenced email speaks for itself.

16. With respect to the allegation in Paragraph 25, Respondent admits that the cost for the Upgrades increased between the System Impact Study Report and Facilities Study Report.

17. With respect to the allegation in Paragraph 26, the Notice of Dispute submitted by Complainant, which is attached as **Exhibit A**, speaks for itself.

18. With respect to the allegation in Paragraph 27, the Company's response to the Notice of Dispute, which is attached as **Exhibit B**, speaks for itself.

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19. Respondent admits the allegation in Paragraph 28.

20. With respect to Paragraph 29, Respondent admits that counsel for Complainant and counsel for Respondent discussed the Notice of Dispute on a conference call on or about October 22, 2019. Counsel for Respondent reiterated Respondent's written response to Complainant's Notice of Dispute, including by providing additional good faith explanation of the process by which the estimated costs were determined and identifying the fact that the NC Procedures do not require that Respondent provide Interconnection Customer with an explanation for changes in the cost estimate delivered at the time of the Facilities Study Report.

21. With respect to Paragraph 31, Respondent notes that it has proactively sought to update its cost estimating methodology to better reflect actual costs. However, there is no requirement in the NC Procedures that Respondent's methodology be "approved or reviewed or otherwise validated by third parties" as suggested in the Complaint.

22. With respect to Paragraph 32, the quotations are from Respondent's NOD response, which document speaks for itself. Respondent hereby incorporates by reference its Summary of Answers and Defenses.

23. With respect to Paragraph 33, Respondent hereby incorporates by reference its Summary of Answers and Defenses.

24. Respondent does not have sufficient information to admit or deny the allegation in Paragraph 34.

25. With respect to Paragraph 35-36, the obligations of Respondent under the NC Procedures and applicable law speak for themselves.

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26. With respect to Paragraphs 37-40, Respondent denies that it failed to act in good faith with respect to its obligations under the NC Procedures or that it has breached any express or implied obligation arising under the NC Procedures, including those obligations arising under the System Impact Study Agreement or the Facilities Study Agreement. More specifically, Respondent has complied in all respects with the requirements of the NC Procedures. Respondent hereby incorporates by reference its Summary of Answers and Defenses.

27. With respect to Complainant's Prayer for Relief No. 1, Respondent denies that it failed to estimate the Upgrade cost in good faith and incorporates by reference the Summary of Answers and Defenses.

28. With respect to Complainant's Prayer for Relief No. 2, Respondent denies that it failed to perform its obligations under the NC Procedures in good faith and incorporates by reference the Summary of Answers and Defenses. Furthermore, there is no basis in the NC Procedures to "refund all charges incurred by Williams Solar in connection with the Facilities Study," nor does the Commission have the authority to award monetary damages to compensate Complainant for any damages alleged in the Complaint.[8]

29. With respect to Complainant's Prayer for Relief No. 3, Respondent asserts that it has performed its obligations in accordance with NC Procedures and incorporates by reference the Summary of Answers and Defenses. The Commission has recently received extensive evidence in Docket No. E-100, Sub 101 regarding the Company's

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[8] See e.g., *Order Dismissing Complaint Due to Lack of Jurisdiction and Closing Docket*, Docket No. E-7, Sub 675 (2002), citing *State ex rel. N.C. Corporation Commission v. Southern Railway*, 147 N.C. 483, 61 S.E. 271 (1908) (finding that Commission lacks jurisdiction to award compensatory or punitive damages); *see also Order on Motion for Surcharges,* Docket No. W-354, Sub 171, W-354, Sub 256 ("Commission has consistently held that it has no jurisdiction to award compensatory damages or render a judgment for the payment of money").

administration of its obligation under the NC Procedures and did not identify any deficiencies in the Company's practices. In addition, as explained in the Summary of Answers and Defenses, the Company has based the cost estimates provided to Complainant on DEP's recent experience and assessment of actual cost data for other utility-scale solar Generating Facilities. DEP's actions in this regard are commercially reasonable.

30. With respect to Complainant's Prayer for Relief No. 4, the executable Interconnection Agreement provided to Complainant contains the Company's best estimate of the cost of Interconnection Facilities and Upgrades. It would be inconsistent with the NC Procedures to require the Company to execute an Interconnection Agreement that contains cost estimates that do not reflect the Company's current best estimate of the actual costs to interconnect the Complainant's proposed Generating Facility.

31. With respect to Complainant's Prayer for Relief No. 5, the Company denies that its actions are not in compliance with the NC Procedures and incorporates by reference its Summary of Answers and Defenses. Moreover, Complainant's allegation that the Company has not met a generalized obligation of good faith in developing cost estimates during the Section 4 study process fails to show that DEP has intentionally or "willfully" acted in defiance of specific Commission directive, which the Commission has traditionally required to impose sanctions or penalties under N.C. Gen. Stat. § 62-310(a).[9]

[9] *See e.g. Order Issuing Declaratory Ruling*, at 28-30, Docket No. SP-100, Sub 31 (Apr. 15, 2016) (finding that "NC WARN willfully undertook to provide public utility service" where the Commission had recently "stated unequivocally that third-party sales are unlawful in North Carolina"); *Order Denying Application for Certificate of Exemption and Assessing Civil Penalties*, at 7, 10, Docket No. T-4463, Sub 0 (Jun. 28, 2013) (citing entity's knowing and willful violation of July 2012 letter from the Commission stating he needed a certificate to operate and a September 2012 Order containing the same prohibition). The Commission has generally not sought to impose sanctions absent evidence of willful defiance of a specific, recent directive from the Commission. *See Recommended Order Dismissing Complaint and Ruling on Show Cause Proceeding*, at 7, Docket No. T-4445, Sub 2 (Sept. 26, 2012) (Accepting recommended order where hearing

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MOTION TO DISMISS

The Company, having fully set forth its answer to the Complaint, moves the Commission to dismiss the Complaint with prejudice because, for the reasons set forth above, Complainant has failed to state a claim upon which relief can be granted. *See* N.C. R. Civ. Proc. 12(b)(6).[10] Complainant has not alleged facts that, even when viewed in the light most favorable to Complainant, demonstrate a failure by Respondent to comply with the terms of the NC Procedures. Complainant has also failed to allege facts that would provide a sufficient factual and legal basis on which to impose monetary penalties under N.C. Gen. Stat. § 62-310(a). Moreover, Complainant's request for a declaratory order concerning the Company's obligation to "review and process all interconnection requests in accordance with the [NC Procedures] and in good faith" is unnecessary, given that the Company's interconnection obligations are already definitively established as a matter of law by the Commission through adoption of the NC Procedures. Complainant fails to identify any facts that would support a finding that DEP has failed to meet its obligations under the NC Procedures in its processing of Complainant's Interconnection Request, and, more generally, the Company's adherence to such obligations were recently thoroughly considered in a year-long proceeding culminating in the *June 2019 Interconnection Order*. Moreover, Complainant's request that the Commission direct the Company to "render a revised cost estimate" also has no basis in the NC Procedures, and Complainant does not

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examiner found noncompliance with prior Commission Order "was not willful but the result of excusable neglect," the entity "should not be subject to sanctions or penalties as provided by G.S. 62-310(a)").

[10] *See e.g., Order Denying Halo's Motion to Dismiss*, at 3, Docket No. P-55, Sub 1841 (June 27, 2012) (addressing standard Commission applies in ruling on a motion to dismiss for failure to state a claim upon which relief can be granted: "when ruling on a motion to dismiss under Rule 12(b)(6), the court must determine whether, as a matter of law, the allegations of the complaint are sufficient to state a claim upon which relief may be granted. In ruling on a motion to dismiss, the court must treat the allegations in the complaint as true, but the court is not required to accept as true any conclusions of law or unwarranted deductions of fact") (internal citations omitted).

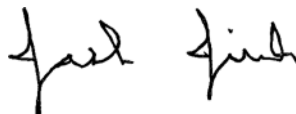
allege any facts on which such a “revised cost estimate” should be based, other than “commercially reasonable actual cost date,” which is precisely what the Company has done. Finally, even if Complainant were to receive an Interconnection Agreement with a reduced cost estimate, as sought in the Complaint, Complainant’s ultimate cost responsibility for the actually-incurred interconnection costs would remain unchanged, which renders meaningless the requested relief.

WHEREFORE, Respondent respectfully requests:

1. That the Commission dismiss the Complaint with prejudice.

2. That the Commission grant such other relief as the Commission deems just, equitable, and proper.

Respectfully submitted, this the 27th day of November, 2019.



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Counsel for Duke Energy Progress, LLC

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Exhibit A

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September 9, 2019

Via Email
DERContracts@duke-energy.com
Bo.Somers@duke-energy.com
Jack.Jirak@duke-energy.com

Re: Notice of Dispute—Williams Solar, LLC (Queue No. NC2016-02927)

Dear Jack:

I am writing to provide Notice of Dispute to Duke Energy Progress, LLC ("***DEP***") under Section 6.2 of the North Carolina Interconnection Procedures for State-Jurisdictional Generator Interconnections, Docket E-100, Sub 101 (the "***Interconnection Procedures***"), on behalf of GreenGo Energy US, Inc. ("***GreenGo***"), in its own right and on behalf of its managed solar project, Williams Solar, LLC ("***Williams Solar***"), Queue No. NC2016-02927.

By its System Impact Study Report dated December 20, 2018, DEP gave notice to Williams Solar of, among other things, certain System Upgrades required to be performed in order to effectuate the requested interconnection. The Upgrades included replacing non-electronic protective devices such as fuses or hydraulic reclosers with electronic devices and reclosers. In its SIS Report, DEP stated that "[t]he budgetary One-Time estimate for the required System Upgrades is **$774,000.**"

By email dated July 30, 2019, DEP provided notice to Williams Solar that the Interconnection Facilities and System Upgrades ("***Facility Study***") design and cost estimation for the project was complete. By this notice, DEP informed Williams Solar that the estimated cost of the System Upgrades was **$1,388,374.26** (including sales tax), nearly double the estimate provided in the SIS Report, despite that the required Upgrades remained substantially identical to those identified in the SIS Report.

Williams Solar hereby provides Notice of Dispute as to the new, revised System Upgrades cost estimate. While Williams Solar recognizes that the original figure provided by DEP in connection with its SIS Report was only an "estimate," Williams Solar reasonably relied on this estimate in moving forward with this project; DEP has provided no justification for the extraordinary deviation from the original estimate—which Williams Solar assumes was issued in good faith by DEP based on best available information—in the new, revised estimate provided only seven months later; and, as such, the new estimate appears to be an unreasonable and unsupported obstacle to interconnection created by DEP that does not reflect reasonable estimated costs.

GreenGo reserves the right to articulate additional grounds of dispute in informal dispute resolution proceedings conducted pursuant to the Interconnection Standards and/or in a formal complaint proceeding. GreenGo also reserves the right to revise this Notice of Dispute to the extent that other GreenGo development partners receive similar new, substantially revised cost estimates.

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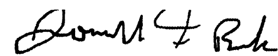
GreenGo notes that under the North Carolina Interconnection Standards, the initiation of this dispute shall preserve the interconnection queue position of the covered project(s) pending resolution of the dispute.

We welcome the opportunity to discuss this dispute with you at the earliest opportunity.

Thank you for your assistance.

Sincerely yours,



Jon Burke
President, Development
GreenGo Energy US, Inc.
Agent for Williams Solar, LLC

Exhibit B

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Nov 27 2019

Jack E. Jirak
Associate General Counsel

Mailing Address:
NCRH 20 / P.O. Box 1551
Raleigh, NC 27602

o: 919.546.3257
f: 919.546.2694

jack.jirak@duke-energy.com

October 2, 2019

VIA ELECTRONIC MAIL

Mr. Jon Burke
President, Development
GreenGo Energy US, Inc.
Agent for Vintage Solar 2, LLC
1447 S. Tryon Street
Charlotte, NC 28203

Dear Mr. Burke:

Duke Energy Progress, LLC ("DEP" or the "Company") has reviewed the Notice of Dispute dated September 9, 2019 ("NOD") submitted by GreenGo Energy US, Inc. ("GreenGo") on behalf of Williams Solar, LLC ("Williams Solar") and hereby provides this response. Capitalized terms not otherwise defined herein shall have the meaning assigned to them in the North Carolina Interconnection Procedures ("NC Procedures").

Section 4.3.5 of the NC Procedures states that the "[t]he System Impact Study Report will provide the Preliminary Estimated Upgrade Charge, which is a ***preliminary indication of the cost***… that would be necessary to correct any System problems identified." (emphasis added) The NC Procedures define Preliminary Estimated Upgrade Charge as "[t]he estimated charge for Upgrades that is developed using ***high level estimates*** including overheads and is presented in the System Impact Study Report. ***This charge is not based on field visits and/or detailed engineering cost calculations.***" (emphasis added).

By definition, "high level estimates" are not based on detailed engineering and therefore are not firm in nature and subject to further adjustment. Williams Solar's decision to "move forward with this project" based on a cost estimate that was expressly subject to further adjustment does not impact or alter the Company's obligation to produce the most accurate revised estimated cost possible through the Facilities Study process. While Williams Solar asserts that "DEP has provided no justification for the extraordinary deviation from the original estimate...in the new,

revised estimate provided only seven months later," there is, in fact, no obligation under the NC Procedures for the Company to provide justification for changes in cost estimates between the estimate produced during the System Impact Study and the estimate produced during Facilities Study. By virtue of the fact that the Company is obligated under the NC Procedures to produce a more refined estimate during the Facilities Study, the NC Procedures assume that the estimate provided at System Impact Study will change in the Facilities Study.

The revised cost estimate is a product of the more detailed engineering that the Companies performed as part of the Facilities Study. In addition, the revised estimate has been informed by DEP's extensive recent experience in connection with its nation-leading interconnection successes. Specifically, as the Company has gained experience in completing the interconnection of thousands of megawatts of solar generating facilities, it has gathered a substantial amount of information concerning the actual cost of Upgrades. Consistent with Good Utility Practice, the Company has endeavored to use this information to continually refine its estimates. In the case of Williams Solar, the Company utilized such actual cost data to refine the Upgrade cost estimates to ensure that such estimates better reflect actual costs being incurred in the field. There are a number of factors that have contributed to escalating actual costs, including increase labor and equipment costs.

The Company also strenuously objects to the NOD's assertion that the Upgrade cost estimate, which has been revised in accordance with the NC Procedures, is an "obstacle to interconnection created by DEP that does not reflect reasonable estimated costs." While the Company has utilized its actual experience to develop the revised cost estimate, Williams Solar has provided no evidence to support its allegation that the cost estimate is not "reasonable." Furthermore, the revised cost estimate is not an "obstacle" but instead provides Williams Solar with the most accurate estimate possible in accordance with the NC Procedures in order to allow Williams Solar to make a fully informed decision regarding whether to move forward to an Interconnection Agreement.

In accordance with Section 6.1.2 of the Interconnection Agreement, Williams Solar will, upon completion of the Interconnection Facilities and Upgrades, only pay the actual cost incurred by DEP and receive a refund if the cost estimate included in the Interconnection Agreement exceeds the actual costs. Execution of an Interconnection Agreement with the more accurate estimate of the Upgrade costs developed during the Facilities Study does not, in any way, alter the fact that Williams Solar is obligated under the NC Procedures to pay the actual costs of the Interconnection Facilities and Upgrades.

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In summary, the Company rejects the allegations in the NOD and stands behind its cost estimate in the Facilities Study Report delivered to Williams Solar.

Sincerely,

/s/Jack Jirak

Jack Jirak

cc: Tim Dodge, North Carolina Utilities Commission Public Staff

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CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Progress, LLC's Answer and Motion to Dismiss Complaint of Williams Solar, LLC, in Docket No. E-2, Sub 1220, has been served by electronic mail, hand delivery or by depositing a copy in the United States mail, 1st Class Postage Prepaid properly addressed to:

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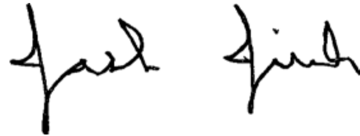
This the 27th day of November, 2019.



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