

**NTE CAROLINAS II, LLC
DOCKET NO. EMP-92, SUB 0**

**TESTIMONY OF DUSTIN R. METZ
ON BEHALF OF THE PUBLIC STAFF
NORTH CAROLINA UTILITIES COMMISSION**

October 18, 2016

1 **Q. PLEASE STATE YOUR NAME AND ADDRESS FOR THE**
2 **RECORD.**

3 A. My name is Dustin R. Metz. My business address is 430 North
4 Salisbury Street, Raleigh, North Carolina.

5 **Q. WHAT IS YOUR POSITION WITH THE PUBLIC STAFF?**

6 A. I am an engineer in the Electric Division of the Public Staff
7 representing the using and consuming public.

8 **Q. WOULD YOU BRIEFLY DISCUSS YOUR EDUCATION AND**
9 **EXPERIENCE?**

10 A. Yes. My education and experience are outlined in Appendix A of my
11 testimony.

12 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
13 **PROCEEDING?**

14 A. My testimony concerns the application by NTE Carolinas II, LLC
15 (Applicant), for a certificate of public convenience and necessity
16 (CPCN) to construct a 500 megawatt (MW) one-on-one combined

1 cycle natural gas-fired merchant electric generating facility in
2 Rockingham County, North Carolina, to be known as the Reidsville
3 Energy Center.

4 The purpose of my testimony is as follows:

- 5 1. To discuss the compliance of the application filed with G.S.
6 62-110.1 and Commission Rule R8-63;
- 7 2. To discuss concerns raised by the application; and
- 8 3. To make a recommendation regarding whether the
9 Commission should grant the requested certificate.

10 **Q. PLEASE BRIEFLY DESCRIBE THE GENERATION FACILITY**
11 **PROPOSED TO BE CONSTRUCTED BY THE APPLICANT.**

12 A. The application is for a CPCN for an approximately 500 MW one-on-
13 one combined cycle (CC), natural gas-fired electric generating facility
14 in Rockingham County in North Carolina (Facility). The Applicant
15 filed the application pursuant to G.S. 62-110.1 and Commission Rule
16 R8-63. The Facility will be located on approximately 20 acres of a
17 170 acre site in Rockingham County, North Carolina, with the
18 majority of the site bounded by North Carolina Highway 65 (NC 65)
19 to the east and New Lebanon Church Road to the west.

20 As proposed, the Facility will consist of one combustion turbine
21 generator (CTG), either a Mitsubishi M501GAC or Siemens Energy,
22 Inc. SGT6-8000H; one heat recovery steam generator (HRSG); and
23 one steam turbine generator (STG). The nominal generation for the

1 Facility will be approximately 500 MW. Natural gas will be the only
2 fuel burned by the CC unit, consuming about 95,000 MMBtu/Day to
3 operate at full output. Construction is anticipated to begin as early
4 as first quarter of 2018, following receipt of the requested CPCN from
5 the Commission and all necessary permits and approvals.
6 Commercial operation is scheduled to begin as early as the fourth
7 quarter of 2020, with an expected service life of 30 years. Additional
8 equipment to support the Facility includes exhaust stacks, auxiliary
9 boiler, combustion turbine enclosure, turbine air inlet ducts and
10 silencers, continuous emission monitor systems, generator step up
11 transformers, a station service transformer, switchgears, a gas
12 metering/conditioning station, water treatment trailers, a de-
13 mineralized water tank, transmission and interconnection equipment,
14 mechanical draft evaporative cooling towers, a standby diesel
15 generator, and a fire protection system.

16 Natural gas is anticipated to be provided via the existing interstate
17 pipeline transmission facilities of Transcontinental Gas Pipeline
18 Company, LLC (Transco), which has existing interstate pipelines
19 crossing the project site. The Facility will be connected to the
20 Transco pipelines by a facility lateral. The Applicant is currently in
21 discussions with Piedmont Natural Gas Company, Inc. (PNG)
22 regarding construction, ownership, maintenance, and operation of
23 the facility lateral. A Special Service Tariff (currently under

1 discussion between the Applicant and PNG) specific to the facility
2 lateral will govern PNG's provision of natural gas transportation
3 service to the facility. PNG is expected to construct, own, maintain
4 and be responsible for compliance testing on the pipe between the
5 direct interconnection with Transco and the Facility. The Applicant's
6 natural gas procurement strategy for the Facility includes procuring
7 firm delivered natural gas service priced at a Gas Daily index
8 representative of the delivery location, from one or more wholesale
9 natural gas suppliers via Transco's interstate pipelines.

10 The Facility will interconnect with the electrical transmission grid via
11 the existing Ernest Switching Station, which is owned by Duke
12 Energy Carolinas, LLC (DEC) and is located adjacent to the
13 Applicant's proposed project site. All transmission interconnection-
14 related equipment will be located either on the Applicant's site or on
15 the Ernest Switching Station site. The Applicant has stated that its
16 application for a CPCN is intended to encompass all ancillary
17 transmission facilities up to the line-side of the Ernest Switching
18 Station. As a result, the Applicant does not intend to file a separate
19 application for a certificate of environmental compatibility and public
20 convenience and necessity.

21 **Q. HAS THE APPLICANT COMPLIED WITH THE COMMISSION'S**
22 **FILING REQUIREMENTS?**

1 A. Yes. The original application for the Facility, along with supporting
2 testimony, was filed on July 29, 2016 pursuant to G.S. 62-110.1 and
3 Commission Rule R8-63.

4 On August 10, 2016, the Public Staff notified the Commission that it
5 considered the application to be complete and requested that the
6 Commission issue a procedural order setting it for hearing. On
7 August 16, 2016, the Commission issued an Order requiring public
8 notice, scheduling public and evidentiary hearings, and dealing with
9 other necessary procedural matters.

10 An amended application increasing the proposed site acreage (but
11 not the Facility footprint) was filed on September 21, 2016. On
12 September 23, 2016, the Commission modified its August 16, 2016
13 scheduling order by amending the public notice and providing for
14 submission of the amended application to the State Clearinghouse.

15 **Q. HAS THE APPLICANT SHOWN A NEED FOR ITS PROPOSED**
16 **FACILITY?**

17 A. Yes. In the statement of need section of its application, the Applicant
18 discusses its review of the Integrated Resource Plans (IRPs) of DEC
19 and Duke Energy Progress, LLC (DEP), both of which show a need
20 for additional capacity due to load growth and planned plant
21 retirements as follows:

1 DEC (2015 IRP): 5,711MW by 2030

2 DEP (2015 IRP): 5,292MW by 2030

3 DEC and DEP filed their 2016 IRPs with the Commission on
4 September 1, 2016 in Docket No. E-100, Sub 147.¹ These filings
5 show a need for additional capacity due to load growth and planned
6 plant retirements as follows:

7 DEC (2016 IRP): 5,002MW by 2031

8 DEP (2016 IRP): 5,453MW by 2031

9 Given the future need for generation resources by DEC and DEP,
10 the proposed Facility will assist in meeting the need.

11 **Q. HOW WOULD CONSTRUCTION OF THIS FACILITY IMPACT**
12 **NORTH CAROLINA RETAIL RATEPAYERS?**

13 A. The Applicant stated that one benefit of this proposed merchant plant
14 is that it will be financed by private companies, rather than
15 ratepayers. As a result, the construction costs of the Facility will not
16 be a component of rate base for any North Carolina electric public
17 utility.

¹ On September 30, 2016, in Docket No. E-100, Sub 147, DEC and DEP filed revised IRPs.

1 **Q. HAS THE STATE CLEARINGHOUSE COMPLETED ITS**
2 **APPLICATION REVIEW?**

3 A. No. The original application was filed on July 29, 2016. On August
4 17, 2016, the Commission sent a letter with a link to the application
5 to the State Clearinghouse for distribution to appropriate agencies.
6 The State Clearinghouse replied by email that agency review was
7 anticipated to be completed by September 29, 2016.

8 On September 23, 2016, the Commission sent a letter to the State
9 Clearinghouse, notifying the Clearinghouse that the Applicant had
10 amended the application by adding approximately eighty (80) acres
11 of property to the project site. A link to the amended application was
12 included in the letter for distribution to appropriate State agencies.
13 The State Clearinghouse replied by email that agency review of the
14 amended application was anticipated to be complete by October 23,
15 2016.

16 On September 30, 2016, the State Clearinghouse filed a letter
17 responding to the original application with attached comments. The
18 letter stated the following: "Because of the nature of the comments,
19 it has been determined that no further State Clearinghouse review
20 action on your part is needed for compliance with the North Carolina
21 Environmental Policy Act." However, in the attached comments,
22 several agencies within the North Carolina Department of

1 Environmental Quality identified permits that may be needed as well
2 as offered guidance to minimize the impact of the Facility on the
3 environment.

4 As of the date of the filing of my testimony, the State Clearinghouse
5 has not provided a response to the September 23, 2016, amended
6 application. Should the additional comments from the State
7 Clearinghouse reveal any issues not covered in the original
8 comments filed on September 30, 2016, the Commission should
9 require the Applicant to respond as appropriate.

10 **Q. DOES THE PUBLIC STAFF HAVE ANY RECOMMENDATIONS**
11 **REGARDING THE ENVIRONMENTAL IMPACT OF THE**
12 **PROPOSED FACILITY?**

13 A. No. The Public Staff does not have particular expertise in the area
14 of the impacts of electric generation on the environment. Those
15 issues are best left to the purview of environmental regulators who
16 do have this expertise, and who are responsible for issuing specific
17 environmental permits for electric generating plants. To that end, as
18 stated below, the Public Staff recommends that the Commission
19 require compliance with all environmental permitting requirements as
20 a condition to the issuance of the CPCN.

21 **Q. WHAT IS THE PUBLIC STAFF'S RECOMMENDATION ON THE**
22 **APPLICATION FOR A CPCN?**

1 A. The Public Staff recommends that the application be approved,
2 subject to the following conditions:

3 1. The Facility shall be constructed and operated in strict
4 accordance with applicable laws and regulations,
5 including any environmental permitting requirements;

6 2. The Applicant will not assert that issuance of the CPCN
7 in any way constitutes authority to exercise an power
8 of eminent domain, and it will abstain from attempting
9 exercise such power; and

10 3. The CPCN shall be subject to Commission Rule
11 R8-63(e) and all orders, rules and regulations as are
12 now or may hereafter be lawfully made by the
13 Commission.

14 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

15 A. Yes, it does.

Dustin R. Metz

Through the Commonwealth of Virginia Board of Contractors, I hold a current Tradesman License certification of Journeyman and Master within the electrical trade, issued in 2008 and 2009 respectively. I graduated from Central Virginia Community College with Associates of Applied Science degrees in Electronics & Electrical Technology (Magna Cum Laude), in 2011 and 2012 respectively, and was awarded an Associates of Arts in Science in General Studies (Cum Laude) in 2013. I graduated from Old Dominion University in 2014, earning a Bachelor of Science degree in Engineering Technology with a major in Electrical Engineering and a minor in Engineering Management.

I have over 12 years of combined experience in engineering, electromechanical system design, troubleshooting, repair, installation, commissioning of electrical and electronic control system in industrial and commercial nuclear facilities, project planning and management, and general construction experience.

I joined the Public Staff in the fall of 2015 and have worked on utility rate case, fuel cases, applications for certificates of public convenience and necessity, customer complaints, nuclear decommissioning, power plant performance, and other aspects of utility regulation.