

July 1, 2022

***Via Electronic Filing***

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

**Re: Docket No. E-100 Sub 175** – In the Matter of Biennial Determination  
of Avoided Cost Rates for Electric Utility Purchases from Qualifying  
Facilities – 2021

Partial Proposed Order of Appalachian Voices

Dear Ms. Dunston:

In connection with the above-referenced docket, please find enclosed for filing the Proposed Order of Appalachian Voices. Pursuant to Commission Rule R1-25(c), a Microsoft Word version of the proposed order will be emailed to [briefs@ncuc.net](mailto:briefs@ncuc.net).

Please let us know if you have any questions or if there are any issues with this filing.

Sincerely,



Lauren J. Bowen  
N.C. State Bar No. 48835  
Southern Environmental Law Center  
601 West Rosemary St., Ste. 220  
Chapel Hill, NC 27516  
919-967-1450  
[lbowen@selcnc.org](mailto:lbowen@selcnc.org)  
*Attorney for Appalachian Voices*

cc: Parties of Record

**CERTIFICATE OF SERVICE**

I hereby certify that all persons on the docket service list have been served true and accurate copies of the foregoing proposed order by electronic mail.

This the 1<sup>st</sup> day of July, 2022.

/s/ Lauren J. Bowen  
Lauren J. Bowen  
N.C. State Bar No. 48835  
Southern Environmental Law Center  
601 West Rosemary St., Ste. 220  
Chapel Hill, NC 27516  
919-967-1450  
lbowen@selcnc.org  
*Attorney for Appalachian Voices*

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-100, SUB 175

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of Biennial	)	
Determination of Avoided Cost Rates for	)	APPALACHIAN VOICES
Electric Utility Purchases from Qualifying	)	PARTIAL PROPOSED
Facilities - 2021	)	ORDER
	)	

**PREFACE**

This Partial Proposed Order herein adopts by reference the introduction and procedural background found on pages 1-4 of the partial proposed order submitted by the Southern Alliance for Clean Energy. The remainder of this partial proposed order includes findings of fact, summaries of comments, discussion and conclusions, and ordering paragraphs pertaining to issues raised by Appalachian State University d/b/a New River Light and Power Company (NRLP) and Appalachian Voices in the above-captioned proceeding. NRLP and Appalachian Voices have resolved most of their issues, including waiver of initially proposed administrative fees and agreement regarding opportunities for intervenor and public input on further avoided cost and rooftop solar policy updates. In this Partial Proposed Order, the Commission approves NRLP's Amended Proposed Rates and Contracts filed with this Commission on March 1, 2022. The Commission further directs NRLP to follow through with avoided transmission and distribution cost calculations in its pending cost of service study and to appropriately compensate SPP customers who enable NRLP to avoid those costs.

Based upon the foregoing and the entire record in this proceeding, the Commission makes the following

**FINDINGS OF FACT**

1. NRLP's Proposed Rates and Contracts are properly before the Commission.
2. NRLP filed Initial Proposed Rates and Contracts on December 21, 2021, including a proposal to charge small power producers (SPPs) administrative fees of \$8.25 and \$25 per month depending on the tariff.
3. Appalachian Voices filed comments on February 24, 2021 raising legal and practical concerns regarding the proposed administrative fees, including that it lacked an

underlying analysis or justification and would discourage small power producers including rooftop solar.

4. NRLP filed Amended Proposed Rates and Contracts on March 1, 2021 to waive the proposed administrative fees. In waiving the fees, NRLP cited its prior practice of not charging administrative fees along with the de minimis impact; small number of SPP customers; SPP customer expectations; a lack of recent cost basis analysis; and the expectation that NRLP will propose a net billing rate later this year, at which time reimbursement to SPPs would change.

5. Appalachian Voices has confirmed that NRLP's Amended Rates and Contracts addresses its concerns regarding the initially proposed SPP administrative fees.

6. NRLP expects to revise its rooftop solar policy to move from a "buy-all/sell-all" policy to, at a minimum, a net billing policy as part of a rate case later this year. Appalachian Voices continues to discuss other policy options with NRLP and will review whether such options are consistent with the results of the pending cost of service study. NRLP also anticipates updating its avoided costs later this year.

7. NRLP and Appalachian Voices agree that it will be important to allow for intervenor and public comment in any upcoming rate case, including any updates to avoided cost rates and rooftop solar policies.

8. NRLP pays distribution costs to Blue Ridge Electric Membership Corporation (BREMCO) and transmission costs to Duke Energy Carolinas (DEC).

9. NRLP's distribution and transmission costs are based on kilowatt (kW) demand.

10. NRLP acknowledges that SPPs, including rooftop solar customers, may reduce NRLP's distribution and transmission costs as they reduce load.

11. NRLP anticipates that its pending cost of service study is an appropriate opportunity to address distribution and transmission costs avoided by SPPs.

12. NRLP expects to file a rate case later this year following its cost of service study.

#### **EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 1-5**

The evidence supporting these Findings of Fact is found in the Joint Comments, Proposed Rates and Contracts of WCU and NRLP and the exhibits attached thereto (NRLP Initial Comments); Initial Comments of Appalachian Voices and the exhibits attached thereto (App Voices Initial Comments); New River Light and Power Amended Proposed Rates and Contracts and the exhibits attached thereto (NRLP Amended

Rates); Response of Appalachian Voices to New River Light and Powers Amended Proposed Rates and Contracts (App Voices Response); New River Light and Power Reply Comments (NRLP Reply Comments); and Reply Comments of Public Staff (Public Staff Reply Comments).

### **Summary of the Comments**

NRLP filed its Initial Proposed Rates and Contracts on December 21, 2021, including a proposal to charge SPPs, including rooftop solar customers, administrative fees of \$8.25 and \$25 per month depending on the tariff. NRLP Initial Comments at 4.

Appalachian Voices filed comments on February 24, 2021, explaining based on discovery responses from NRLP that the newly proposed fees were copied from Western Carolina University without any additional analysis or justification. App Voices Initial Comments at 6-9. Appalachian Voices raised legal and practical concerns regarding the fees, which would serve as a strong disincentive for customer-sited renewable energy. *Id.* Appalachian Voices also submitted a petition opposing the proposed fees signed by more than 350 NRLP customers, residents of the Town of Boone, and Appalachian State University students, faculty and staff. App Voices Initial Comments Ex. B.

On March 1, 2020, NRLP filed Amended Rates and Contracts to waive its proposed administrative fees. In waiving the fees, NRLP cited its prior practice of not charging administrative fees along with the de minimis impact; small number of SPP customers; SPP customer expectations; a lack of recent cost basis analysis; and the expectation that NRLP will propose a net billing rate later this year, at which time reimbursement to SPPs would change. NRLP Amended Rates at 2.

Appalachian Voices filed a letter on March 13, 2021 supporting NRLP's March 1 filing and confirming that the Amended Rates and Contracts addressed its fee concerns in this proceeding. App Voices Response at 1.

In reply comments, Public Staff supported NRLP's Amended Rates and Contracts filing as "a reasonable continuation of prior practices, given the relatively small number of customers involved and the issues raised by Appalachian Voices." Public Staff Reply Comments at 8. The Public Staff recommended the Commission accept NRLP's revised filing. *Id.*

### **Discussion and Conclusions**

The Commission appreciates the parties working to resolve this issue. The Commission approves the Amended Proposed Rates and Contracts including the waiver of administrative fees consistent with NRLP's prior practice regarding its SPP customers and for the reasons set forth by NRLP, Appalachian Voices, and Public Staff.

## EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 6-7

The evidence supporting these Findings of Fact is found in NRLP Initial Comments; App Voices Initial Comments; and NRLP Reply Comments.

### Summary of the Comments

In its December 21, 2021 filing, NRLP explained that it does not currently offer a net metering or net billing policy, but instead only offers a “buy-all/sell-all” policy for its rooftop solar customers. NRLP said it has a “cost of service study planned, and that is the first step toward consideration of a possible future net billing rate.” NRLP Initial Comments at 4.

Appalachian Voices filed comments on February 24, 2021 supporting NRLP’s consideration of a possible future net billing rate and stressing the importance of intervenor and public participation in the proposal and development of any proposed rooftop solar policy along with any further updates to NRLP’s avoided cost rates. App Voices Initial Comments at 11. Appalachian Voices commented that this is particularly important given the carbon reduction policies of North Carolina, Boone, and Appalachian State University. *Id.* at 10-13. According to Appalachian Voices’ Brief, Appalachian Voices continues to discuss other policy options with NRLP and will review whether such options are consistent with the results of the pending cost of service study. Appalachian Voices Brief at 1-2.

NRLP responded that it “support[s] the request for App Voices to be provided opportunity to intervene and provide public comments with regard to any subsequent avoided costs rates and net billing rates proposed by NRLP.” NRLP Reply Comments at 2. NRLP noted that this is standard procedure and important for ratemaking. *Id.*

### Discussion and Conclusions

The Commission agrees with the parties that intervenor and public participation are important for ratemaking. The Commission encourages the parties to continue to resolve issues amicably when possible and agrees with NRLP that standard rate case procedure will allow for intervenor and public input.

## EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 8-12

The evidence supporting these Findings of Fact is found in NRLP Initial Comments; App Voices Initial Comments; and NRLP Reply Comments.

### Summary of the Comments

NRLP submitted initial comments and proposed SPP tariffs on December 21, 2021 and amended SPP tariffs on March 1, 2021, including provisions for compensating SPPs

for avoided energy and capacity. NRLP's current SPP customers include primarily rooftop solar customers. NRLP Initial Comments at 5.

In comments filed on February 24, 2022, Appalachian Voices requested that the Commission also require NRLP to compensate SPPs for avoided transmission and distribution costs. App Voices Initial Comments at 3-6.

Appalachian Voices explained that NRLP incurs distribution and transmission costs that are directly tied to load and thus are reduced when SPPs on NRLP's system reduce load. *Id.* at 4. NRLP pays distribution costs to Blue Ridge Electric Membership Corporation (BREMCO) and transmission costs to Duke Energy Carolinas (DEC). *Id.* at 3. Appalachian Voices cited to a 2019 NRLP filing with the Commission reporting that NRLP's advanced metering infrastructure capabilities include data for "Coincident Peak Demand (DEC Transmission)" and "Coincident Peak Demand (BREMCO Distribution)." App Voices Initial Comments at 5.

In response, NRLP agreed that SPP customers have the potential to reduce load or kW demand during DEC's and BREMCO's peak hour. NRLP Reply Comments at 3. However, NRLP did not include avoided distribution and transmission costs in its proposed tariffs "in part because it is not a simple calculation for NRLP to make and is better done in the upcoming cost of service study." *Id.* NRLP also stated that the Commission has not previously required incorporation of avoided transmission and distribution costs and that it is not explicitly referenced in state law provisions governing avoided costs. *Id.* at 3-5.

## Discussion and Conclusions

State law explicitly references avoided energy and capacity, but also does not preclude compensation for avoided transmission and distribution costs that would be avoided as a result of purchasing energy and capacity from qualifying facilities, particularly where those costs are quantifiable. See N.C. Gen. Stat. § 62-156(b)(2); see also Order Establishing Standard Rates and Contract Terms for Qualifying Facilities, *Biennial Determination of Avoided Cost Rates for Electric Utility Purchases from Qualifying Facilities*, No. E-100, Sub 158, at 68 (N.C.U.C. Apr. 15, 2020) (holding that generalized assumptions could not be used but contract-specific *transmission and distribution capacity adders* are appropriate if a project can provide real and measurable avoided transmission capacity benefits).

NRLP admits that SPPs have potentially reduced kW demand during DEC's and BREMCO's peak hour, thus allowing NRLP to avoid transmission and distribution costs from DEC and BREMCO respectively. SPPs, including NRLP's rooftop solar customers, should be compensated for these avoided costs. NRLP states the calculation is better done in its upcoming cost of service study than in this proceeding. The Commission agrees and directs NRLP to follow through with the calculation in its pending cost of service study and to then file updated SPP tariffs with provisions to compensate SPPs for transmission and distribution costs they enable NRLP to avoid.

IT IS, THEREFORE, ORDERED as follows:

1. That NRLP's Amended Proposed Rates and Contracts are approved, including the waiver of SPP administrative fees consistent with NRLP's prior practice;
2. That any proposals by NRLP for updated avoided cost rates and new net billing or other policies for rooftop solar customers will be subject to standard Commission procedures that allow for intervenor and public comment; and
3. That NRLP shall address avoided transmission and distribution costs in its pending cost of service study and revise its SPP tariffs to compensate SPPs for transmission and distribution costs they allow NRLP to avoid.

ISSUED BY ORDER OF THE COMMISSION.

This the \_\_\_ day of \_\_\_, 2022.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk