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January 27, 2023

VIA ELECTRONIC FILING

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

**Re: Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's
Joint Petition for Approval of Clean Energy Impact Program
Docket Nos. E-7 Sub 1288 and E-2, Sub 1315**

Dear Ms. Dunston:

Enclosed for filing in the above-referenced dockets is Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's Joint Petition for Approval of Clean Energy Impact Program for filing in the above-referenced dockets.

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Kendrick C. Fentress".

Kendrick C. Fentress

Enclosure

c: Parties of Record

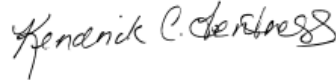
OFFICIAL COPY

Jan 27 2023

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's Joint Petition for Approval of Clean Energy Impact Program, in Docket Nos. E-7, Sub 1288 and E-2, Sub 1315, has been served on all parties of record either by electronic mail, hand delivery or by depositing a copy in the United States mail, postage prepaid.

This the 27th day of January, 2023.



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STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-2, SUB 1315
DOCKET NO. E-7, SUB 1288

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	
Petition of Duke Energy Carolinas, LLC and)	DUKE ENERGY CAROLINAS,
Duke Energy Progress, LLC Requesting)	LLC AND DUKE ENERGY
Approval of Clean Energy Impact Program)	PROGRESS, LLC'S JOINT
)	PETITION FOR APPROVAL OF
)	CLEAN ENERGY IMPACT
)	PROGRAM
)	

NOW COME Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP”) (collectively, the “Companies”) and pursuant to Section 5 of Session Law 2021-165 (“House Bill or HB 951”) petition the Commission for approval of their proposed program that provides a new option for customers to access renewable energy use: Clean Energy Impact (“CEI”). Through CEI, customers wishing to reduce their carbon footprint or otherwise support renewable energy could do so and document their practices through the purchase of “Clean Energy Environmental Attributes” which are comprised of carbon emission reduction attributes and defined Renewable Energy Certificates (“RECs”) associated with renewable energy resources where DEC or DEP either own the resource or have a Purchase Power Agreement (PPA) with the owner of a renewable energy facility, as applicable.

I. Introduction

The Companies' joint petition ("Petition") seeks approval for CEI, and in support of this request, the Petition: (1) illustrates how CEI is consistent with HB 951; (2) describes how customers participate in CEI through the purchase of locally-sourced Clean Energy Environmental Attributes ("CEEAs") and how CEEAs encompass both RECs and carbon emission reduction attributes; (3) details the ratemaking and accounting treatment associated with CEI; and (4) describes the rationale behind, and the process for, transitioning from an existing REC purchase program for residential and small business customers – the Renewable Advantage Program ("Renewable Advantage") to the updated and improved CEI program.

The Petition is filed contemporaneously with the petition for approval of the Green Source Advantage ("GSA") Choice program. Both programs, when viewed either together or singly, are consistent with HB 951's intent to allow customers to support the use and development of renewable energy and to help reduce carbon emissions. Specifically, HB 951 provides that:

The Utilities Commission shall . . . establish a rider for a voluntary program that will allow industrial, commercial, and residential customers who elect to purchase from the electric public utility renewable energy or renewable energy credits, including in any program in which the identified resources are owned by the utility in accordance with sub-subdivision b. of subdivision (2) of Section 1 of this act, to offset their energy consumption, which shall ensure that customers who voluntarily elect to purchase renewable energy or renewable energy credits through such programs bear the full direct and indirect cost of those purchases, and that customers that do not participate in such arrangements are held harmless, and neither advantaged nor disadvantaged, from the impacts of the renewable energy procured on behalf of the program customer, and no cross-subsidization occurs.

To support the goals of HB 951, the Companies engaged a broad group of stakeholders in a series of meetings starting in June 2022. Three stakeholder meetings, comprised of interested customers, solar developers, the Public Staff - the North Carolina Utilities Commission (“Public Staff”), and clean energy advocates, were held between June and August 2022. Additionally, a virtual open stakeholder session was held August 24, 2022. The stakeholder effort was paused during the Carbon Plan proceeding at the request of stakeholders and resumed with two open stakeholder sessions held on October 26, 2022, and November 2, 2022. In total, over 200 different stakeholder organizations participated in the stakeholder sessions, including customers, developers, environmental advocates, and other interested stakeholders. Through these formal stakeholder meetings and numerous informal meetings with interested stakeholders, the Companies sought feedback regarding interest in renewable energy programs and customers’ evolving needs. CEI was developed as part of a set of customer renewable programs resulting from that stakeholder engagement. In addition, a new community solar concept, Clean Energy Connection, was discussed with stakeholders. The Companies are continuing to develop this concept, and they anticipate moving forward on it in the coming months.

For the reasons set forth herein and based on the goals of HB 951 and stakeholder engagement, the Companies request approval of this customer renewable program as presented in the attached tariffs (For DEP, “Appendix A” and for DEC, “Appendix B”)

II. Background

Duke Energy Progress, LLC's regional headquarters and general offices are located at 410 South Wilmington Street, Raleigh, North Carolina, and its mailing address is:

Duke Energy Progress, LLC
410 S. Wilmington Street NCRH 20
Raleigh, North Carolina 27602

Duke Energy Carolinas, LLC's general offices are located at 550 South Tryon Street, Charlotte, North Carolina, and its mailing address is:

Duke Energy Carolinas, LLC
P.O. Box 1321 (DEC 45A)
Charlotte, North Carolina 28202

The names and address of the Companies' attorney is:

Kendrick C. Fentress
Associate General Counsel
Duke Energy Corporation
P.O. Box 1551/ NCRH 20
Raleigh, North Carolina 27602
Tel: 919.546.6733
Kendrick.fentress@duke-energy.com

Copies of all pleadings, testimony, orders, and correspondence in this proceeding should be served upon the attorneys listed above.

The Companies are engaged in the generation, transmission, distribution, and sale of electricity at retail in the eastern, piedmont, and western portions of North Carolina, and portions of South Carolina. Each Company serves more than 150,000 North Carolina retail customers as of January 1, 2017. The Companies also sell electricity at wholesale to many municipal, cooperative, and investor-owned electric utilities. The Companies are authorized to transact business in the State of North Carolina and are public utilities under the laws of the State of North Carolina. Accordingly, their operations in the State of North Carolina are subject to the Commission's jurisdiction.

III. Clean Energy Impact

A. Program Description

As proposed, CEI would provide eligible North Carolina residential and small business customers wishing to reduce their carbon footprint or otherwise support renewable energy the option to do so through the purchase of Clean Energy Environmental Attributes (“CEEAs”), which are comprised of carbon emission reduction attributes and North Carolina-defined RECs associated with renewable energy resources owned or contracted for by the Companies. North Carolina General Statute § 62-133.8(a)(6) specifically defines a REC to be a

tradable instrument that is equal to one megawatt hour of electricity or equivalent energy supplied by a renewable energy facility, new renewable energy facility, or reduced by implementation of an energy efficiency measure that is used to track and verify compliance with the requirements of this section as determined by the Commission. A “renewable energy certificate” does not include the related emissions reduction, including, but not limited to, reductions of sulfur dioxide, mercury, or carbon dioxide.

Accordingly, a CEEA includes the REC, as defined in North Carolina, *and* the carbon emission reduction attribute that is not included in the statutorily defined REC. This is consistent with the Commission’s December 20, 2022, *Order Granting Optima’s Request for Declaratory Judgment*, Docket No. E-100, Sub 113 (“Optima Order”), wherein it interpreted the above statute to conclude that emission credits are separate from the renewable energy attributes of RECs. Optima Order at 21. Thus, a customer’s efforts to support renewable energy and, specifically, to reduce its *carbon footprint* through CEI would be captured and verified through documented CEEAs.

The renewable energy facilities will be either owned by the Companies, or DEC or DEP will enter into a PPA with the owner of a renewable energy facility to purchase

energy, capacity, and all renewable and environmental attributes. The renewable energy facilities will be Renewable Energy Resources¹ that are tied to the Companies' North Carolina or South Carolina grid and registered as renewable energy facilities under Commission Rule R8-66² and with the North Carolina Renewable Energy Tracking System ("NC-RETS") to facilitate the issuance and retirement of the REC portion of the CEEAs. The Companies expect that the Renewable Energy Resources used in this offering will likely be exclusively solar at the outset, but the tariff is open to participation from other types of renewable energy resources.

Participation in CEI is voluntary, available on a first come, first-served basis, to residential and nonresidential customers with a contract demand of under 1,000 kW receiving service from DEC or DEP. Under CEI, these eligible customers have the option of contracting for a block or multiple blocks of CEEAs. These blocks come in sizes of either 250 kWh or 1,000 kWh. Blocks of 250 kWh are available to both residential and non-residential customers, while the 1,000 kWh blocks are available to non-residential customers willing to buy at least 10 blocks.³

The Companies propose to track, record, and retire the CEEAs on behalf of customers. The North Carolina statutorily defined REC would be retired on behalf of

¹ The definition of Renewable Energy Resources is consistent with the definition of renewable energy facilities under N.C. Gen. Stat. § 62-133.8(a)(7). For purposes of CEI, renewable energy facilities are facilities that generate electric power through Renewable Energy Resources, which, as defined in § 62-133.8(a)(8), include solar electric, solar thermal, wind, hydropower, geothermal, or ocean current or wave energy resource; a biomass resource, including agricultural waste, animal waste, wood waste, spent pulping liquors, combustible residues, combustible liquids, combustible gases, energy crops, or landfill methane; waste heat derived from a renewable energy resource and used to produce electricity or useful, measurable thermal energy at a retail electric customer's facility; or hydrogen derived from a renewable energy resource. "Renewable energy resource" does not include peat, a fossil fuel, or nuclear energy resource.

² Commission Rule R8-66(b) requires all relevant renewable energy facilities shall be registered prior to their having RECs issued in NC-RETS.

³ Block sizes are measured by the number of RECs associated with the purchase of CEEA.

customers with NC RETS; no RECs under CEI would be used for the Companies' compliance with the Renewable Energy/Energy Efficiency Portfolio Standard ("REPS") in North Carolina. The carbon emission reduction attribute would be separately tracked, recorded, and retired by the Companies. Documentation would also be provided to the customer to authenticate the retired carbon emission reduction attribute. Thus, CEI is ideal for smaller-load customers who want to claim a certain percentage of renewable energy through CEEA in support of their sustainability goals or who otherwise want to reduce their carbon footprint.

The CEI program does not require the customer to commit to a contract term. Each customer shall purchase a specified number of blocks of CEEAs on a month-to-month basis upon the condition that either party can terminate the contract by giving at least 30 days prior notice of such termination in writing.

B. Accounting and Ratemaking Treatment

In keeping with HB 951, all the costs of the CEI Programs will be recovered from voluntary participants in the CEI program; non-participants will not bear any of the costs. The cost of CEI will be set annually beginning when Commission approval of the program is received and will be based on the current market rate of national voluntary RECs,⁴ plus an administrative fee not to exceed 20% of the cost of the CEEAs.⁵ For illustrative purposes only: If the current market rate of a national voluntary solar REC, including the

⁴ National voluntary REC pricing typically includes the carbon emission reduction attribute. In contrast, the price of RECs as defined in North Carolina for purposes of REPS compliance does not include carbon emission reduction attributes and so will not be used to establish price.

⁵ Currently, the Companies expect the CEEAs to come exclusively from solar generation interconnected to the Companies' North Carolina and South Carolina grids. The Companies do not want to exclude CEEAs resulting from off-shore or on-shore wind in the future, however; thus, the CEI tariff is not limited to solar generation. Should the Companies begin to sell wind CEEAs, for example, they would price those CEEAs in line with the market price of wind RECs with an administrative fee capped at 20%.

environmental attribute, was \$4.00, then \$1.00 is the current market price of a 250-kWh block. The administrative fee is then \$0.20, resulting in the CEEA block costing \$1.20. The administrative fee will be reviewed annually beginning 12 months from program approval to evaluate if fees collected matched the administrative expenses, such as expenses associated with tracking, banking, and recording these CEEAs. Marketing for the CEEAs will additionally be done “in-house” to keep costs low. The national voluntary REC market prices, including the environmental attribute, as of the effective date of the Commission’s approval of CEI are not expected to be lower than \$0.001 per kWh or higher than \$0.015 per kWh.

A portion of the payment from customers for the CEEA shall be paid to NC GreenPower to support the installation of solar power systems in North Carolina. The Companies intend to hold NC GreenPower harmless in relation to the donations it receives currently as part of the Renewable Advantage Program. Based on the expected interest in this program, NC GreenPower will receive \$.10 per block (for both 250 and 1000 kWh blocks) not to exceed \$200,000 annually. This amount is commensurate with the amount that NC GreenPower receives annually under the Renewable Advantage Program. The Companies will review this donation to NC GreenPower annually and request Commission authorization before any changes are made.

C. Transitioning from the Renewable Advantage Program to CEI.

As the Commission is aware, the Companies currently offer Renewable Advantage, which the Commission approved in 2019 in Docket Nos. E-2, Sub 1190, E-7, Sub 1185 and E-100, Sub 90⁶. Under the Renewable Advantage, residential or small business customers may offset a portion or all of their consumption through acquiring multiple blocks in kWh increments of RECs. RECs acquired under the Renewable Advantage are retired on behalf of the programs' participants. Like the proposed CEI Program, the costs of the Renewable Advantage are recovered completely through the monthly rate paid by the voluntary participating customers. The Commission recently approved an increase in that monthly block rate from \$3.00 to \$4.00 so that the Companies could recover the costs of the Renewable Advantage through 2026.⁷

Although the Renewable Advantage is similar to what the Companies are proposing with CEI, CEI offers advantages to North Carolina customers that Renewable Advantage does not. Namely, the CEI program benefits North Carolina customers by producing CEEAs that result from resources on DEC's or DEP's systems. Under CEI, wind RECs from Texas, for example, would not be available for purchase. Instead, the reduction in carbon emissions and the promotion of generating renewable, clean energy occurs not in Texas, for example, but at a more local level because the CEEAs are generated by DEC- and DEP-owned assets or purchased by DEC or DEP from renewable energy facilities interconnected to their North Carolina and South Carolina systems. The Companies anticipate transitioning from the Renewable Advantage Programs to CEI in the 2026

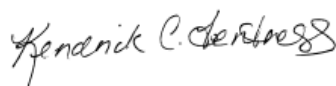
⁶ *Order Approving Renewable Advantage Rider and NC Greenpower Program Changes*, Docket No. E-2, Sub 1180, E-7, Sub 1185, issued October 15, 2019.

⁷ *Order Approving Increase in Price of Renewable Energy Credits and Notice to Customers*, Docket Nos. E-2, Sub 1190, E-7, Sub 1185, and E-100, Sub 90, Aug. 16, 2022.

timeframe, as the more local renewable energy assets generating the CEEAs come online. Once the Companies are able to offer customers the opportunity to purchase CEEAs to document their reduction to statewide- carbon emission goals and/or their support for renewable energy, the Companies will petition to close the Renewable Advantage.

WHEREFORE, the Companies respectfully request that the Commission issue an order (1) approving the Companies' CEI Programs; (2) approving DEP's and DEC's respective CEI tariffs, attached as Appendices A and B, respectively, as reasonable and appropriate for implementing the CEI Program; and (3) granting such other and further relief as the Commission deems just and reasonable and in furtherance of the public interest.

Respectfully submitted, this the 27th day of January 2023.



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*ATTORNEY FOR DUKE ENERGY PROGRESS,
LLC AND DUKE ENERGY CAROLINAS, LLC*

CLEAN ENERGY IMPACT
RIDER CEI-1

AVAILABILITY

This Rider provides eligible Duke Energy Progress, LLC (the “Company”) customers the option to purchase Clean Energy Environmental Attributes (CEEAs) from Company-Owned, or from Purchase Power Agreements with, Renewable Energy Resources under the Company’s Clean Energy Impact Program (the “Program”). This Rider is available on a voluntary first-come, first-served basis to residential and nonresidential customers receiving concurrent service from the Company who contract for a block(s) of Clean Energy Environmental Attributes (which are comprised of carbon emission reduction attributes and North Carolina-defined Renewable Energy Certificates (“RECs”) associated with Renewable Energy Resources). The maximum number of customers served under this Rider shall be determined by the maximum number of blocks of Clean Energy Environmental Attributes available for purchase under the Program through the Rider at any given time. This Rider is not available for temporary service or for resale service. This Rider and the Program shall remain open to eligible customers pursuant to the Program’s terms and conditions, as approved by the Commission; however, if a legal, regulatory, or other requirement warrants-in the Company’s discretion-the retention of CEEAs (or any portion thereof) by the Company, then the Company may, at any time, limit customers’ participation in the Program or terminate the Program.

GENERAL PROVISIONS

Each customer may contract with the Company for the purchase of a block of CEEAs to be billed to the customer monthly. The customer may change the number of blocks of CEEAs contracted for once during the contract year, unless otherwise authorized by the Company.

Available CEEAs will be based on the expected kilowatt-hour (“kWh”) production coming from Renewable Energy Resources. The actual amount of energy used by the customer during any given month may be more or less than the number of blocks of Clean Energy Environmental Attributes for which the customer has contracted. Energy associated with Clean Energy Environmental Attributes displaces energy that often would have otherwise been produced from traditional non-renewable generating facilities.

DEFINITIONS

Clean Energy Environmental Attributes: For the purpose of this Rider, CEEAs shall include RECs and the carbon-emission reduction attributes associated with the Renewable Energy Resources. The REC, as defined in N.C. Gen. Stat. Sec. 62-133.8(a)(6), is the renewable nature of the energy delivered from the Renewable Energy Resource and is equal to 1,000 kWh produced from a renewable resource.

Renewable Energy Resources: For the purposes of this Rider, Renewable Energy Resources, as defined in N.C. Gen. Stat. Sec. 62-133.8(a)(8), shall include available MWs, depending upon availability, of renewable energy resources tied to the Company or to Duke Energy Carolina, LLC’s North Carolina or South Carolina electric grid.

Clean Energy Environmental Attributes purchased under the Rider may be derived from any combination of different Renewable Energy Resources.

The Renewable Energy Resources will be registered with the North Carolina Renewable Energy Tracking System (“NC-RETS”) to facilitate the issuance and retirement of RECs but will not be used for the Company’s compliance with the North Carolina Renewable Energy/Energy Efficiency Portfolio Standard. The Company will retire the RECs and document the retirement of the carbon-emission reduction attributes on the customer’s behalf pursuant to the Program.

Block of Clean Energy Environmental Attributes: For purposes of this Rider, a Block of Clean Energy Environmental Attributes shall be sized at either 250 kWh or 1,000 kWh, as further defined under the Monthly Rate.

MONTHLY RATE

In addition to all other charges stated in the applicable Schedule with which this Rider is used, the following charge shall also apply to each block the customer purchases:

After the North Carolina Utilities Commission's approval of the Program, the cost of CEEAs will be set annually. The market price per block of the CEEA will be based upon the then current market rate of the tradeable market of solar RECs (not North Carolina-defined RECs), plus an administrative fee not to exceed 20% of the cost of the Clean Energy Environmental Attributes. The administrative fee will be reviewed annually beginning 12 months from Program approval to evaluate if fees collected matched the administrative expenses.

- I. For residential and nonresidential customers with a contract demand under 1,000 kW can sign up for block sizes of 250 kWh.
- II. For nonresidential customers purchasing a minimum of 10 blocks can sign up for block sizes of 1,000 kWh.

The Monthly Rate shall apply to the customer's bill regardless of a customer's actual monthly kWh consumption. RECs and carbon emission reduction attributes will not be retired on a customer's behalf until payment has been received.

CONTRACT PERIOD

Each customer shall purchase a specified number of blocks of CEEAs on a month-to-month basis upon the condition that either party can terminate the contract by giving at least 30 days prior notice of such termination in writing.

ELIGIBILITY

Within the last 12 months, the customer may not have:

- 1) Defaulted on a payment arrangement;
- 2) Entered into a multi-month payment arrangement;
- 3) Had a payment that was not honored by a financial institution; or
- 4) Been disconnected for non-payment of electric service.

Effective for service rendered on and after Date TBD
NCUC Docket No. E-2, Sub 1315

RIDER CEI
CLEAN ENERGY IMPACT

AVAILABILITY

This Rider provides eligible Duke Energy Carolinas, LLC (the “Company”) customers the option to purchase Clean Energy Environmental Attributes (CEEAs) from Company-Owned, or Purchase Power Agreements with, Renewable Energy Resources under the Company’s Clean Energy Impact Program (the “Program”). This Rider is available on a voluntary first-come, first-served basis to residential and nonresidential customers receiving concurrent service from the Company who contract for a block(s) of Clean Energy Environmental Attributes (which are comprised of carbon emission reduction attributes and North Carolina-defined Renewable Energy Certificates (“RECs”) associated with Renewable Energy Resources). The maximum number of customers served under this Rider shall be determined by the maximum number of blocks of Clean Energy Environmental Attributes available for purchase under the Program through the Rider at any given time. This Rider is not available for temporary service or for resale service. This Rider and the Program shall remain open to eligible customers pursuant to the Program’s terms and conditions, as approved by the Commission; however, if a legal, regulatory, or other requirement warrants—in the Company’s discretion—the retention of CEEAs (or any portion thereof) by the Company, then the Company may, at any time, limit customers’ participation in the Program or terminate the Program.

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Renewable Energy Resources: For the purposes of this Rider, Renewable Energy Resources, as defined in N.C. Gen. Stat. Sec. 62-133.8(a)(8), shall include available MWs, depending upon availability, of renewable energy resources tied to the Company or to Duke Energy Progress, LLC’s North Carolina or South Carolina electric grid.

Clean Energy Environmental Attributes purchased under the Rider may be derived from any combination of different Renewable Energy Resources.

The Renewable Energy Resources will be registered with the North Carolina Renewable Energy Tracking System (“NC-RETS”) to facilitate the issuance and retirement of RECs but will not be used for the Company’s compliance with the North Carolina Renewable Energy/Energy Efficiency Portfolio Standard. The Company will retire the RECs and document the retirement of the carbon-emission reduction attributes on the customer’s behalf pursuant to the Program.

RIDER CEI
CLEAN ENERGY IMPACT

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