



Kendrick C. Fentress
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November 6, 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 Carolinas, LLC and Duke Energy Progress, LLC's
Motion for Approval to Implement Temporary Variable Credits
Docket No. E-100, Sub 158**

Dear Ms. Campbell:

Please find enclosed for filing in the above-referenced docket Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's (the "Companies") Motion for Approval to Implement Temporary Variable Credits.

Please do not hesitate to contact me if you have any questions

Sincerely,

A handwritten signature in cursive script that reads 'Kendrick C. Fentress'.

Kendrick C. Fentress

Enclosure

cc: Parties of Record

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Nov 06 2019

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-100, SUB 158

In the Matter of)	MOTION FOR APPROVAL TO IMPLEMENT TEMPORARY VARIABLE CREDITS
Biennial Determination of Avoided Cost)	
Rates for Electric Utility Purchases from)	
Qualifying Facilities – 2018)	

NOW COME Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP” and, collectively the “Companies”), pursuant to Rule R1-7 of the rules and regulations of the North Carolina Utilities Commission (“Commission”), and respectfully request that the Commission issue an Order allowing the Companies to credit operating qualifying facility (“QF”) Sellers¹ delivering energy to the Companies under the Schedule PP Variable Rate option (“Variable Rate Sellers”) for a temporary period based upon the Companies’ updated variable energy and capacity credits calculated using the pre-existing Schedule PP Option A and B rate structure (“Temporary Variable Credits”). The Companies request Commission approval to bill the Temporary Variable Credits to Variable Rate Sellers on and after November 16, 2019, until such time as the Company can install new metering and make necessary billing system updates to support billing under the approved Schedule PP rate design.

In support of the foregoing, the Companies show the Commission the following:

1. On December 3, 2018, the Commission issued its *Order Granting Motion for Approval to Implement Temporary Variable Rate Credits* in this docket, which allowed

¹ Terms not otherwise defined in this Motion shall have the meaning set forth in the Companies’ respective Schedule PP tariffs, which were filed with the Commission on November 1, 2019 as Attachments A and B to the Companies’ Compliance Filing.

the Companies' requests to establish Temporary Variable Rate Credits and to bill Variable Rate Sellers at the Temporary Rate Credits during the avoided cost proceeding until the Commission approved the updated Schedule PP Purchased Power ("Schedule PP") rate design.

2. On October 7, 2019, the Commission issued a *Notice of Decision* ("Notice") in the above-referenced docket approving the proposed changes to the Companies' energy and capacity rate design for Schedule PP Purchased Power ("Schedule PP").

3. On October 17, 2019, the Commission issued a *Supplemental Notice of Decision* ("Supplemental Notice") in the above-referenced docket approving the Solar Integration Services Charge and requiring that the increased ancillary services costs be calculated into each Company's avoided energy costs rather than designating the SISC as a separate charge. The Commission ordered in its Supplemental Notice that the revised Schedule PP shall comply with both the original Notice and the Supplemental Notice, and subject to specific objections to the Companies' compliance filing on November 1, 2019, shall become effective and implemented 15 days after being filed, which is November 16, 2019.

4. To implement the updated Schedule PP rate design and to accommodate the updated pricing periods, the Companies must first perform work to their respective billing and metering data management systems, and install the required metering in some cases, thereby making it impractical to immediately transition fully Variable Rate Sellers to the new rate design for power delivered on and after November 16, 2019.

5. Based on the foregoing, the Companies have developed the Temporary Variable Credits using the Companies' current forecasted two-year avoided energy and

capacity costs, but reflective of the Option A and Option B hours currently available to the Variable Rate Sellers under the pre-existing Schedule PP. See Attachments A and B. These Temporary Rates will serve to transition customers to the approved energy and capacity credit rate design approved in the Notice once the Company's billing system updates and necessary metering are in place.

5. WHEREFORE, the Companies respectfully request that the Commission approve the Companies' requests to establish the Temporary Variable Credits presented in Attachments A and B to this Motion and to allow the Companies to bill all Variable Rate Sellers at these Temporary Rate Credits until the Companies can install new metering and make necessary billing system updates to support billing under the approved Schedule PP rate design, and to provide any further relief the Commission deems necessary and appropriate.

Respectfully submitted, this the 6th day of November, 2019.



Kendrick C. Fentress
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**Proposed Temporary Variable Rate Credits
for November 16, 2019**

Attachment A

Duke Energy Progress, LLC

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		<u>Interconnected to Distribution</u> Variable Rate	<u>Interconnected to Transmission</u> Variable Rate
<u>Energy Credits – Based Upon Generation Resource</u>			
<u>1. Credits Applicable to All but Uncontrolled Solar Generation</u>			
I. Option A ¹ Energy Credit (¢/kWh)	a. On-peak kWh	3.39	3.32
	b. Off-peak kWh	2.98	2.94
II. Option B ¹ Energy Credit (¢/kWh)	a. On-peak kWh	3.42	3.35
	b. Off-peak kWh	3.03	2.99
<u>2. Credits Applicable to Uncontrolled Solar Generation² Only</u>			
I. Option A ¹ Energy Credit (¢/kWh)	a. On-peak kWh	3.15	3.08
	b. Off-peak kWh	2.74	2.70
II. Option B ¹ Energy Credit (¢/kWh)	a. On-peak kWh	3.18	3.11
	b. Off-peak kWh	2.79	2.75
<u>Capacity Credits – Based Upon Generation Resource</u>			
<u>1. Credits Applicable to All but Swine or Poultry Waste Generation and Hydroelectric Generation without Storage</u>			
I. Option A ¹ Capacity Credit (¢/kWh)	a. On-peak kWh - Summer	0.00	0.00
	b. On-peak kWh - Non-Summer	1.50	1.47
II. Option B ¹ Capacity Credit (¢/kWh)	a. On-peak kWh - Summer	0.00	0.00
	b. On-peak kWh - Non-Summer	2.57	2.52
<u>2. Credits Applicable to Swine or Poultry Waste Generation Only</u>			
I. Option A ¹ Capacity Credit (¢/kWh)	a. On-peak kWh - Summer	0.00	0.00
	b. On-peak kWh - Non-Summer	3.09	3.02
II. Option B ¹ Capacity Credit (¢/kWh)	a. On-peak kWh - Summer	0.00	0.00
	b. On-peak kWh - Non-Summer	5.29	5.18
<u>3. Credits Applicable to Certain Hydroelectric Generation without Storage³ Only</u>			
I. Option A ¹ Capacity Credit (¢/kWh)	a. On-peak kWh - Summer	0.00	0.00
	b. On-peak kWh - Non-Summer	5.88	5.76
II. Option B ¹ Capacity Credit (¢/kWh)	a. On-peak kWh - Summer	0.00	0.00
	b. On-peak kWh - Non-Summer	10.08	9.87
<u>4. Credits Applicable to All Other Hydroelectric Generation without Storage⁴ Only</u>			
I. Option A ¹ Capacity Credit (¢/kWh)	a. On-peak kWh - Summer	0.00	0.00
	b. On-peak kWh - Non-Summer	2.86	2.80
II. Option B ¹ Capacity Credit (¢/kWh)	a. On-peak kWh - Summer	0.00	0.00
	b. On-peak kWh - Non-Summer	4.90	4.80

¹ Summer months under both Options A and B are defined as the calendar months of June through September. All other months are Non-Summer for purposes of applying the capacity credits.

² “Uncontrolled Solar Generation” is defined as solar generation where the Qualifying Facility does not demonstrate that its facility is capable of operating, or does not contractually agree to operate, in a manner that reduces its average daylight volatility to 6% or less of its average daylight power output. Eligible Qualifying Facilities with controlled solar generation shall be governed under a negotiated Purchase Power Agreement between Seller and Company, which shall be based on

**Proposed Temporary Variable Rate Credits
for November 16, 2019**

Attachment A

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Company’s standard Purchase Power Agreement and Terms and Conditions for the Purchase of Electric Power with additional terms added to address requirements for operating the technology used to reduce average daylight volatility.

³ For hydroelectric generation without storage where the Qualifying Facility renews a Purchased Power Agreement that was in effect as of July 27, 2017.

⁴ For all other hydroelectric generation without storage.

DETERMINATION OF ON-PEAK AND OFF-PEAK HOURS

The on-peak and off-peak hours by summer and non-summer month are defined by calendar month as follows:

Option A Time of Use Hours

TOU Season	Summer Calendar Months of April through September	Non-Summer Calendar Months of October through March
On-peak Hours	Hours between 10:00 a.m. and 10:00 p.m., Monday through Friday, excluding holidays ¹ considered as off-peak.	Hours between 6:00 a.m. and 1:00 p.m., plus 4:00 p.m. through 9:00 p.m., Monday through Friday, excluding holidays ¹ considered as off-peak.
Off-peak Hours	The off-peak hours in any month are defined as all hours not specified above as on-peak hours.	

Option B Time of Use Hours

TOU Season	Summer Calendar Months of June through September	Non-Summer Calendar Months of October through May
On-peak Hours	Hours between 1:00 p.m. and 9:00 p.m., Monday through Friday, excluding holidays ¹ considered as off-peak.	Hours between 6:00 a.m. and 1:00 p.m., Monday through Friday, excluding holidays ¹ considered as off-peak.
Off-peak Hours	The off-peak hours in any month are defined as all hours not specified above as on-peak hours.	

¹ All hours for the following holidays will be considered as off-peak: New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and the day after, and Christmas Day. When one of the above holidays falls on a Saturday, the Friday before the holiday will be considered off-peak; when the holiday falls on a Sunday, the following Monday will be considered off-peak.

**Proposed Temporary Variable Rate Credits
for November 16, 2019**

Attachment B

Duke Energy Progress, LLC

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		<u>Interconnected to Distribution</u> Variable Rate	<u>Interconnected to Transmission</u> Variable Rate
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<u>4. Credits Applicable to All Other Hydroelectric Generation without Storage⁴ Only</u>			
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Off-peak Hours	The off-peak hours in any month are defined as all hours not specified above as on-peak hours.	

Option B Time of Use Hours


TOU Season	Summer Calendar Months of June through September	Non-Summer Calendar Months of October through May
On-peak Hours	Hours between 1:00 p.m. and 9:00 p.m., Monday through Friday, excluding holidays ¹ considered as off-peak.	Hours between 6:00 a.m. and 1:00 p.m., Monday through Friday, excluding holidays ¹ considered as off-peak.
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CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's Motion for Approval to Implement Temporary Variable Credits, in Docket No. E-100, Sub 158 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 parties of record.

This the 6th day of November, 2019.



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