

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-2, SUB 1273

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	
Application of Duke Energy Progress, LLC)	REBUTTAL TESTIMONY OF
for Approval of Demand-Side Management)	LYNDA SLEIGHER SHAFER
and Energy Efficiency Cost Recovery Rider)	FOR DUKE ENERGY
Pursuant to N.C. Gen. Stat. § 62-133.9 and)	PROGRESS, LLC
Commission Rule R8-69)	

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**
2 **POSITION WITH DUKE ENERGY.**

3 A. My name is Lynda Sleigher Shafer, and my business address is 400 S. Tryon
4 Street, Charlotte, North Carolina. I am employed by Duke Energy Corporation
5 as Senior Strategy and Collaboration Manager for the Carolinas in the Portfolio
6 Strategy and Support group.

7 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**
8 **PROFESSIONAL EXPERIENCE.**

9 A. I have a Bachelor of Science degree from Bob Jones University and two
10 Master's degrees from the University of South Carolina, a Master of Business
11 Administration and of English. I began working with the Office of Regulatory
12 Staff ("ORS") in South Carolina in 2009 as a Program Specialist in
13 telecommunications and later as a Regulatory Analyst in the Electricity, Gas
14 and Economics Department. While at ORS, I completed the National
15 Association of Regulatory Utility Commissioners ("NARUC") Regulatory
16 Studies program at Michigan State University and Eastern NARUC Utility Rate
17 School. In 2016, I became a Financial Analyst for Santee Cooper where I was
18 responsible for evaluating existing and proposed programs for cost
19 effectiveness, coordinating collaboration among subject matter experts
20 regarding renewables and demand-side management programs, and preparing
21 the annual budget for energy efficiency operations. While at Santee Cooper, I
22 completed the North Carolina State University McKimmon Center for
23 Continuing Education Meter School.

1 In 2018, I began working in my current role at Duke Energy. I am the
2 regulatory lead in South Carolina for Energy Efficiency and Demand-Side
3 Management (“EE/DSM”) programs and the facilitator of the EE/DSM
4 Collaborative stakeholder group (hereinafter “Collaborative” or
5 “stakeholders”) for both Duke Energy Progress, LLC (“DEP” or the
6 “Company”) and Duke Energy Carolinas, LLC (“DEC”, collectively, the
7 “Companies” in North and South Carolina or “Duke Energy”). I also represent
8 the Company as a member of the Board of Directors for the Southeast Energy
9 Efficiency Alliance.

10 **Q. PLEASE DESCRIBE YOUR ROLE AS THE FACILITATOR OF THE**
11 **STAKEHOLDER GROUP.**

12 A. I am the primary contact for stakeholders in North and South Carolina who have
13 questions, concerns, or insights related to the Companies’ EE/DSM programs.
14 My responsibilities in that role include responding to stakeholders’ questions
15 or requests for information and connecting them with the appropriate subject
16 matter experts at Duke Energy. Additionally, I organize the bimonthly
17 Collaborative meetings and most of the working group calls between meetings.
18 I also ensure the preparation and distribution of meeting materials and minutes.

19 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION**
20 **OR OTHER REGULATORY BODIES?**

21 A. I have not appeared before this Commission prior to this docket. I have testified
22 before the Public Service Commission of South Carolina (“PSCSC”) in an ex
23 parte hearing concerning EE/DSM program modifications in 2019. In my role
24 as a regulator at ORS, I testified before the PSCSC in two general rate cases,

1 three annual fuel adjustment cases and one distributed energy resource program
2 application.

3 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

4 A. The purpose of my rebuttal testimony is to respond to portions of the testimony
5 of Forest Bradley-Wright filed on behalf of the North Carolina Justice Center
6 (“NCJC”), the North Carolina Housing Coalition, and the Southern Alliance for
7 Clean Energy (“SACE”).

8 **Q. WILL YOU DESCRIBE THE PORTIONS OF WITNESS FOREST
9 BRADLEY-WRIGHT’S TESTIMONY TO WHICH YOU ARE
10 RESPONDING?**

11 A. I am addressing the portions of Witness Bradley-Wright’s testimony that
12 pertain to the Collaborative, particularly his assertion that the Company has not
13 acted on program suggestions appropriately or communicated program savings
14 projections in a way that would allow meaningful participation by members of
15 the Collaborative.

16 **Q. WHAT IS THE ROLE OF THE CAROLINAS COLLABORATIVE?**

17 A. The Collaborative is a long-standing advisory group of interested stakeholders
18 from across North and South Carolina. It comprises members from several
19 advocacy groups, as well as regulators, academics, and members of trade
20 organizations. For North Carolina purposes, the Public Staff of the North
21 Carolina Utilities Commission (“Public Staff”) participates. The Collaborative
22 serves as a key source for input into the Company’s EE/DSM portfolio and
23 allows this diverse group of stakeholders to share potential new programs and
24 programmatic enhancements offered by other utilities in different regions of the

1 country. The Collaborative helps the Companies avoid blind spots in
2 programming and marketing. In its mission statement, which was written as
3 part of a cooperative effort in 2019, the Collaborative defined its role as “a
4 forum for providing insight and input concerning topics related to energy
5 efficiency and demand-side management including program design and
6 development; measurement and evaluation; regulatory and market conditions;
7 specific issues or topics as requested by the NC Utilities Commission and the
8 Public Service Commission of SC; and emerging opportunities to achieve cost-
9 effective energy savings.”

10 **Q. HOW DOES DEP SUPPORT THE COLLABORATIVE SO THAT IT**
11 **CAN FULFILL ITS ROLE?**

12 A. The Company has established a process in which members determine the
13 agenda, request subject matter experts to present on a wide range of topics, and
14 receive meeting materials in advance to ensure adequate time for review. The
15 Company also hosts working groups or initiates separate conference calls to
16 discuss items that cannot be fully explored during bimonthly meetings. Twice
17 a year, I present each of the residential and nonresidential programs one-by-one
18 and lead a discussion with Collaborative members and the Companies’ program
19 managers. The analytics team presents evaluation, measurement, and
20 verification studies (“EM&V”) twice a year as well. The Companies’ subject
21 matter experts also carve out opportunities to solicit Collaborative feedback at
22 various stages of program design, implementation, and review.

23 **Q. DO YOU AGREE WITH WITNESS BRADLEY-WRIGHT THAT DEP**
24 **HAS TAKEN LITTLE VISIBLE ACTION TOWARDS IMPEMENTING**

1 **STAKEHOLDER MEMBER RECOMMENDATIONS UNTIL**
2 **RECENTLY?**

3 A. No, I do not. The Company is eager to find new ways to encourage customers'
4 energy efficiency, but the process of developing new ideas into cost-effective,
5 scalable, commercially viable programs is complex. Witness Bradley-Wright
6 listed seven specific ideas that the Collaborative submitted since 2019. In the
7 paragraphs below, I describe the Company's meaningful actions toward
8 implementing each of these program ideas.

9 Low-Income Housing Tax Credit ("LIHTC")

10 Members originally brought this idea to the Company in March 2019 as a
11 suggestion for a stand-alone program to reach multifamily housing
12 developments that were applying for tax credits. Upon further investigation,
13 the Company found and shared with the Collaborative that all the measures that
14 would be part of this idea for a stand-alone program, along with substantial
15 design assistance, were already offered to customers through the Smart Saver
16 Custom New Construction Energy Efficiency Design Assistance program
17 ("NCEEDA"). Although LIHTC was ultimately not appropriate for a stand-
18 alone new program, DEP recognized and acted upon an opportunity to tap into
19 savings potential. The Company and several Collaborative members scheduled
20 a joint statewide workshop with developers, architects, and contractors to
21 generate interest. Although the time between planning and completion is often
22 long, developers are seeing the benefits of pairing rebates with tax credits, and
23 the Company is continuing to pursue these projects.

24 Energy Star Retail Products Platform ("ESRPP")

1 The Company investigated the ESRPP when the Collaborative submitted the
2 idea for consideration in January 2020 and found that it replicated many of the
3 features that were part of a DEP program that was already in effect. The
4 Company determined at that time that the best course of action was to allow the
5 existing program to mature and not to pursue an external alternative
6 simultaneously. Recently, at the request of the Collaborative, the Company
7 revisited the idea of utilizing the ESRPP and found that the platform offered no
8 additional cost savings or measure expansion, but could serve as a reference
9 point in the future when the Company searches for new measures. DEP
10 communicated that finding to the Collaborative in July 2021.

11 Program Savings from Codes and Standards

12 Members of the Collaborative suggested that the Companies could claim
13 savings from advancing building energy codes and appliance standards in the
14 Carolinas and suggested creating a program to capture those savings. However,
15 the Companies responded, both in January 2020, when the idea was originally
16 submitted, and in July 2021, when it was revisited, that North and South
17 Carolina do not have a statutory or regulatory framework that defines the
18 actions a utility must take to claim attributed savings or to determine the
19 appropriate attribution methodology. If and when the regulatory or statutory
20 frameworks change, DEP will revisit the possibility of such a program.

21 Residential Low-Income Single-Family Heat Pump Water Heater Rental
22 Program

23 In recognition of the energy savings potential of heat pump water heaters
24 (“HPWH”), members recommended in June 2020 that DEP offer a program

1 whereby low-income customers rent a HPWH for their homes directly from
2 DEP and add the payment to their electric bills. Members also presented
3 research explaining that a HPWH needs a minimum of 750 cubic feet of
4 unobstructed space for proper ventilation or exhaust vents. It also needs to be
5 located near a drain like the one used for washing machines or needs to be
6 connected to a condensate pump. The Company immediately began
7 investigating the feasibility of installations. Unfortunately, this program
8 suggestion is complex, requiring the Company to have both an on-bill collection
9 mechanism for receiving payments and also vendors capable of installing
10 HPWH on a wide scale. Once that mechanism is established and qualified
11 vendors are identified, the Company must then locate low-income customers –
12 either homeowners or renters with owner approval – who have appropriate
13 space, such as a garage or basement, and are willing to enter into a rental
14 agreement. To date, that program design research is ongoing.

15 Non-Residential Multifamily Heat Pump Water Rebate Program

16 Members suggested that the Company approach multifamily property owners
17 with the offer of a rebate for installing HPWHs. Each HPWH would serve
18 multiple units within the building. To date, the Company has determined that it
19 can include HPWH in the New Construction Energy Efficiency Design
20 Assistance (“NCEEDA”) program, but no developer has expressed an interest
21 in participating.

22 Manufactured Homes Retrofit Program

23 Members suggested a program that retrofits manufactured homes with more
24 efficient heating and air conditioning equipment, replaces or repairs duct work,

1 and insulates and seals the structure's envelope. The Company has not
2 developed this into a new program because all the measures recommended are
3 already part of the Residential Smart Saver program and thus currently available
4 to manufactured homes.

5 Manufactured Home New and Replacement Programs

6 Members suggested that the Company begin a program to offer an incentive for
7 replacing inefficient manufactured homes with Energy Star manufactured
8 homes. The Company is investigating whether an incentive of this type can be
9 included in the Residential New Construction program but has not determined
10 if it is feasible. Again, the program design research is ongoing.

11 **Q. WHY DO YOU THINK WITNESS BRADLEY-WRIGHT IS**
12 **DISSATISFIED WITH THE PROGRESS THAT PROGRAM IDEAS**
13 **FROM STAKEHOLDERS HAVE MADE?**

14 A. Turning ideas into viable programs can be difficult work, and despite his
15 expertise in policy work around the Southeast, Witness Bradley-Wright's
16 testimony does not account for the technical side of program development. In
17 other words, I believe that what Witness Bradley-Wright interprets as the
18 Company's failure to take visible action is actually the nature of product
19 development. In fact, Ideascale, an innovation management software company,
20 estimates that only 10% of submitted ideas make their way to implementation.¹
21 Ideascale describes work to develop only a commercially viable product. In

¹ <https://ideascale.com/innovation-metrics-ideation-rate-vs-implementation-rate/> accessed September 14, 2021

1 contrast, DEP has the responsibility to develop, propose, implement and
2 administer cost-effective DSM/EE programs that comply with this
3 Commission's Rules and the Mechanism that the Commission has approved for
4 use by the Company for DSM/EE program cost recovery purposes. These
5 additional hurdles add complexity and time to the program development
6 process.

7 **Q. IS THERE VALUE IN THE COLLABORATIVE SUBMITTING IDEAS**
8 **IF IT APPEARS THAT NOT ALL WILL BE DEVELOPED INTO**
9 **COMMERCIALLY VIABLE PROGRAMS?**

10 A. Yes, there is. The Company finds value in these suggestions. Even if the
11 Company is not able to start up and implement a new program when the
12 Collaborative submits an idea, the engagement assures that the Company is
13 aware of as many potential opportunities to enhance and provide cost-effective
14 programs for all DEP customers. Moreover, the Company often finds other
15 value in their suggestions. For example, LIHTC opened up a new conversation
16 with developers, and ESRPP will be a source in the future to confirm that the
17 measure list remains expansive.

18 **Q. SHOULD THE COMPANY BE REQUIRED TO TRACK THE SAVINGS**
19 **RESULTING FROM COLLABORATIVE SUGGESTIONS AND MEET**
20 **DEADLINES FOR RESPONDING TO THEM?**

21 A. No, it should not. Deciding what portion of energy savings is attributable to the
22 Collaborative and what portion the Company achieved on its own creates no
23 benefit for customers and is antithetical to the nature of true collaboration.
24 Since Collaborative members and the Company are aligned under the mission

1 statement above and a common desire to bring successful cost-effective
2 EE/DSM programs to customers, attempting to track and assign credit for
3 successes is unnecessary and counterproductive. Furthermore, because
4 program development is already challenging, imposing arbitrary deadlines to
5 speed up the process will likely undermine the Company's ability to give each
6 suggestion the amount of research and investigation it warrants.

7 **Q. DID THE COMPANY NOTIFY THE COLLABORATIVE OF THE**
8 **UPCOMING CHANGES IN SAVINGS PROJECTIONS IN EXISTING**
9 **PROGRAMS FOR 2022?**

10 A. Witness Bradley-Wright testified that he was not aware of the Company's plans
11 to substantially increase savings projections for many of its programs or to
12 decrease the savings projections for the multifamily program. He went on to
13 state that one of the implications of DEP's failure to communicate was that
14 members were not able to comment on or contribute to the decision. Witness
15 Bradley-Wright's testimony appears to be the result of his confusing the
16 required application of EM&V results to the energy savings underlying the
17 Company's 2022 projections with uncommunicated "plans" for the programs.
18 The reality is the energy savings adjustments included in the projections for
19 2022 are the result of EM&V studies, each of which was presented to the
20 Collaborative in detail. The multifamily program – which was the only program
21 with a reduction in savings, an adjustment Witness Bradley-Wright says the
22 members would have found "concerning" – was directly tied to the EM&V
23 study sent to all members in July 2020 and then reviewed during the four-hour

1 Collaborative meeting one week later. Witness Bradley-Wright received that
2 study in its entirety and participated in the meeting where it was discussed.

3 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

4 **A. Yes.**