

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-100, SUB 140
DOCKET NO. E-100, SUB 148

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-100, SUB 140)	
)	
In the Matter of)	
Biennial Determination of Avoided Cost)	
Rates for Electric Utility Purchases from)	
Qualifying Facilities – 2014)	
)	
DOCKET NO. E-100, SUB 148)	ORDER CONDITIONALLY
)	APPROVING REVISED PPAS
)	AND RATE SCHEDULES
In the Matter of)	
Biennial Determination of Avoided Cost)	
Rates for Electric Utility Purchases from)	
Qualifying Facilities – 2016)	

BY THE COMMISSION: These proceedings are two of the biennial proceedings held by the Commission pursuant to the provisions of Section 210 of the Public Utility Regulatory Policies Act of 1978 (PURPA), 18 U.S.C. 824a-3, and the Federal Energy Regulatory Commission (FERC) regulations implementing those provisions, which delegated to this Commission certain responsibilities for determining each utility's avoided costs with respect to rates for purchases from qualifying cogenerators and small power production facilities (qualifying facilities, or QFs). These proceeding are also held pursuant to G.S. 62-156, which requires this Commission to determine the rates to be paid by electric utilities for power purchased from small power producers as defined in G.S. 62-3(27a).

As a result of the Commission's final orders issued in these proceedings, Duke Energy Carolinas, LLC (DEC), Duke Energy Progress (DEP), and Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (Dominion) were required to make compliance filings consisting of, among other things, revised purchase power agreements (PPAs) and terms and conditions, and rate schedules for the purchase of power from QFs. DEC, DEP, and Dominion made these filings as required in both of these proceedings, and the PPAs and terms and conditions, and rate schedules subsequently became effective pursuant to the Commission's final orders issued in each proceeding.

While the 2016 biennial proceeding (Docket No. E-100, Sub 148), was pending before the Commission, the General Assembly enacted House Bill 589 (S.L. 2017-192). Section 1.(c) of House Bill 589 provides as follows:

A small power production facility which would otherwise be eligible for the standard offer rate schedules and power purchase agreement terms and conditions approved by the Commission in Docket No. E-100, Sub 140, but which fails to commence delivering power to the utility on or before September 10, 2018, shall, notwithstanding such failure, remain eligible for such rate schedules and terms and conditions, unless the nameplate capacity of the generation facility when taken together with the nameplate capacity of other generation facilities connected to the same substation transformer exceeds the nameplate capacity of the substation transformer. The term of a power purchase agreement eligible for such rate schedules and terms and conditions pursuant to this section shall commence on September 10, 2018, and shall end on the date that is 15 years after the commencement date. An electric public utility shall have the option in its discretion of electing not to interconnect to its distribution system a solar photovoltaic facility with a nameplate capacity of 10 megawatts (MW) or greater that had not executed an interconnection agreement prior to July 1, 2017, and instead requiring such facility to interconnect to the utility's transmission system.

On March 27, 2018, DEC and DEP (together, Duke) filed proposed modifications to their respective standard offer avoided cost rate schedules and purchase power agreements, requesting that the Commission approve these modifications on or before May 1, 2018. In support of its request, Duke states that its proposed modifications are primarily in response to the passage of House Bill 589 to incorporate the provision enacted by Section 1.(c) of House Bill 589. In addition, Duke states that DEP is seeking to amend its Standard Offer PPA to reflect the lower carrying charge rate of 1%, which was approved by the Commission in DEP's general rate case (Docket No. E-2, Sub 1142), and applies to the Interconnection Facilities Charge under the DEP Standard Offer PPA. Included in its filing are modified standard offer rate schedules and standard offer PPAs in clean and redline form. Duke further states that it has recently been contacted by a number of QF developers that are seeking to enter into standard offer PPAs with DEC or DEP, as provided in Section 1.(c), and that approval of the modifications by May 1, 2018 would allow Duke to offer the revised standard offer PPAs, as modified to implement Section 1.(c). Finally, Duke states that it shared the proposed modifications with the Public Staff and the other parties to this proceeding, and that the Public Staff, Cypress Creek Renewables, LLC, and Strata Solar, LLC, have authorized Duke to represent that they do not object to the proposed revisions included in Duke's filing.

On March 29, 2018, Dominion similarly filed proposed modifications to its standard offer avoided cost rate schedules and PPAs. Dominion also states that its proposed modifications reflect Section 1.(c) of House Bill 589. Like Duke, Dominion states that it is

receiving inquiries from QF developers as to the impact of House Bill 589 on those QFs' continued eligibility for the PPAs and terms and conditions and the rates established in Docket E-100, Sub 140. Therefore, Dominion requests that the Commission approve its proposed modifications on or before May 1, 2018.

Based upon the foregoing and the entire record in this proceeding, the Commission finds good cause to conditionally approve the revised PPAs and rate schedules included in Duke's March 27 filing and Dominion's March 28 filing, as requested, to be effective on May 1, 2018. The Commission notes that while several parties to these proceedings have indicated their lack of objection to these changes, there are a number of parties who have not indicated their assent to Duke's proposed changes. Therefore, the Commission will allow these parties to file comments on the proposed revised PPAs and rate schedules on or before April 20, 2018. Consistent with the Commission's approach in the final orders issued in these proceedings, the revised PPAs and rate schedules included in Duke's March 27 filing and in Dominion's March 28 filing, shall become effective and be implemented on May 1, 2018, unless, on or before April 20, 2018, a party files with the Commission specific objections as to the accuracy of the revisions and/or the consistency with the provisions of Section 1.(c) of House Bill 589.

IT IS, THEREFORE, SO ORDERED.

ISSUED BY ORDER OF THE COMMISSION.

This the 5th day of April, 2018.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in dark ink, appearing to read 'Linnetta Threatt', with a long horizontal flourish extending to the right.

Linnetta Threatt, Deputy Clerk

Commissioners Daniel G. Clodfelter and Charlotte A. Mitchell did not participate in this decision.