



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

May 11, 2023

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

Re: Docket Nos. E-2, Sub 931; E-7, Sub 1032; and E-100, Sub 179

Dear Ms. Dunston:

On May 16, 2022, Duke Energy Carolinas, LLC, and Duke Energy Progress, LLC (together, Duke or the Companies), filed their proposed Carbon Plan in Docket No. E-100, Sub 179, which included, in relevant part, a request that the Commission adopt four enablers that would allow them to maximize their energy savings from energy efficiency (EE) and demand-side management (DSM) and to attain annual energy savings of one percent of eligible retail sales. These proposed enablers included: (1) updating the inputs underlying the cost benefit test in the Companies' cost recovery mechanisms in Docket Nos. E-2, Sub 931, and E-7, Sub 1032 (Mechanisms); (2) using an as-found baseline for EE measures; (3) broadening the definition of low-income customer; and (4) developing guidelines for expedited regulatory approval of DSM/EE programs (collectively, the Proposed Enablers).

After extensive testimony about the Proposed Enablers at the Carbon Plan expert witness hearing, the Commission stated in its *Order Adopting Initial Carbon Plan and Providing Direction for Future Planning* issued on December 30, 2022 (Carbon Plan Order) that it was "persuaded by the Public Staff that all enablers related to the DSM/EE mechanism should be discussed within the context of a full DSM/EE mechanism review" and that it was "persuaded by the Public Staff's assertion that 'any modifications to individual components of the Mechanisms must take place in the context of a full, formal review of the entire Mechanisms, so that any impacts of other components of the Mechanisms can be analyzed at the same time.'" Carbon Plan Order at 109-10. As a result, the Commission stated that, "[w]ith one exception, the Commission determines that it is not reasonable to make any determination on the specific enablers in this proceeding but directs Duke to initiate a review of DEC's and DEP's DSM/EE

Executive Director
(919) 733-2435

Accounting
(919) 733-4279

Consumer Services
(919) 733-9277

Economic Research
(919) 733-2267

Energy
(919) 733-2267

Legal
(919) 733-6110

Transportation
(919) 733-7766

Water/Telephone
(919) 733-5610

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Mechanisms within 120 days of the issuance of this Order.”¹ Carbon Plan Order at 110. The Commission ordered that “Duke shall initiate a docket to review the DEC and DEP DSM/EE cost recovery mechanisms to consider the enablers Duke proposes.” Carbon Plan Order at 134.

On April 27, 2023, Duke filed a letter to commence the Commission-directed review of the Mechanisms in compliance with the Carbon Plan Order. In its letter, Duke states that “this targeted review will focus upon how [the Companies’] DSM/EE cost recovery mechanisms . . . should be revised to incorporate [the Proposed Enablers].”

At this time, the Public Staff does not have a position as to whether Proposed Enablers 1, 2, or 3, as listed above, should be incorporated into the Mechanisms. However, the Public Staff notes that the Commission did not conclude in its Carbon Plan Order that these Proposed Enablers should be implemented in the Mechanisms; rather, it ordered that the Proposed Enablers should be considered in the Mechanism review. Further, the Carbon Plan Order requires a “full, formal review of the entire Mechanisms” rather than a “targeted review.”

The Public Staff was given an opportunity to review the Companies’ April 27, 2023 letter before it was filed by Duke, and in doing so raised a procedural item but failed to note the letter’s language regarding a targeted review and incorporation of the Proposed Enablers. Upon further review of the Carbon Plan Order and Duke’s letter, however, the Public Staff believes that the parameters set forth in Duke’s letter are too narrow insofar as the Commission called for a full review and not for a targeted review, and that the letter indicates that the Proposed Enablers are to be adopted, which the Public Staff believes to be a premature conclusion at this time. In light of the number of parties likely to be involved in the stakeholder process, the Public Staff wishes to clarify the scope of the mechanism review in advance of the commencement of the stakeholder proceedings.

Sincerely,

Electronically submitted
/s/ Anne M. Keyworth
Staff Attorney
anne.keyworth@psncuc.nc.gov

cc: Parties of Record

¹ The Commission stated as to the fourth Proposed Enabler that “the adoption of new flexibility and rapid prototyping guidelines to ensure regulatory approval of new customer programs, pilots and rate designs in a timely manner would be appropriate at this time.” Carbon Plan Order at 109. As a result, the Commission ordered that “Duke shall engage with stakeholders to develop guidelines for expedited regulatory approval of customer programs and pilots for non-DSM/EE customer programs that enable load reduction or load management consistent with the Carbon Plan including rate design programs and EV programs.” Carbon Plan Order at 134. Duke began stakeholder meetings to discuss the development of such guidelines in February 2023 and held a second stakeholder meeting thereafter.