BEFORE THE NORTH CAROLINA UTILITIES COMMISSION
DOCKET NO. E-100, SUB 158

In the Matter of **Biennial Determination of Avoided Cost Rates for Electric Utility Purchases from Qualifying Facilities – 2018**	))))))))	**INITIAL COMMENTS OF SOUTHERN ALLIANCE FOR CLEAN ENERGY ON PROPOSED REQUIREMENTS FOR AVOIDANCE OF SISC**

Pursuant to the North Carolina Utilities Commission's ("Commission") *Order Requesting Comments on Proposed Requirements for Avoidance of SISC* and *Order Granting Extension of Time for Filing Initial and Reply Comments* in the above-referenced dockets, the Southern Alliance for Clean Energy ("SACE") respectfully submits the following initial comments in response to the proposed requirements for avoidance of the Solar Integration Services Charge ("SISC") filed jointly by Duke Energy Progress, LLC and Duke Energy Carolinas, LLC (collectively, "Duke").

SACE is concerned that the proposed requirements for avoidance of the SISC (the "Proposal") are unnecessarily burdensome. The Proposal would require the qualifying facility ("QF") to (1) buy a revenue-quality meter (to be owned and installed by Duke) capable of recording five-minute usage data (the "SISC Meter"); (2) track its five-minute usage data every day using an Excel spreadsheet provided by Duke; and (3) based on the spreadsheet, submit an "attestation" to Duke every month concerning "the degree to which it has achieved the target volatility reduction."[1] Proposal 1-1. If the QF does not submit its attestation on time, "it will be considered as noncompliance with the volatility

[1] It is unclear whether Duke proposes that the spreadsheet would need to be submitted as part of the attestation.

requirement and Buyer will be charged the full SIS[C] on the monthly invoice." *Id.* Finally, Duke will review usage data provided by the SISC Meter "as an independent verification of compliance" and in the event of a dispute that data will prevail over the spreadsheet. *Id.*

This proposed process appears unnecessarily burdensome for two main reasons. First, the entire back-and-forth process complete with the rather severe penalty of a full SISC for untimeliness seems to be more complicated than the Commission intended. The Commission's April 15, 2020 Order Establishing Standard Rates and Contract Terms for Qualifying Facilities set forth the requirements for avoiding the SISC. The Commission found that it is inappropriate for Duke to impose the SISC on qualifying facilities ("QFs") "that qualify as 'controlled solar generators' by demonstrating that their facility is capable of operating, and by contractually agreeing to operate, in a manner that materially reduces or eliminates the need for additional load following reserves required to integrate solar-QF capacity." *Order Establishing Standard Rates and Contract Terms for Qualifying Facilities* 12 (¶ 38) (April 15, 2020); *see id.* at 74 (explaining this requirement as embodied in the "SISC Stipulation" between Duke and the Public Staff), 93 (adopting SISC Stipulation and agreeing with the Public Staff that "where certain QFs have the technical capability to reduce the additional ancillary services caused by the operation of uncontrolled solar QFs, such QFs should be able to avoid the integration services charge"), 94 (restating finding); *Supplemental Notice of Decision* 2 (¶ 8) (Oct. 17, 2019). Thus, the Commission established two requirements for avoiding the charge: the QF must (1) demonstrate that its facility is technically capable of operating in a manner that reduces or eliminates the need for additional load-following reserves; and (2) contractually commit to operating it that way.

The most straightforward way for a QF to meet these requirements would be with a one-time technical demonstration and a contractual commitment. Once a QF has demonstrated the technical capacity to operate as a “controlled solar generator” and has contractually committed to doing so, it should be entitled to the presumption that it will in fact do so. And in the event that Duke determined that it did not, Duke could avail itself of contractual remedies. The additional burden of tracking output on a spreadsheet and submitting attestations monthly at pain of significant financial penalty all seems to be superfluous and inefficient.

Second, the Proposal appears unduly burdensome on its own terms. Under Duke’s Proposal it plans to review the usage data provided by the SISC Meters as an independent verification. Given that Duke will be doing this, it is unclear what benefit the spreadsheet-and-attestation process could provide. Again, it appears to be an entirely unnecessary burden and inefficient. Instead, Duke should simply rely on that data directly and make it available to the QF for review at any time. In addition, Duke should provide the QF with automated alerts if its usage data indicates that it is approaching volatility thresholds.

Accordingly, SACE recommends that the Commission reaffirm the less burdensome requirements for avoiding the SISC described in its final avoided-cost order and allow QFs to avoid the charge through a one-time technical demonstration coupled with a contractual commitment. To the extent that formal monthly tracking of volatility is necessary, SACE recommends that Duke track the QF's usage data, make it available to the QF, and alert the QF if it is approaching volatility thresholds.

Thank you for considering these comments.

Respectfully submitted this the 13th day of July, 2020.

s/Nick Jimenez
Nicholas Jimenez
N.C. Bar No. 53708
Southern Environmental Law Center
601 West Rosemary Street, Suite 220
Chapel Hill, NC 27516
Telephone: (919) 967-1450
Fax: (919) 929-9421
njimenez@selcnc.org

Attorney for Southern Alliance for Clean Energy

CERTIFICATE OF SERVICE

I certify that all parties of record on the service list have been served with the foregoing initial comments either by electronic mail or by deposit in the U.S. Mail, postage prepaid.

This the 13th day of July, 2020.

s/Nicholas Jimenez