

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

STAFF CONFERENCE AGENDA – MAY 9, 2022

Link to view staff conference will be posted on the commission website, ncuc.net

COMMISSION STAFF

NO AGENDA ITEMS

PUBLIC STAFF

ELECTRIC

*DEMAND-SIDE MANAGEMENT AND ENERGY EFFICIENCY PROGRAMS
(T. Williamson/Edmondson)*

Dominion Energy North Carolina

1. Docket Nos. E-22, Sub 614, Sub 615, Sub 616, Sub 617, Sub 618, Sub 619 Sub 620, and Sub 621 – Applications for approval of eight demand-side management and energy efficiency programs.

NATURAL GAS

METER SAMPLING PROGRAM (Nader/Holt)

Public Service Company of North Carolina, Inc.

2. Docket No. G-5, Sub 645 – Request for temporary waiver of obligation to conduct routine meter sampling of residential and commercial natural gas meters.

COMPRESSED NATURAL GAS FUEL PURCHASE AGREEMENT (Nader/Holt)

Piedmont Natural Gas Company, Inc.

3. Docket No. G-9, Sub 802 – Request for approval of a compressed natural gas purchase agreement between Piedmont Natural Gas Company, Inc. (PNG), and McAbee Trucking, Inc., pursuant to PNG's Rate Schedule 142.

The Public Staff recommends approval of the preceding agenda items as described above and reflected in proposed orders provided to the Commission Staff.

**STATE OF NORTH CAROLINA
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DOCKET NO. E-22, SUB 614
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DOCKET NO. E-22, SUB 619
DOCKET NO. E-22, SUB 620
DOCKET NO. E-22, SUB 621

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-22, SUB 614)
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In the Matter of)
Application of Dominion Energy North Carolina for)
Approval of Non-Residential Building Automation)
Program)
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DOCKET NO. E-22, SUB 615)
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In the Matter of)
Application of Dominion Energy North Carolina,)
for Approval of Non-Residential Building)
Optimization Program)
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DOCKET NO. E-22, SUB 616)
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In the Matter of)
Application of Dominion Energy North Carolina for)
Approval of Non-Residential Engagement)
Program)
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DOCKET NO. E-22, SUB 617)
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In the Matter of)
Application of Dominion Energy North Carolina for)
Approval of Non-Residential Enhanced)
Prescriptive Program)
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ORDER APPROVING
PROGRAMS

DOCKET NO. E-22, SUB 618)
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In the Matter of)
Application of Dominion Energy North Carolina for)
Approval of Residential Smart Home Program)
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DOCKET NO. E-22, SUB 619)
)
In the Matter of)
Application of Dominion Energy North Carolina for)
Approval of Residential Virtual Audit Program)
)
DOCKET NO. E-22, SUB 620)
)
In the Matter of)
Application of Dominion Energy North Carolina for)
Approval of Residential Water Savings (DR))
Program)
)
DOCKET NO. E-22, SUB 621)
)
In the Matter of)
Application of Dominion Energy North Carolina for)
Approval of Residential Water Savings (EE))
Program)
)

BY THE COMMISSION: On February 15, 2022, Dominion Energy North Carolina (DENC or the Company), filed applications seeking approval of the following programs as new energy efficiency (EE) or demand-side management (DSM) programs (individually, Program; collectively, Programs) under N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-68:

- Non-Residential Building Automation Program;
- Non-Residential Building Optimization Program;
- Non-Residential Engagement Program;
- Non-Residential Enhanced Prescriptive Program;
- Residential Smart Home Program;
- Residential Virtual Audit Program;
- Residential Water Savings (DR) and Residential Water Savings (EE) Programs.

The applications included estimates of each Program's impacts, costs, and benefits used to calculate the cost-effectiveness of the Program. DENC's calculations indicate that each Program is cost-effective under the Utility Cost (UC) and each Program,

with the exception of the Non-Residential Enhanced Prescriptive Program, is cost-effective under the Total Resource Cost (TRC) Test.

On March 18, 2022, the Commission granted the Public Staff and other interested parties an extension of time to April 14, 2022, in which to file comments. On April 14, 2022, the Public Staff filed comments recommending the Commission approve the programs. No other party filed comments.

The Public Staff summarized the Programs as follows:

Non-Residential Building Automation Program - The Program is designed to provide qualifying non-residential customers with incentives to install new building automation systems for HVAC, lighting, and building equipment systems in facilities that do not have centralized controls or have an antiquated system that requires full replacement. The average incentive modeled for this Program was \$7,500 per participant.

Non-Residential Building Optimization Program - The Program is designed to provide qualifying non-residential customers with incentives for the installation of energy efficiency improvements, consisting of recommissioning measures. While similar to the Building Automation Program, the Building Optimization Program is intended to make adjustments to existing control systems that would optimize their operations. Examples of the measures included are scheduling of lighting and HVAC systems and temperature setpoints on HVAC and water-related equipment. The average incentive modeled for this Program was \$14,864 per participant.

Non-Residential Engagement Program - The Program is designed to engage commercial building energy system operators (Operators) with best management practices to increase their awareness of operational and behavioral energy savings opportunities. The program is designed to educate and train businesses' facility management staff on ways to achieve energy savings through optimization of building energy performance and integrating best practices. The program will utilize a customer engagement portal where Operators can access educational content and technical resources as part of a series of Operator challenges. After completing these challenges, Operators will review and implement energy efficiency best practices that will earn points while competing against teams from other participating buildings. Their performance will be compared to other Operators to encourage competition to improve energy consuming behaviors. The average incentive modeled for this Program was \$9,900 per new participant.

Non-Residential Enhanced Prescriptive Program - The Program offers incentives for the installation of EE measures related to refrigeration, commercial kitchen equipment, HVAC improvements, and pumps. The average incentive modeled for this Program was \$4,539 per participant.

Residential Smart Home Program - The Program is designed to provide participants with a suite of smart home products that pair with their current smart devices (e.g., phones and tablets). Depending on the home, this program will offer

two versions of a Smart Home Kit with energy efficient measures such as smart plugs, LEDs, smart home hubs, smart thermostats, and smart home energy monitors, as well as general instructions for customers to install the measures. Customers will be encouraged to use their smart devices to access the functionality of their particular Smart Home Kits by way of apps and individual manufacturer websites that will offer “how-to” guidance for the do-it-yourself measures. Qualifying customers will be separately offered enrollment in the Company’s Smart Thermostat DR and HVAC optimization programs to further encourage savings for the customer. The average incentive modeled for this Program was \$147 per participant.

Residential Virtual Audit Program - The Program is designed to offer participants a self-directed home energy assessment using audit software. No trade ally or DENC personnel will be entering the home to perform the energy audit. Customers will be encouraged to call the program administrator or go to an online portal and answer a series of questions regarding the condition of their homes and energy usage systems. The responses will be used to generate a report showing: 1) projected energy and potential cost savings; and 2) recommended measures and actions that could improve the energy efficiency of the customer's home. Customers that complete the self-assessment will be given the opportunity to receive a kit of low-cost EE measures at no-cost. The report will provide participating customers with lists of qualified contractors who could install the recommended EE measures, along with instructions for installation and use of the measures. The average incentive modeled for this Program was \$51 per new participant.

Residential Water Savings (DR) and Residential Water Savings (EE) Programs - The DR Program will allow participants to enroll qualifying water heating and pool pumping equipment to be controlled by DENC during times of peak demand or other system conditions requiring reductions in load. The intent is to provide DENC a distributed demand response resource, as well as encourage the installation of higher efficiency water heating and pool pumping equipment through the companion EE Program. The average incentive modeled for this Program was a one-time \$40 incentive upon enrollment and an ongoing annual incentive of \$10 per new participant.

The EE Program, a companion program to the DR program, will provide incentives to encourage the installation of higher efficiency water heating and pool pumping equipment. The average incentive modeled for this Program was \$353 per new participant.

In its comments, the Public Staff stated that it had reviewed each application and believed that: (1) the filings contained the information required by Commission Rule R8-68(c) and were consistent with G.S. § 62-133.9, R8-68(c), and the Cost Recovery and Incentive Mechanism for Demand-Side Management and Energy Efficiency Programs (Mechanism), approved by Order dated May 22, 2017, in Docket No. E-22, Sub 464, and the revised Mechanism approved on March 22, 2022, to be effective January 1, 2023 ;

(2) that DENC's estimates of program costs and net lost revenue appeared to be consistent with the requirements of the Mechanism; and (3) that pursuant to the Mechanism, DENC is eligible for a performance incentive for each program.

Based on the foregoing and the entire record in this proceeding, the Commission finds good cause to approve the Programs as new DSM/EE programs. The Commission further finds and concludes that the appropriate ratemaking treatment for the Programs, including program costs, net lost revenues, and performance incentives, should be determined in DENC's annual cost recovery rider approved pursuant to Commission Rule R8-69.

IT IS, THEREFORE, ORDERED as follows:

1. That the Non-Residential Building Automation Program, Non-Residential Building Optimization Program, Non-Residential Engagement Program, Non-Residential Enhanced Prescriptive Program, Residential Smart Home Program, Residential Virtual Audit Program, Residential Water Savings (DR) Program, and Residential Water Savings (EE) Program are hereby approved as new demand side management and energy efficiency programs pursuant to Commission Rule R8-68;
2. That the Commission shall determine the appropriate ratemaking treatment for the Programs, including program costs and incentives, in DENC's annual cost recovery rider, in accordance with G.S. § 62-133.9 and Commission Rule R8-69; and
3. That DENC shall file tariffs for each program within 10 days of the date of this Order that include the effective date of the programs.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of May, 2022.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

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**STATE OF NORTH CAROLINA
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DOCKET NO. G-5, SUB 645

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Petition of Public Service Company of) ORDER GRANTING APPROVAL
North Carolina, Inc. for Temporary) OF WAIVER OF ROUTINE METER
Waiver of Routine Meter Testing) TESTING

BY THE COMMISSION: On April 22, 2022, Public Service Company of North Carolina, Inc. (PSNC or Company) filed a petition in the above-captioned docket requesting approval for a temporary waiver of the Company's obligation to conduct routine sample program testing of customers' residential and commercial gas meters as required by Commission Rule R6-25(5). In summary, PSNC stated that pursuant to Commission Rule R6-25(5), PSNC performs routine testing of its in-service meters selected using a statistical sampling process to ensure that they are within specified accuracy limits. To implement the requirements of Rule R6-25(5), PSNC states that it has developed a periodic meter sampling program (Program), which was approved by the Commission by order dated April 5, 1995, in Docket No. G-5, Sub 340. The Company states its Program is in addition to meter testing that is required by Rule R6-25 (1)-(4).

PSNC states that it tests active meters using the following process: a PSNC representative goes to the customer's premises where the meter is located, briefly stops gas service to the customer so that the existing meter may be removed and a replacement meter installed, enters the customer's premises to relight pilots and to perform safety checks, and then brings the meter to PSNC's testing facilities in Gastonia.

Following the outbreak of the COVID-19 pandemic, PSNC states that it has experienced a significant reduction in its meter inventory due to shortages and delays in delivery of critical materials and components. Specifically, PSNC states that 1) aluminum, a key material in the manufacture of meters is in short supply, 2) regulators, the device that lowers the pressure of the natural gas as it enters customers' premises, have been in short supply requiring PSNC to refurbish existing meter loops, and 3) there is a substantial shortage of the computer chips necessary to manufacture encoder receiver transmitters (ERTs), which transmit natural gas consumption data for automated meter reading. Further, PSNC states that beginning in May 2022, meters might be shipped without ERTs, which would require manual meter reads if installed. In addition, the Company states that like the regulators and loops, it will need to collect and refurbish used ERTs and meters to minimize the impacts of the ERT shortage.

PSNC states that the aggregate number of meters it is scheduled to test as part of its sampling program in 2022 is approximately 6,000, and to efficiently accomplish this level of testing, it needs to have a comparable number of meters in inventory. The Company states that despite its efforts, it only has 2,800 meters in inventory.

According to the Company, pre-pandemic orders were met by manufacturers within several months, but currently orders are not fulfilled for a year or more. From the 22,948 meters ordered since 2021, PSNC expects to only receive approximately 14,000 meters by the middle of December 2022.

PSNC states that it does not know when the supply shortage will be resolved and requests to suspend the Program indefinitely until meter, ERT, and regulator supplies improve to pre-pandemic production levels. This would allow the Company to dedicate its limited meter inventory to meet the requirements of Rule R6-25(1)-(4), as well as requests for new natural gas service, and would also allow the Company's meter shop to dedicate resources to refurbishing regulators, loops, and ERTs. PSNC states that it has not yet experienced inventory issues with its industrial customers' meters.

Finally, PSNC states that it is not concerned that temporary waiver of the Program will harm customers or increase the Company's overall operational risk and that its previous routine sample testing shows the Company's meters historically have been highly accurate.

If the petition is granted, the Company states it will keep the Commission and the Public Staff apprised of the status of its meter inventory so that the Commission can determine an appropriate date for lifting the suspension of Program sample testing. The Public Staff has confirmed with the Company that it will file with the Commission quarterly updates on its inventory status in this docket, and if a temporary waiver of routine meter testing is granted by the Commission, PSNC will continue to respond to customer requests for meter testing and evaluation in cases where customers suspect problems with their meters.

Based on the foregoing and the record, the Commission is of the opinion that it is appropriate to grant PSNC authorization to temporarily suspend its obligation to conduct routine sample program testing of its customers' residential and commercial natural gas meters pursuant to its Statistical Meter Sampling Program for one year or until such time as PSNC is able to restore its inventory of meters to a sufficient level, whichever is shorter. Should the Company require an extension to this waiver request, PSNC shall make an informational filing in the herein docket updating the Commission and the Public Staff on its inventory status, the extension period requested, and justification for the extension as needed at that time.

Public Staff is authorized to represent to the Commission that the filing requirements reflected in this Commission Order have been reviewed and agreed to by the Company.

IT IS, THEREFORE, SO ORDERED as follows:

1. That PSNC is granted a temporary waiver to suspend routine sample program testing of its customers' residential and commercial natural gas meters pursuant to its Statistical Meter Sampling Program;
2. That PSNC shall keep the Commission and the Public Staff apprised of the status of its meter inventory and file quarterly updates in this docket;
3. That PSNC shall continue to respond to customer requests for meter testing and evaluation in cases where customers suspect problems with their meters; and
4. That PSNC shall make an informational filing one year from the date of this Order should the Company require an extension to this waiver request.

ISSUED BY ORDER OF THE COMMISSION.

This the _____ day of May, 2022.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

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**STATE OF NORTH CAROLINA
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RALEIGH**

DOCKET NO. G-9, SUB 802

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Petition of Piedmont Natural Gas Company,)	ORDER
Inc., for Approval of a Compressed Natural)	APPROVING AGREEMENT
Gas Fuel Purchase Agreement)	

BY THE COMMISSION: On March 25, 2022, Piedmont Natural Gas Company, Inc. (Piedmont) filed a petition requesting approval of a Compressed Natural Gas (CNG) Fuel Purchase Agreement (Agreement) between Piedmont and McAbee Trucking, Inc. (Customer). Piedmont submitted the Agreement under seal on the grounds that it is confidential and proprietary and has been designated as such pursuant to N.C. Gen. Stat. § 132-1.2.

The Agreement provides the Customer with CNG fuel service pursuant to Piedmont's Rate Schedule 142. Piedmont stated that no other customers will be impacted by the Agreement, and that the Agreement is in the public interest.

The Public Staff presented this matter at the Commission's Regular Staff Conference on May 9, 2022. The Public Staff stated it had reviewed the Agreement and other information provided by Piedmont in response to Public Staff data requests. Based on its investigation, the Public Staff determined that the terms of the Agreement are within the parameters set forth in N.C.G.S. § 62-140. The Public Staff recommended that the Commission issue an order: (1) concluding that the Agreement is not unlawful and does not violate the rules and regulations of the Commission; (2) allowing Piedmont to provide service to the Customer pursuant to the Agreement; and (3) stating that the Commission's acceptance of the Agreement neither constitutes approval of the amount of any compensation paid thereunder nor prejudices the right of any party to take issue with any provision of the Agreement in a future proceeding.

The Commission, having carefully reviewed the Agreement between Piedmont and the Customer, concludes that the Agreement is not unlawful and does not violate the rules and regulations of the Commission. Accordingly, the Commission finds good cause to allow the Agreement to become effective and to authorize Piedmont to provide service to the Customer under the Agreement as recommended by the Public Staff.

IT IS, THEREFORE, ORDERED as follows:

1. That the Agreement between Piedmont and the Customer is hereby allowed to become effective as filed.

2. That Piedmont is hereby authorized to provide CNG service to the Customer pursuant to the Agreement.

3. That authorizing Piedmont to provide CNG service to the Customer pursuant to the Agreement filed in this docket neither constitutes approval of the amount of any compensation paid thereunder nor prejudices the right of any party to take issue with any provision of the Agreement in a future proceeding.

ISSUED BY ORDER OF THE COMMISSION.

This the _____ day of May, 2022.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

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