

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 1311

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application of Duke Energy Progress, LLC,)
for a Certificate of Public Convenience and)
Necessity to Construct a 9.5 MW Solar)
Photovoltaic Generating Facility in Buncombe)
County, North Carolina)

ORDER GRANTING CERTIFICATE
OF PUBLIC CONVENIENCE AND
NECESSITY

HEARD: Monday, May 22, 2023, at 1:00 p.m., Commission Hearing Room 2115,
 Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina

BEFORE: Chair Charlotte A. Mitchell, Presiding; and Commissioners ToNola D. Brown-
 Bland, Daniel G. Clodfelter, Kimberly W. Duffley; Jeffrey A. Hughes, Floyd B.
 McKissick, Jr., and Karen M. Kemerait

APPEARANCES:

For Duke Energy Progress, LLC:

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For the Using and Consuming Public:

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BY THE COMMISSION: On January 23, 2023, Duke Energy Progress, LLC (DEP) filed an Application for a certificate of public convenience and necessity (CPCN) to construct the Asheville Plant Solar Generating Facility (Asheville Solar Facility or Facility), a 9.5 MW solar photovoltaic (PV) generator on DEP-owned land in Buncombe County, North Carolina (Application). DEP proposed the Asheville Solar Facility in connection with

the Commission's March 28, 2016 Order Granting Application, in Part, with Conditions, and Denying Application in Part in Docket No. E-2, Sub 1089 (WCMP Order).

In support of its Application, DEP included the direct testimony and exhibits of witness Justin LaRoche, Director of Renewable Development for Duke Energy Corporation. DEP also filed with the Application Exhibit 1A, containing portions of the 2020 Integrated Resource Plan (IRP), the Commission's December 30, 2022 Order Adopting Initial Carbon Plan and Providing Direction for Future Planning, *Duke Energy Progress, LLC, and Duke Energy Carolinas, LLC, 2022 Biennial Integrated Resource Plans and Carbon Plan*, No. E-100, Sub 179 (N.C.U.C. Dec. 30, 2022) (Carbon Plan Order), and the 2022 joint DEP and Duke Energy Carolinas, LLC (DEC) Carbon Plan, including Appendix E (Solar). The Application also included Exhibit 1B (Statement of Need), Exhibit 2 (Siting and Permitting Information), Exhibit 3 (Equipment and Cost Information), and Exhibit 4 (Construction Schedule and Other Facility Information), as required by Commission Rules R8-61(b)(1) and R8-61(b)(2)-4. DEP filed parts of the Application and several of the exhibits that contained confidential information under seal.

PROCEDURAL HISTORY

On February 2, 2023, the Commission issued an Order Scheduling Hearings, Requiring Filing of Testimony, Establishing Procedural Guidelines and Requiring Public Notice (Procedural Order).

On March 14, 2023, DEP filed its Affidavit of Publication establishing that it had filed the Public Notice in the Asheville Citizen Times, a newspaper having general circulation in Buncombe County, on February 16, February 23, March 2, and March 9, 2023.

On March 24, 2023, the North Carolina Department of Administration, through the State Clearinghouse, filed a letter in the docket stating that the State Clearinghouse had reviewed the environmental impact information for the proposed Asheville Solar Facility and was submitting comments to the Commission. Because of the nature of the comments, the State Clearinghouse determined that no further Clearinghouse review was necessary on the Commission's part for compliance with the North Carolina Environmental Policy Act.

On March 28, 2023, DEP moved to cancel the public witness hearing on the grounds that no parties had filed complaints about the proposed facility in the docket. On March 29, 2023, the Commission issued an order canceling the public witness hearing.

On April 26, 2023, DEP filed supplemental information regarding its CPCN application for the Asheville Solar Facility. That information removed redactions to capital cost information that DEP had included in the public version of the application because it had filed those cost estimates as public information in Docket No. E-2, Sub 1300 Application of Duke Energy Progress, LLC for Adjustment of Rates and Charges Applicable to Electric Service in North Carolina and Performance-Based Regulation (DEP Rate Case).

On May 5, 2023, the Public Staff filed public and confidential versions of the testimony of witness Jeff Thomas. On May 9 and May 16, 2023, the Public Staff filed corrections to witness Thomas's testimony.

On May 15, 2023, DEP filed public and confidential versions of the rebuttal testimony of witness LaRoche.

On May 22, 2023, in accordance with the Procedural Order, the Commission held the expert witness hearing in this proceeding at 1:00 p.m. in Commissioner Hearing Room 2115, Dobbs Building, 430 N. Salisbury Street, Raleigh, North Carolina.

On May 25, 2023, the Commission issued an Order Requiring Proposed Orders requiring that the parties to this proceeding file proposed orders or briefs on or before 21 days from the issuance of the transcript from the expert witness hearing.

On June 28, 2023, DEP and the Public Staff filed proposed orders in this proceeding.

The following parties have filed consumer statements of position in this proceeding: (1) Judy Mattox, Chair of the Western North Carolina Sierra Club Group; (2) Gray Jernigan, Deputy Director and General Counsel of Mountaintrue, an environmental advocacy nonprofit; (3) Asheville Area Chamber of Commerce; (4) Buncombe County Government; and (5) City of Asheville. All commenters support the proposed Facility.

FINDINGS OF FACT

1. DEP is a public utility providing electric service to customers in its service area in North Carolina and is subject to the jurisdiction of the Commission.

2. The Commission has jurisdiction over DEP's Application. Pursuant to N.C. Gen. Stat. § 62-110.1 and Commission Rule R8-61(b), a public utility must receive a CPCN before constructing electric generating facilities. DEP's Application satisfies the requirements of N.C.G.S. § 62-110.1 and Commission Rule R8-61(b).

3. The proposed Asheville Solar Facility consists of an approximately 9.5 MW alternating current /12.8 MW direct current solar PV electric generator. The Facility will be located in the DEP-West balancing authority on DEP-owned land in Buncombe County, North Carolina adjacent to the currently operating Asheville natural gas-fired combined cycle (CC) plant (the Asheville Plant Site).

4. The Asheville Solar Facility will consist of PV modules affixed to a fixed-tilt racking system, 20 degree fixed-tilt racking, solar inverters, electrical protection and switching equipment, and step-up transformers. The Facility will be constructed on: (1) a former coal ash basin that DEP is fully removing and decommissioning; (2) the former coal plant itself that DEP is also fully removing and decommissioning; and (3) on top of

the lined coal ash landfill being constructed on the site. The Facility will interconnect to the existing Asheville Steam Electric Plant West 115 kV bus using the now-vacant Unit #1 (from the coal-fired plant) bay position.

5. The Asheville Solar Facility, as proposed, is not cost-competitive with solar being developed in the DEP-East balancing authority. It is estimated to cost approximately \$2500 per kW, while the Solar Investment Project, an 80 MW solar facility to be developed in DEP-East, is estimated to cost approximately \$1694 per kW. In addition, the levelized cost of energy (LCOE) for the Facility exceeds DEP's 25-year avoided cost.

6. The site of the Facility: (1) is the location on which a now-retired coal-fired electric generating facility was located; (2) involves sufficient acreage to develop multiple megawatts of solar generation and is primarily clear of trees and debris; (3) has the point of interconnection onsite, does not require additional land rights or permitting to access the interconnection facilities, does not require any outside of the fence transmission network upgrades, and would utilize the existing transmission switching station onsite; (4) is not adjacent to residential customers; and (5) is DEP-owned.

7. DEP has taken and will take steps to control costs associated with the Facility that are within its control.

8. There has been relatively little development of utility-scale solar in DEP-West as compared to eastern North Carolina, and several factors including land availability, topography, and cost have challenged solar development in western North Carolina generally.

9. DEP proposes the Asheville Solar Facility as a component of the Western Carolinas Modernization Project (WCMP), which DEP proposed as a consequence of the Mountain Energy Act of 2015, Session Law 2015-110. The WCMP, as originally proposed, targeted 15 MW of solar and 5 MW of energy storage in the Asheville region, in addition to several new natural gas-fired generating units DEP would construct at the Asheville Plant Site. While DEP's initial WCMP CPCN application did not include a request to construct a solar facility, the Commission's WCMP Order did contemplate that DEP would submit one or more applications to construct new solar capacity in the Asheville region.

10. The Commission has approved CPCNs for two other solar facilities, the Hot Springs Microgrid and the Woodfin Solar Facility, as part of the larger WCMP.

11. The LCOE of the entire portfolio of WCMP generating facilities, taken together, is below DEP's 25-year avoided cost.

12. DEP anticipates that the Facility will qualify for tax credits through the Inflation Reduction Act (IRA), including a production tax credit (PTC), as well as an enhancement on the PTC, or investment tax credit (ITC).

13. The Asheville Solar Facility will help address a growing demand for energy in DEP-West on an annual basis.

14. DEP-West is an importer of energy. The cost to wheel electricity across DEC to DEP-West is not insignificant, although it is not so significant as to make up the difference in the cost of solar constructed in DEP-East and constructed in DEP-West. The Asheville Solar Facility should reduce wheeling charges.

15. The Asheville Solar Facility is consistent with DEP's 2020 IRP, the 2020 IRP Update, and the initial Carbon Plan the Commission adopted.

16. There has been a shortfall in the procurement of solar capacity in the Competitive Procurement of Renewable Energy (CPRE) process such that the solar capacity procured through CPRE is less than anticipated by law and assumed in Carbon Plan modeling.

17. DEP plans to develop the Lake Julian Battery Energy Storage System (BESS) adjacent to and using the same point of interconnection as the Asheville Solar Facility.

18. Granting the Application serves the public convenience and necessity and is in the public interest.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 1-4

Evidence

The first two findings of fact are essentially informational, jurisdictional, and procedural in nature and are uncontroverted. Public Staff witness Jeff Thomas testified that the Application was complete and satisfied the requirements of N.C.G.S. § 62-110.1 and Commission Rule R8-61. Tr. vol. 1, 37.

The evidence supporting the third and fourth findings of fact appears in DEP's Application and its attached exhibits, the direct and rebuttal testimony of DEP witness LaRoche, and the testimony of Public Staff witness Thomas. Witness LaRoche testified that the Asheville Solar Facility will be constructed as an approximately 9.5 MW alternating current/12.8 MW direct current solar PV electric generator in Buncombe County, North Carolina. The Facility will be at the DEP-owned Asheville Plant Site. It will consist of PV modules affixed to a fixed-tilt racking system, 20 degree fixed-tilt racking, solar inverters, electrical protection and switching equipment, and step-up transformers. Other supportive equipment would include circuit breakers, combiners, surge arrestors, conductors, disconnect switches, and connection cabling. DEP expects that the Facility would produce approximately 19,700 MWh per year and that the Facility would have a service life of 35 years. Tr. vol. 1, 13-14.

DEP included Exhibit 2 with its Application that offered more detail on siting and permitting of the Asheville Solar Facility. DEP further included in Exhibit 2 information regarding: (1) geological attributes of the site; (2) aesthetic attributes of the site; (3) environmental justice considerations; (4) ecological attributes of the site; (5) habitat; (6) meteorology; (7) water supply; and (8) area population. DEP asserts that finding available sites in the Asheville region that can support a solar facility of this scale while limiting environmental impacts like tree clearing and wetland disturbance is challenging given the topography and high land cost in the Asheville region. According to DEP, the Asheville Plant site is an optimal location for the Facility because it: (1) is a brownfield development on a former coal generation site and suitable for solar; (2) has sufficient acreage to site multiple MWs of solar generation and is primarily clear of trees and debris; (3) has the point of interconnection onsite, does not require additional land rights or permitting to access the interconnection facilities, and takes advantage of the existing transmission switching station onsite; (4) is not adjacent to residential customers; (5) does not require tree clearing; and (6) is DEP-owned. Tr. vol. 1, 16. DEP witness LaRoche testified that the site for the Asheville Solar Facility is already zoned for industrial purposes, DEP has already cleared the land, and DEP has obtained the zoning permit approval from Buncombe County. *Id.* at 25.

Conclusions

The Commission concludes that DEP's application is complete and consistent with the requirements the Public Utilities Act and Commission Rule R8-61.

The Commission concludes that DEP's efforts to locate a suitable site in the Asheville area for the Asheville Solar Facility were diligent and rigorous and that the site that DEP ultimately chose was reasonable and appropriate given the geographical, locational, and topographical constraints under which DEP was operating. The Commission notes that the development of utility-scale generating facilities, including solar facilities, requires using a significant acreage of cleared land. In the coastal and Piedmont areas of North Carolina, land already cleared for agricultural purposes has been reused for solar facilities, but such land is not similarly available in the mountain regions of North Carolina. Therefore, siting a utility-scale solar farm in the mountain region is challenging, a point demonstrated by the comparative lack of utility-scale solar facilities in the western part of the state. Further, the Commission concludes that use of a DEP-owned former coal ash basin, the former coal plant itself, and a lined landfill being constructed on the site will make productive reuse of the land and minimize the environmental impacts associated with constructing a solar facility. Adaptively reusing the land and facilities for this purpose is consistent with the policy of the state to encourage and promote harmony between utilities, their users, and the environment. N.C.G.S. § 62-2(a)(5). Finally, the fact that the site offers a point of interconnection to existing transmission network assets is an advantage.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 5-8

Evidence

The evidence supporting these findings of fact appears in DEP's Application and its attached exhibits, the direct and rebuttal testimony of DEP witness LaRoche, and the testimony of Public Staff witness Thomas.

Witness Thomas notes that the Asheville Solar Facility is significantly more expensive than solar facilities located elsewhere in DEP's system and states that the Public Staff is concerned that DEP could more effectively allocate the capital for this proposed Facility and its interconnection resources. Tr. vol. 1, 35-36. The Public Staff acknowledges that DEP and DEC need a significant amount of solar capacity to meet the carbon reduction requirements of S.L. 2021-165, but also points out that the legislation requires that utilities acquire solar energy in a least-cost manner. In the Public Staff's view, there are less expensive options available to DEP than the Asheville Solar Facility. *Id.* at 42.

Witness Thomas explains that the Solar Reference Cost aids in evaluating whether DEP and DEC should procure more or less than the 1,200 MW target set by the Commission in the 2022 Solar Procurement. If the average bid price is less than the Solar Reference Cost, they will procure additional capacity, and vice versa. The cost is calculated based on a solar facility's being placed into service in 2026, includes the impact of the IRA, and include costs associated with transmission system upgrades. The Public Staff points out that the Asheville Solar Facility is significantly more expensive than the Solar Reference Cost for a utility-owned asset. *Id.* at 44.

The Public Staff states that the levelized cost of energy for the Facility is greater than the forecasted 25-year avoided cost rate for transmission-connected solar in DEP. The Public Staff also compares the Asheville Solar Facility to other solar projects in the nation and the region and found that the cost of the Asheville Solar Facility is 49% greater than the capital cost of projects between 5 and 20 MW that were installed in 2021 and 98% greater than projects in the southeast regions that were installed in 2021. *Id.* at 44-45. The Public Staff asserts, however, that a high-level analysis of the LCOE of the entire WCMP portfolio suggests that the impact of the Asheville Solar Facility is minor and that the LCOE of the entire WCMP portfolio, including the Asheville CC, is likely below DEP's most recent estimate of its 25-year avoided costs, with or without the Asheville Solar Facility. *Id.* at 44-46.

According to witness LaRoche, the Public Staff's comparison of the projected costs of the Asheville Facility to other solar projects in the Southeast region of the United States is not reasonable because in those locations land may be cheaper and utility infrastructure may be more readily accessible. DEP asserts that the WCMP Order required DEP to site a solar generating project in an area of North Carolina that is not conducive to the lowest cost solar. Therefore, a better comparison would be between the

projected costs of the Asheville Solar Facility and the costs of other solar projects in the Asheville region or regions with similar geographical challenges. *Id.* at 24-25.

DEP also disagrees with the Public Staff's comparison of the projected LCOE for the Asheville Solar Facility to the Solar Reference Cost and long-term avoided costs. Witness LaRoche notes that the LCOE for the Asheville Solar Facility reflects the costs of siting a solar facility in a challenging location whereas the Solar Reference Cost and avoided costs are benchmarks that are used to assess proposals from solar developers to construct facilities in a competitive process, which are often being constructed at up to 80 MW. *Id.* at 26.

Conclusions

The Commission shares the Public Staff's concerns regarding the cost of the Asheville Solar Facility, both as compared to other solar facilities in North Carolina and the Facility's high cost relative to system avoided costs. However, the Commission concludes, based on the relative dearth of utility-scale solar facilities in the western region of the state, that a comparison of the costs of the Asheville Solar Facility to the costs of a utility-scale solar facility that is developed in the eastern region of the state may not be a fair or accurate comparison. The cost of land in the Asheville area, the topography in the mountainous western part of the state, and the availability of interconnection have made siting of solar facilities outside of DEP-East difficult. *Id.* at 68-69. Although it is not a straightforward or simple question, the Commission on balance is persuaded that the Asheville Solar Facility and the attributes of its site present benefits that help to balance the cost. Those attributes include: (1) the construction of the facility on the site of a decommissioned coal ash basin and coal plant, which qualifies the Facility for tax benefits discussed more fully below; (2) sufficient acreage that is clear of trees and other debris; (3) an onsite point of interconnection; (4) the ability to use existing transmission assets without causing any outside of the fence upgrades; and (5) the fact that the land is already DEP-owned. Further, DEP Witness LaRoche testified that the LCOE of the Asheville Solar Facility is similar to that of the Woodfin Facility, which is a solar facility that is under development in the Asheville region. As to cost-competitiveness of the Facility, Witness LaRoche explained that certain fixed costs go into development of any project and when those fixed costs are spread out over a smaller project, such as the Asheville Solar Facility, that project will have a comparatively higher cost per kilowatt than larger projects. While the Asheville Solar Facility is small relative to solar projects procured competitively by DEP, the Facility has been sized to the extent accommodated by the site. *Id.* at 78-79. Additionally, the Commission concludes that DEP has offered persuasive evidence that it has taken and will continue to take measures to mitigate the cost items associated with the development of the Facility that are within DEP's control, including by competitively sourcing the engineering, procurement, and construction and major equipment to execute the project as cost-effectively as possible for customers. DEP believes it is ensuring that the construction of the Asheville Facility is performed in the least-cost manner by competitively sourcing the engineering, procurement, and construction and major equipment to execute the project as cost-effectively as possible for customers. *Id.* at 27-28.

The Commission recognizes that there is significant community support for the Asheville Solar Facility and gives some weight to that support. However, community support is not dispositive in the Commission's analysis of whether a proposed facility serves the public interest, especially when the utility's ratepayers are going to bear the full cost of construction of that facility. Public Staff witness Thomas expressed at the hearing, and the Commission agrees, that a utility's ratepayers should not bear the costs of meeting the energy goals of local governments and their citizens. *Id.* at 123-25.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 9-11

Evidence

The evidence supporting these findings of fact appears in DEP's Application and its attached exhibits, the direct and rebuttal testimony of DEP witness LaRoche, and the testimony of Public Staff witness Jeff Thomas.

DEP asserts that the proposed Asheville Solar Facility is a key component of the WCMP, an energy innovation project for the Asheville area. Through the WCMP, DEP explains that it has partnered with the community and its leaders to help transition Western North Carolina to a "cleaner, smarter, and more reliable energy future." *Id.* at 14. The WCMP has allowed DEP to retire the previously operational Asheville coal units and replace that capacity with new natural gas CC units. DEP explains that the WCMP calls for deliberate investment in distributed energy resources, including solar and storage, and increased promotion of and access to demand-side management and energy efficiency (DSM/EE) programs. In the WCMP Order, in which the Commission granted a CPCN for the CC units, the Commission accepted DEP's commitment to solar and storage projects and communicated an expectation that DEP would file as soon as practicable the application for a CPCN to construct at least 15 MW of solar at the Asheville Plant or in the Asheville region and to move forward with a 5 MW storage project in the Asheville region. WCMP Order at 38. As DEP notes, the Commission has already approved CPCN applications for DEP's Hot Springs Microgrid and for the Woodfin Solar Facility. Combined, those two projects will provide 7 MW of solar generation. DEP states that the Asheville Solar Facility would allow it to meet its commitment to construct at least 15 MW of solar in the Asheville area. Tr. vol. 1, 15. See Order Granting Certificate of Public Convenience and Necessity with Conditions, *Application of Duke Energy Progress, LLC for a Certificate of Public Convenience and Necessity to Construct a Microgrid Solar and Battery Storage Facility in Madison County, North Carolina*, No. E-2, Sub 1185 (N.C.U.C. May 10, 2019) (Hot Springs Order) and Order Issuing Certificate of Public Convenience and Necessity with Conditions, *Application of Duke Energy Progress, LLC, for a Certificate of Public Convenience and Necessity to Construct a 5-MW Solar Photovoltaic Generating Facility in Buncombe County, North Carolina*, No. E-2, Sub 1257 (N.C.U.C. April 20, 2021) (Woodfin Order).

The Public Staff, through the direct testimony of Public Staff witness Thomas, states that the Public Staff reviewed DEP's Application, the WCMP Order, the Woodfin Order, the Carbon Plan Order, and DEP's recent WCMP updates and believes that the

Asheville Solar Facility “is needed only insofar as the Commission believes that the WCMP Order alone is dispositive in the determination of need. If the Commission believes that the WCMP alone is sufficient to support the need for this Facility, the Public Staff recommends approval of the CPCN with conditions.” *Id.* at 35-36. However, the Public Staff takes the position that if the Commission determines that the WCMP no longer supports the need for the Facility, the Public Staff recommends that the Commission deny the CPCN and direct DEP to remove the Facility from the Carbon Plan baseline and competitively procure the shortfall, potentially in DEP-East, and to wheel the power to DEP-West if necessary. *Id.* at 36. As noted above, however, the Public Staff asserts its analysis of the LCOE of the entire WCMP portfolio suggests that the Asheville Solar Facility’s impact is minor and that the entire WCMP portfolio, including the Asheville CC, is likely below DEP’s most recent estimate of its 25-year avoided costs, with or without the Asheville Solar Facility. *Id.* at 46.

Regarding DSM/EE as a component of the WCMP, DEP noted in its Application that the WCMP calls for deliberate investment in distributed energy resources, including solar and storage, and increased promotion of and access to new and existing DSM/EE programs in western North Carolina. Public Staff witness Thomas testified that DEP’s annual WCMP progress reports do not make clear whether DEP is using DSM/EE to reduce demand in DEP-West. *Id.* at 50-51.

Witness LaRoche states in rebuttal that DEP agrees with the Public Staff that adding the Asheville Facility to the WCMP portfolio will not materially impact the economics of the WCMP. DEP disagrees, however, that only a general finding of need for the WCMP supports the need for this project. *Id.* at 23. In DEP’s view, the Commission should also consider overwhelming public support that DEP has received for each renewable energy project it has proposed in the Asheville region. DEP originally developed the WCMP in response to community and stakeholder engagement informing DEP that its DEP-West customers strongly support adding renewable energy resources to serve their communities. Asheville citizens support the construction of the Asheville Solar Facility. DEP notes that the Commission received no substantial written complaints about the proposed Facility and ultimately canceled the public witness hearing in this case as the Procedural Order allowed. *Id.* at 23-24.

DEP concedes that it is less expensive to procure solar resources in DEP’s eastern region than in DEP-West but disagrees with the Public Staff’s statement that without the WCMP, DEP would procure less expensive solar in its eastern region. According to witness LaRoche, Public Staff witness Thomas assumes that cost will always be the primary driver for a resource siting decision. The WCMP attempts to address the lack of renewable energy generation in the western part of the state resulting from the higher costs and siting challenges. DEP recognizes that DEP-West customers want to participate in the energy transition notwithstanding the region’s geographical limitations. It is identifying the most viable locations outside of DEP-East, including the Asheville Solar Facility location. *Id.* at 28.

Conclusions

As the Commission noted in the Woodfin proceeding, although DEP repeatedly refers to WCMP “directives” or “requirements,” the WCMP Order did not authorize DEP to construct the proposed 15 MW of solar and 5 MW of energy storage. The relevant paragraph reads as follows:

The Commission commends the work that DEP has begun in engaging Asheville community leaders to work collaboratively on load reduction measures. The Commission shall require DEP to continue to update it on these efforts, along with its efforts to site solar and storage in the western region. As to solar and storage, the Commission expects DEP to file as soon as practicable the CPCN to construct at least 15 MW of solar at the Asheville Plant or in the Asheville region. The Commission further urges DEP to move forward in a timely manner with the 5 MW storage project in the Asheville region. To the extent DEP does not do so, the Commission reserves the right on its own motion or on the motion of any interested party to investigate DEP’s decision not to move forward with its representations.

WCMP Order at 38.

The WCMP Order did not include an ordering paragraph approving a solar project or a CPCN for such a project. Instead, the WCMP Order conveyed an expectation that DEP would file an application for a CPCN to construct at least 15 MW of solar at the Asheville Plant or in the Asheville region as soon as practicable. In the Woodfin proceeding, after conducting its analysis of the evidentiary record, the Commission concluded that the Woodfin Facility was consistent with that expectation, particularly given the challenges of developing generating facilities as well as transmission facilities in DEP-West. The Commission noted in the Woodfin Order that the approval of the CPCN was based upon the unique facts and circumstances surrounding that application, including the WCMP Order.

The Commission notes that while construction of the Asheville Solar Facility would fulfill the 15 MW of solar that the WCMP Order forecasted, much has changed in North Carolina since the issuance of the WCMP Order, including the legislative enactment of carbon emission reduction requirements and the adoption of the initial Carbon Plan. For this reason, the Commission considers the WCMP Order not as dispositive on the issue of whether the CPCN for the Asheville Solar Facility should be granted but rather as only one factor to be considered and weighed among several others.

That being said, the expectation the Commission expressed in the WCMP Order was that DEP would seek to develop solar facilities in the western region of the state, an expectation that was and is consistent with several policies explicitly set forth in the Public Utilities Act, including the development of diversified energy resources. N.C.G.S. § 62-2(a)(10). The Commission gives some weight to the role the Asheville Solar Facility

will play in directly supporting these state policies as it fulfills the expectations of the WCMP Order.

The Commission agrees with the Public Staff that although the WCMP Order called for more promotion of and access to new and existing DSM/EE programs in western North Carolina, the record in this proceeding is not clear on whether DEP-West has adopted DSM/EE programs at a higher rate than DEP as a whole. The Commission concludes that DEP shall track and report in the WCMP annual reports the specific efforts DEP-West has undertaken to increase promotion of and access to new and existing DSM/EE programs in western North Carolina in a manner that allows the Commission to differentiate and compare the success of DSM/EE initiatives in DEP-West and DEP as a whole.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 12

Evidence

The evidence supporting this finding of fact appears in DEP's Application and its attached exhibits, the direct and rebuttal testimony of DEP witness LaRoche, and the testimony of Public Staff witness Jeff Thomas.

Witness LaRoche testified that tax credits and accelerated depreciation benefits will offset some of the project costs to the benefit of customers. Tr. vol. 1,18. Specifically, the classification of the Asheville Solar Facility as an energy community qualifies it for a ten percent increase to the PTC, and if DEP meets the prevailing wage and apprenticeship standards, the Asheville Solar Facility may qualify for a PTC of approximately \$30 per MWh for the first ten years of operation. *Id.* at 46-47. Witness LaRoche explained that the ITC is a one-time tax credit when a facility is placed into service, whereas the PTC is a tax credit that applies for a ten-year period. *Id.* at 63. DEP quantifies its tax benefits under the IRA for the Asheville Solar Facility classified as an energy community as approximately \$350,000 in the first year. The rate of the PTC will be adjusted for inflation every year, but the Facility will also degrade over time; therefore, a \$3.5 million tax benefit to DEP over the next ten years is an approximate assumption. *Id.* at 63-64.

The Public Staff concedes that locating the Facility at the site of the retired coal-fired generating facility qualifies the facility for increased tax benefits associated with the IRA and that the classification as an energy community qualifies the Facility for a 10% increase to the PTC. The Public Staff's calculation of the LCOE includes the impact of this tax credit and the energy community status. *Id.* at 46-47.

Conclusions

The Commission concludes that DEP has demonstrated a likelihood that the Asheville Solar Facility will be eligible for tax credits under the IRA, bringing down the cost of the Facility to the ultimate benefit of DEP ratepayers.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 13-14

Evidence

The evidence supporting these findings of fact appears in DEP's Application and its attached exhibits, the direct and rebuttal testimony of DEP witness LaRoche, and the testimony of Public Staff witness Jeff Thomas.

The Public Staff's analysis of hourly power imports in DEP-West indicates that such imports have significantly decreased with the operation of the Asheville CC Plant. DEP-West still relies on imports, especially in the fall and spring, which is likely due to maintenance on the Asheville CC Plant, lower demand in the DEP-East region, and relatively high production from solar facilities in DEP-East. DEP has also notified the Public Staff of a Transmission Service Request that would provide for an additional 100 MW of firm point-to-point transmission service from DEP-East to DEP-West, which is needed in cases where load exceeds generation resources in the DEP-West region or in the case of a generator outage. All these factors lead the Public Staff to conclude that although the Asheville Solar Facility would contribute to meeting DEP-West's load, it is likely unnecessary to meet DEP-West's load at this time. *Id.* at 51-52.

The Public Staff also testifies that there is a trend of increasing peaks and energy consumption in DEP-West over time. Historically, the winter peak load has been approximately 28% higher than the summer peak load, and over the next ten years that spread is expected to increase to 35%, indicating a greater need for resources that can meet the winter peak in the early morning hours. In addition, the Public Staff testifies that in general, DEP-West is growing faster than the DEP region as a whole. *Id.* at 47. The Public Staff also notes that Duke Energy's proposed Carbon Plan proposed to consolidate DEP's and DEC's system operations, effectively merging the three Balancing Authorities of DEP-West, DEP-East, and DEC. The Public Staff asserts that an eventual merger of DEC and DEP would eliminate wheeling charges between DEP-East and DEP-West and allow for more economic integration of less expensive solar located anywhere in the combined system footprint. *Id.* at 53-54.

Witness LaRoche agrees with the Public Staff analysis of historical and projected load in DEP-West and believes that the analysis further demonstrates the need for additional resources in DEP-West, such as the Asheville Solar Facility. DEP asserts that there is a trend of increasing peaks and energy consumption over time in DEP-West and that DEP-West's summer and winter peaks are growing faster than the DEP region overall. DEP asserts that a future merger between DEP and DEC may address some of the challenges of delivering power to DEP-West but that it believes it is premature to

opine on the potential impact of consolidated system operations or a utility merger on future resource needs. *Id.* at 29-30.

Conclusions

The Commission concludes that the record establishes a long-term energy need in DEP-West that the Asheville Solar Facility can help meet. Load is growing in the area, peaks are increasing, and annual energy consumption in the area is projected to increase. *Id.* at 93. While the ability of the Asheville Solar Facility to meet a specific need, such as winter peak, will not be consistent, it will serve the annual energy needs overall as part of a diverse mix of energy generation resources. *Id.* The Commission must consider energy adequacy to meet system needs every hour, day, week, and month of the year and, on an annualized basis, DEP-West needs energy. *Id.* at 106. The Asheville Solar Facility, as proposed, can be a part of ensuring that energy adequacy and meeting overall demand in DEP-West.

The Commission further concludes that Asheville Solar Facility's generation of power within DEP-West may eliminate the need for some wheeling of power from DEP-East through DEC to DEP-West. While the record indicates that the difference in cost between solar facilities in DEP-East and DEP-West is not overcome by these wheeling charges and does not indicate that the facilities in the two regions are cost competitive when taking into account the wheeling charges, *Id.* at 133-34, it is reasonable to conclude that reduction of the amount of power being wheeled will lead to a corresponding reduction in wheeling charges, which should benefit ratepayers.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 15-16

The evidence supporting these findings of fact appears in DEP's Application and its attached exhibits, the direct and rebuttal testimony of DEP witness LaRoche, and the testimony of Public Staff witness Thomas. The Commission here also takes judicial notice of filings in the DEC CPRE Rider docket, Docket No. E-7, Sub 1281 that note the status of the CPRE program.

DEP states that the Asheville Solar Facility is consistent with DEP's 2020 Integrated Resource Plan (IRP) and the 2020 IRP Update. Further, it is consistent with the Commission's initial Carbon Plan. See Order Adopting Initial Carbon Plan and Providing Direction for Future Planning, *Duke Energy Progress, LLC and Duke Energy Carolinas, LLC, 2022 Biennial Integrated Resource Plans and Carbon Plan*, No. E-100, Sub 179 (N.C.U.C. Dec. 30, 2022) (Carbon Plan Order). DEP notes that its proposed Carbon Plan filed with the Commission on May 16, 2022, assumed, as a baseline, solar generating capacity amounts that included the Asheville Solar Facility. Application at 6-7, Tr. vol. 1, 40.

DEP notes in its Application that Commission Rule R8-61 requires a description of the extent to which a proposed facility would conform to the utility's most recent biennial report and the most recent annual report filed pursuant to Rule R8-60. DEP explains that

given the overlap between the IRP process pursuant to N.C.G.S. § 62-110.1(c) and the analyses necessary to meet the carbon dioxide emissions reductions requirements of N.C.G.S. § 62-110.9, the Commission delayed the next comprehensive IRP filings under Commissions Rule R8-60(h)(1) to September 2023 and, in its Carbon Plan Order, directed Duke Energy to file a full Carbon Plan and IRP by no later than September 1, 2023 and to propose rules to govern a new combined process. Order Requiring Filing of Carbon Plan and Establishing Procedural Deadlines, Duke Energy Progress, LLC, and Duke Energy Carolinas, LLC, *2022 Biennial Integrated Resource Plans and Carbon Plan*, No. E-100, Sub 179 (N.C.U.C. Nov. 19, 2021) and Carbon Plan Order at 10.

DEP asserts that although it is filing the Asheville Solar Facility Application during the transition plan for the North Carolina IRP structure and rules, it can confirm that the Asheville Solar Facility is consistent with the 2020 IRP and the 2020 IRP Update. DEP filed the 2020 IRP on September 1, 2020, in Docket No. E-100, Sub 165. The IRP includes an update on DEP's progress on the WCMP and demonstrates that DEP will require a combination of renewable resources, DSM/EE programs, and additional base load, intermediate, and peaking generation over the next fifteen years to reliably meet customer demand. The DEP 2020 IRP identifies the need for approximately 8,800 MW of new resources to meet customers' energy needs by 2035. The 2020 IRP also calls for 100 MW of energy storage and approximately 930 MW of incremental solar installations from 2021 to 2025. Tr. vol. 1, 16-17. DEP also notes that its proposed Carbon Plan assumed, as a baseline, solar generation amounts that include 130 MW of new solar in DEP by year-end 2025, including the Asheville Solar Facility and that, therefore, the Asheville Solar Facility is consistent with DEP's 2020 IRP and the Carbon Plan Order. *Id.* at 17.

The Public Staff, in the DEC CPRE Rider docket, No. E-7, Sub 1281, noted the shortfalls in the procurements conducted pursuant to the CPRE program and expressed concerns about "cascading delays" in interconnecting solar as a result of the CPRE capacity that has not materialized. As noted by Public Staff witness McLawhorn in that proceeding, the CPRE program has experienced significant project delays, withdrawals, and terminations. The Public Staff pointed out in particular that of the 1,024 MW of solar projects that signed PPAs with DEC in CPRE Tranches 1 and 2, only 320 MW, or 24%, have achieved commercial operation, and 350 MW, or 34%, have delayed their in-service dates. CPRE Rider Tr. vol. 1, 23. The Public Staff noted that delays in interconnecting these resources risks creating a cascade of delays that may impact the interconnection of other Carbon Plan resources procured in the ongoing 2022 Solar Procurement, the 2023 Solar Procurement, and beyond. *Id.* at 24.

DEC agreed with the Public Staff testimony regarding these delays, acknowledging that 40% of CPRE sellers have not met their contractual obligations for their commercial operations dates or have terminated their CPRE programs. *Id.* at 142. DEC noted that this demonstrates that "project developers for independent power producer (IPP) projects have the option of terminating their contractual obligation to construct a generating facility and deliver power to DEC if the project is no longer profitable due to increased costs, execution risks, supply chain challenges, or other changing market circumstances." *Id.* at 142.

Somewhat relatedly, DEP witness LaRoche pointed out that none of the winning bids in the 2022 Solar Procurement, conducted after the final CPRE tranche, were located in DEP-West. Tr. vol. 1, 68.

Conclusions

The Commission finds that development of the Asheville Solar Facility is consistent with DEP's 2020 IRP and with the initial Carbon Plan. In reaching this conclusion, the Commission gives significant weight to the 2020 IRP, the 2020 IRP Update, and the Commission's Carbon Plan Order, all of which indicate a need for additional solar resources in DEP territory. Although peak load in DEP-West occurs in winter and the summer and the proposed Facility will not alone contribute significantly to meeting DEP-West's winter peaking needs, the IRP and the Carbon Plan Order support a finding that the Asheville Solar Facility's energy production will be useful to meet the needs of DEP's customers in this region where the capacity to import electric power is limited and where the load forecast shows a need for more resources to meet load. The availability of a diversity of energy resources to meet the needs of DEP customers in an area where it is challenging to develop generating resources is a benefit.

Given the foregoing, the Commission has significant concerns about the delays and withdrawals of solar projects from the CPRE process and implications for the modeling and assumptions in the initial Carbon Plan and the upcoming Carbon Plan/IRP proceeding. Certain attributes of the Asheville Solar Facility, including the facts that it will be constructed on DEP-owned land and will use an existing point of interconnection and existing transmission infrastructure, simplify and streamline its development to a significant degree. DEP and the Public Staff agreed in the DEP Rate Case to extend the in-service date of the Asheville Solar Facility from September 2025 to March 2026. Tr. vol. 1, 30. Despite that delay, the record in this case gives the Commission confidence that this is a solar facility that will actually go into service relatively soon, which weighs in favor of granting the CPCN particularly when other solar projects have not timely materialized.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 17

The evidence supporting this finding of fact appears in DEP's Application and its attached exhibits, the direct and rebuttal testimony of DEP witness LaRoche, and the testimony of Public Staff witness Thomas.

DEP's multi-year rate plan (MYRP) proposed in Docket No. E-2, Sub 1300 includes a 17 MW, four-hour battery to be installed at the retired Asheville Plant Site in support of the WCMP. The Lake Julian battery energy storage system (BESS) is expected to come online in March 2025 and will share a point of interconnection and a main power transformer with the Asheville Solar Facility, which will result in some cost savings for the overall project. The Public Staff asserts that the Lake Julian BESS benefits are not necessarily contingent on being collocated with the Asheville Solar Facility. However, the Public Staff testified that the solar facility and the battery could work together to the benefit

of the system. Tr. vol. 1, 105-06. Further, the Public Staff testified that the Lake Julian BESS will be dispatched to provide capacity and energy arbitrage benefits as well as ancillary services to the bulk power system. *Id.* at 49. DEP stated that it will continue to evaluate opportunities for costs savings as these two projects move forward. *Id.* at 71.

Conclusions

The Commission concludes that while the CPCN application does not specifically rely on construction or operation of the Lake Julian BESS, the record indicates that pairing the Asheville Solar Facility and the Lake Julian BESS could make the Asheville Solar Facility more valuable in terms of being able to meet system needs.¹ While the Commission gives the proposal for the Lake Julian BESS no weight in this proceeding, the Commission concludes that value to the DEP-West system exists, were the two facilities to be constructed and operated in coordination.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 18

The evidence supporting this finding of fact appears in DEP's Application and its attached exhibits, the direct and rebuttal testimony of DEP witness LaRoche, and the testimony of Public Staff witness Thomas.

N.C.G.S. § 62-110.1 provides for the orderly expansion of electric generating capacity to create a reliable and economical power supply and to avoid the costly overbuilding of generation resources. *State ex rel. Utils. Comm'n v. Empire Power Co.*, 112 N.C. App. 265, 278 (1993), *disc. rev. denied*, 335 N.C. 564 (1994); *State ex rel. Utils. Comm'n v. High Rock Lake Ass'n*, 37 N.C. App. 138, 141, *disc. rev. denied*, 295 N.C. 646 (1978). When evaluating an application for permission to construct a generating facility, the Commission must determine if the public convenience and necessity are best served by the generation option. The standard of public convenience and necessity is relative or elastic rather than abstract or absolute, and the facts of each case must be considered. *State ex rel. Utils. Comm'n v. Casey*, 245 N.C. 297, 302 (1957). Subsections 62-110.1(c)-(f) direct the Commission "to consider the present and future needs for power in the area, the extent, size, mix and location of the utility's plants, arrangements for pooling or purchasing power, and the construction costs of the project before granting a [CPCN] for a new facility." *High Rock Lake*, 37 N.C. App. at 140-41.

In reviewing and considering the Application, the Commission has considered these factors in determining whether the proposed Asheville Solar Facility will serve the public convenience and necessity. While, as the Public Staff notes, the facility is high-cost relative to large utility-scale solar development occurring in DEP-East, other facts of record balance against the construction cost of the facility, including that the Facility will be located on the site of a former coal-fired generating station and will use the existing

¹ The Commission has not yet issued a final order in Docket No. E-2, Sub 1300. This order should not be construed as deciding an issue in that proceeding or pre-judging an issue in that proceeding. Rather, this order simply points out additional value that the Facility and BESS, working in conjunction, provide the system.

transmission assets and point of interconnection that served that now-decommissioned coal facility. The Facility will qualify for certain tax benefits, which will be enhanced by the fact that it will be located on the site of a former coal-fired facility. The Facility will be located on land already owned by DEP and already prepared for development. The Facility will serve, in part, the energy needs of DEP-West, which are increasing over the long term and, thus, will contribute to energy adequacy. The Facility is consistent with the most recently approved IRP as well as with the Carbon Plan and plays a significant role in mitigating the potential for delays in developing solar capacity at levels consistent with Carbon Plan modeling given the shortfalls in the CPRE procurements. Finally, though not cost competitive with large solar capacity being developed in DEP-East, the Facility as proposed is in line with the cost of Woodfin Solar, and the relative lack of solar development outside of DEP-East is evidence of the challenges associated with developing solar in western North Carolina. Based on the foregoing, weighing all evidence of record, the Commission concludes that construction of the Asheville Solar Facility is consistent with the public convenience and necessity under N.C.G.S. § 62-110.1 and, therefore, should be approved subject to the conditions the Public Staff recommends. The approval of this CPCN is based upon the unique facts surrounding this Application and should not be cited by utilities to support a future construction project where the only driver is attainment of local renewable energy goals under the same cost allocation paradigm. The Commission will assign no precedential value to this Order in such a circumstance.

IT IS, THEREFORE, ORDERED as follows:

1. That the Application filed in this docket shall be, and the same is hereby, approved, and a certificate of public convenience and necessity for the Asheville Solar Facility is hereby granted;
2. That DEP shall track and report in the WCMP annual reports filed in Docket No. E-2, Sub 1089, the efforts that DEP has undertaken to increase promotion of and access to new and existing DSM/EE programs in western North Carolina in a manner that allows the Commission to differentiate and compare the success of DSM/EE initiatives in DEP-West and DEP as a whole;
3. That DEP shall construct and operate the Facility in strict accordance with all applicable laws and regulations, including the provisions of all permits issued by the North Carolina Department of Environmental Quality;
4. That issuance of the CPCN does not constitute approval of the final costs associated with the construction of the Facility for ratemaking purposes, and this order is without prejudice to the right of any party to take issue with the ratemaking treatment of the final costs in a future proceeding; and

5. That Appendix A shall constitute the certificate of public convenience and necessity issued to DEP for the Asheville Solar Facility.

ISSUED BY ORDER OF THE COMMISSION.

This the 20th day of July, 2023.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "Tamika D. Conyers". The signature is written in a cursive, flowing style.

Tamika D. Conyers, Deputy Clerk

Commissioner Daniel G. Clodfelter concurs.

Commissioner Clodfelter, concurring

As I did in Docket No. E-2 sub 1257 with respect to the order granting a CPCN for the Woodfin solar project, with considerable reservations I concur in the result. Were I forced to consider this application standing alone and without reference to the larger context arising from the Western Carolina Modernization Plan (WCMP) advanced by DEP, I would vote to deny the present application. In my view, the Public Staff is correct that, again standing alone, the instant project could not be justified under least cost planning principles. *Even after* taking into account all of the project's numerous advantages relative to other potential solar generating facilities – *i.e.*, that DEP already owns the site; that the site is of reasonable size and level topography in a region where those characteristics are in short supply; that the site is already cleared and suitable for placement of solar arrays; that the site is already properly zoned; that the project will require no off-site transmission system upgrades; that the project can readily interconnect to the existing bus at the Asheville combined cycle facility; that the project faces no known environmental obstacles; and finally that the project will be eligible for substantial new federal tax credits and incentives – the project's cost will greatly exceed the cost of similar solar facilities located elsewhere in North Carolina that do not enjoy any of these advantages. The project simply fails to be "least cost," whether considered in the long-term or the short-term.

Next, the project solves no problem and relieves no pressure in DEP's western North Carolina balancing area that cannot be better resolved, and very likely will be better resolved, by other, more comprehensive solutions. The record reflects that electricity load is growing in DEP's western North Carolina territory, that it is growing faster than other parts of DEP's service territory, and that DEP's ability to site new generating resources of any kind is more limited in its western balancing territory than elsewhere in the State. However, it is equally true that since DEP's new Asheville combined cycle plant has come into service, electricity imports into DEP's western balancing area have been decreasing, primarily due to the fact that the new combined cycle plant brought into service a significant increase in capacity beyond the capacity of the coal-fired generating units it replaced. Even when the costs of imports of bulk power into DEP's western region are taken into consideration, the total or overall cost calculus does not shift in favor of this proposed project. Moreover, in its initial Carbon Plan DEP, and its sister North Carolina Duke affiliate, have unequivocally committed to undertake, as rapidly as they can, to combine the three existing balancing authorities in North Carolina into a single operational unit, thereby eliminating or reducing barriers to intrastate bulk power transfers that now exist among them. This will be a far more powerful and more permanent approach to dealing with intrastate bulk power transfers than any efforts to site small-scale solar facilities in the mountainous part of the State.

Finally, the proposed facility does not make any substantial or material contribution to the State's overarching policy goals for transformation of the energy sector. I agree with the Commission majority that it is worrisome that the two Duke affiliates have been

unable to secure firm commitments from third party developers of solar facilities sufficient to meet the utilities' targets for new solar additions established pursuant to HB 589 and supplemented by the follow-on 2022 solar procurement process, but the 9.5 Mw capacity of this facility will make little dent in the substantial shortfall, certainly not one large enough to justify its very high cost. And in the end, the proposed facility will contribute very little to meeting the resources needs of DEP's western balancing area. Those needs are, as has been noted, now well-accommodated by the new Asheville combined cycle gas plant, and the contribution of this facility, with its low effective load carrying capacity, to winter morning peaking demand in the Asheville region will be minimal at best.

So, what saves this project? For me it is entirely the fact that it is not a standalone offering from DEP, and therefore I do not consider it in isolation from the combined package of projects and programs contained in the WCMP, a package embracing the early retirement of DEP's Asheville coal-fired generating plant (and the resulting closure of the coal ash ponds associated with that plant), the replacement of the retired coal units with the new, larger Asheville combined cycle gas-fired generating plant that provides additional generating capacity beyond the amount retired, the Hot Springs microgrid experimental project, the Woodfin solar facility, and now this project at the site of the former coal plant. I cannot ignore the history of DEP's efforts to retire the Asheville coal plant, urged and supported by the surrounding region, and to replace it with new natural gas fired generation. Nor can I ignore the fact that the package of projects that comprise the WCMP was a carefully worked out pathway to bring about that core result — the substitution of gas for coal.

DEP's original version of the WCMP, which called for even more gas-fired generation capacity to be constructed at the existing Asheville coal plant site and, to service that capacity, a new 230 kv transmission line to a major new substation in Campobello, South Carolina, had been withdrawn after it met a buzzsaw of public opposition. The revised version, publicly announced in late 2015, included a scaled-down plan for the new gas-fired generating units along with a proposal for new solar generation to be sited at the Asheville coal plant location. See <https://news.duke-energy.com/releases/duke-energy-responds-to-community-concerns;-creates-new-plan-for-western-carolinas-modernization-project>. DEP's subsequent application for the new gas-fired generating units at the Asheville location, filed in January, 2016, after this revision, contained information about DEP's plans to build up to 15 MW of solar generation at the site of the retiring coal plant and to invest in a minimum of 5 MW of utility-scale storage pilot projects in the region. WCMP Order at 4. Understandably, however, the CPCN application for the new gas-fired units did not seek simultaneous approval for the future solar generating facility, since the application was filed in order to meet the deadlines set in the Mountain Energy Act, S.L. 2015-110, which dealt solely

with the timetable for retirement of the Asheville coal units and for approval of new, replacement gas-fired generating units.¹ The General Assembly had set no comparable deadlines for the other elements of the revised WCMP. Nonetheless, the January, 2016, CPCN application clearly foreshadowed those other elements of the WCMP, and, as the present Order notes, the Commission clearly took note of those other elements. The WCMP Order “commended” DEP for them. WCMP Order at 38. In addition, the WCMP Order went so far as to caution DEP that if it did not move forward with the other elements of the WCMP, then the Commission might, on its own motion or the motion of others, “... investigate DEP’s decision *not to move forward* with its representations ... [concerning those other elements].” (WCMP Order, p. 38, emphasis added). Consistent with that commendation and that warning, one of the conditions for approval of the CPCN for the combined cycle gas plant was that DEP file with the Commission annual progress reports on, among other things, “...its efforts to site solar and storage capacity in the DEP-Western region.” (WCMP Order, Ordering Par. 6, p. 44)

Like the Commission in its Order, I do not take the position that the WCMP Order constitutes an approval of a CPCN for the present project, but I am simply unable to entangle the complicated relationships created by history and ignore what are to me the very clear and compelling “signals” from the WCMP Order. I am simply not prepared to break faith with those who worked through and lived through that history. Applying the flexible CPCN standard of “public convenience and necessity,” that is enough to get me to a point of decision. Buttressing this decision and on the matter of the costliness of this project, I take comfort in the fact that, as the record shows, when considered as an entire package, the WCMP projects are less costly for DEP’s ratepayers than DEP’s calculated “avoided cost” to procure alternative generating resources of equivalent capacity, energy, reliability, and environmental benefit. Although this project is dilutive of that positive result, its impact on the costs of the overall WCMP package is *de minimis*.

As I have said, for me this project is the final act in a long-running story. Final chapter now closed. I think it is important, though, to say something about why I hope this type of approach to solving resource needs will not be repeated in the future and why I am encouraged to think that it will not be so repeated. North Carolina has long followed the sound principle that decisions concerning how to procure the electric generating resources needed to meet the needs of the State’s citizens should be based on long-range plans employing least-cost planning principles and informed by consideration of statewide needs. This principle is embodied in the directive to this Commission in G.S. 62-110.1(c) to prepare and publish an annual plan for meeting the electricity generating resource needs of the people of the State. Although the product and fruits of the Mountain Energy Act and the WCMP were, after their creation, thereafter incorporated into and became a part of the long-range resource plans of DEP, they are clearly an imperfect application of those planning principles in that they were based upon local energy, economic, and political conditions in a part of DEP’s service territory in the

¹ The Commission’s WCMP Order takes note of this fact, stating: “Furthermore, DEP did not include the solar facility in this CPCN application because the Mountain Energy Act, under which the present application is filed, only applies to new generation that is primarily fueled by natural gas.” WCMP Order at 25.

mid-2010's. DEP's response to these local considerations may be laudable considered in and by itself, but those local interests were pressed forward without consideration of the larger needs and opportunities across the entire span of North Carolina or even the portion of North Carolina served by DEP.

Balkanized development and implementation of energy resource policy and generation planning is a bad thing for North Carolina. It was so even in 2015-16, but it is more so today. Among other things, as this application so well illustrates, localized "solutions" and "plans" present unacceptable risks that benefits will be captured and reserved locally while excessive costs and other adverse outcomes will be transferred or externalized to citizens in other parts of North Carolina. I believe HB 951's clear directive, which reinforces the original intent of G.S. 62-133.110.1(c), that the focus of all parties must be on systemwide and statewide planning, targets, and implementation measures is manifestly correct. The response of the Commission, the utilities, and interested citizens to that directive since the enactment of HB 951 are a good sign that the difficulties we are finally putting to rest in implementation of the WCMP will not be repeated in the future. I hope that will be the case.

\s\ Daniel G. Clodfelter
Commissioner Daniel G. Clodfelter

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 1311

Duke Energy Progress, LLC
410 S. Wilmington St., NCRH 20
Raleigh, NC 27601

is hereby issued this

**CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY PURSUANT TO
N.C. GEN. STAT. § 62-110.1**

For a 9.5 MW solar energy facility

located

at the Duke Energy Progress Asheville Plant site in Buncombe County, North Carolina,
on Duke Energy Drive, bordered by Highway 26 and the French Broad River to the west
and U.S. Highway 25 to the east

subject to receipt of all federal and state permits as required by existing and
future regulations prior to beginning construction and further subject to all other orders,
rules, regulations, and conditions as are now or may hereafter be lawfully made by the
North Carolina Utilities Commission.

ISSUED BY ORDER OF THE COMMISSION.

This the 20th day of July, 2023.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "Tamika D. Conyers". The signature is written in a cursive, flowing style.

Tamika D. Conyers, Deputy Clerk