

February 1, 2024

VIA ELECTRONIC FILING

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

Dear Ms. Dunston:

Re: Joint Update on Community Solar Programs
Docket Nos. E-2, Sub 1169 and E-7, Sub 1168

Dear Ms. Dunston:

Enclosed for filing in the above-referenced proceedings is Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's Joint Update on Community Solar Programs.

If you have any questions, please do not hesitate to contact me. Thank you for your attention to this matter.

Very truly yours,

/s/Nick A. Dantonio

NAD/als

Enclosure

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 1169

DOCKET NO. E-7, SUB 1168

In the Matter of)	DUKE ENERGY CAROLINAS,
)	LLC's AND DUKE ENERGY
Petition for Approval of Community)	PROGRESS, LLC'S JOINT
Solar Program to Implement N.C. Gen.)	UPDATE ON COMMUNITY
Stat. § 62-126.8)	SOLAR PROGRAMS
)	

Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP”) (collectively “Duke” or the “Companies”) hereby file this Joint Update to the October 1, 2019 Joint Interim Community Solar Report to notify the Commission that they have been unable to secure developers to participate in Duke’s Community Solar Programs (“Programs”), consistent with N.C. Gen. Stat. § 62-126.8 and Commission Rule R8-72, and as approved by the North Carolina Utilities Commission (“Commission”) in its April 4, 2019 *Order Approving Revised Community Solar Program Plan and Riders* in the above-captioned dockets (“Community Solar Order”).¹ Specifically, the Companies did not receive any bids as a result of their RFP and have not, until very recently, heard from any solar developers offering capacity at five megawatts (“MW”) and less to participate in the Programs at a rate that would enable the Companies to offer an attractive subscription fee to potential participants while still holding non-participants harmless. The Companies remain dedicated to providing opportunities for customers who cannot install or have access to rooftop solar photovoltaic (“PV”) facilities or who want to otherwise support solar renewable energy. To that end, and consistent with Section 5 of Session Law 2021-

¹ The Community Solar Order approved a revised request for proposal (“RFP”) process filed with the Companies’ reply comments that would allow solar projects sized up to 5 MW to bid into the Community Solar Program RFP. *See* Community Solar Order at 16, 26.

165 (“HB 951”), the Companies are developing and plan to share with stakeholders a new Clean Energy Connection program for shared solar that will overcome the challenges inherent in the specific requirements of Community Solar Program under N.C. Gen. Stat. § 62-128.6.² While the Companies have recently heard from Sierra Club and Vote Solar of a potentially viable Community Solar framework that those parties are developing, if this potential program is ultimately not viable, the Companies anticipate petitioning the Commission to allow them to withdraw the current Programs once the new Clean Energy Connection program is developed.

BACKGROUND

1. Pursuant to N.C. Gen. Stat § 62-126.8(c), the Commission approved the Companies’ proposal to offer the Programs for DEC and for DEP, which were designed to allow DEC and DEP customers the ability to participate in and receive the benefits from distributed solar photovoltaic resources without having to install, own, or maintain a system of their own.

2. N.C. Gen. Stat. § 62-126.8 included a number of specific requirements. Under the approved Programs, the Companies would offer up to 20 MW for subscription by residential and non-residential customers who would then receive the 20-year avoided cost as a bill credit for their pro rata share of the generation in exchange for an upfront payment as well as a monthly subscription fee. As required by N.C. Gen. Stat. § 62-128, facilities must be under 5 MW, have at least 5 subscribers and cannot allow any one subscriber to have more than 40% of the capacity of a facility. In addition to the above

² The Companies have also filed for approval of two additional clean energy customer program pursuant to Section 5 of HB 951 – Green Source Advantage Choice and Clean Energy Impact – which are currently pending before the Commission. *See* Docket Nos. E-2, Sub 1314 and 1315, and E-7, Sub 1289 and 1288.

requirements, N.C. Gen. Stat. § 62-128.6 required that non-participants in the Community Solar Programs be held harmless from the costs of the Community Solar Programs. N.C. Gen. Stat. § 62-128.8 also indicated that subscribers had a right to the RECs earned. Therefore, as approved by the Commission in its Community Solar Order, under the Companies' Programs, the RECs earned by subscribers to the Community Solar facilities would be retired on their behalf unless the subscriber chose to establish an NC RETS account in their name.

3. As reported by the Companies in the October 1, 2019 Joint Interim Community Solar Program Report ("Joint Interim Report"), despite two presentations at the North Carolina State Energy Conference, a webinar for developers about the RFP, engaging solar trade organizations in both North and South Carolina and many conversations with individual developers while the RFP was open, no projects were bid into the RFP in either utility. The Joint Interim Report provided the following:

Developers have reported that it is very difficult to build a site less than 5 MW at or below avoided cost. No projects for either utility were bid into the RFP period that ran from July 1 to August 23. Without sites identified, the program cannot be accelerated ahead of the originally proposed timeline. If there had been projects proposed, the Companies had considered what avenues would be available to prioritize them in the interconnection queue. Because there were no projects, however, such an effort is not currently necessary. Nevertheless, the Companies' Community Solar program management team is monitoring the queue reform project efforts and will take advantage of any outcomes that will help the program implement sooner and requested that the Commission consider approving an additional RFP.

Joint Interim Report at 4. To the Companies, however, queue reform has not appeared to mitigate the difficulty of building a five MW or less site at or below avoided cost that would be suitable and available as a Community Solar project.

4. Additionally, during this time period, there was some uncertainty on the application of the Solar Integration System Charge (“SISC”) on solar developers participating in the Community Solar Program. On October 17, 2019, the Commission issued its *Supplemental Notice of Decision* (“SNOD”) in the most recent avoided cost proceeding, Docket No. E-100, Sub 158. As part of that proceeding, the Commission concluded that a SISC of \$1.10 per MWh for solar QF projects in DEC and \$2.39 per MWh for solar QF projects in DEP was appropriate. SNOD at ¶¶ 4, 5. The Commission further directed, however, that it would address the applicability of the SISC as appropriate for Community Solar in the above-captioned dockets. SNOD at ¶13.

6. In 2019, after the SNOD and the Joint Interim Report, the Companies considered whether the addition of the SISC charge to developers for Community Solar would be likely be passed on to participants in the Community Solar program if imposed on Community Solar developers, adding to the complexity of issuing an RFP with this uncertainty for potential developers and likely, increased costs for potential subscribers.

7. Subsequently, the Companies have tried to attract developers to participate in these programs by continuing to have the program posted on our website³ and including the program in the Companies’ suite of available renewable options in one-off discussions with potential developers. The existing Programs have also been mentioned throughout the ongoing larger stakeholder engagement pursuant to House Bill 951 in Docket No. E-100, Sub 179.

8. In its April 4, 2019 Order Approving Revised Community Solar Program Plan and Riders, the Commission required the Companies to include in their annual report

³ See <https://www.duke-energy.com/home/products/renewable-energy/nc-shared-solar>.

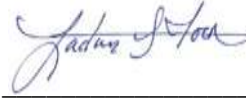
required pursuant to Commission Rule R8-72(c)(2) on issues enumerated in Paragraph 4 of that Order. Those issues are addressed in Appendix A to this Report.

9. The Companies met with the Public Staff - North Carolina Utilities Commission on December 14, 2022 to discuss the current status of the Community Solar Program and indicated that the Companies intended to file a new program under HB 951 once the Commission issued a decision on the GSA Choice and Clean Energy Impact filing that we believe will provide an economically viable community solar option in North Carolina. The filings on GSA Choice and Clean Energy Impact are currently pending before the Commission.

10. In December 2023, the Companies met with Sierra Club and Vote Solar, who requested to meet with the Companies regarding a proposed framework for Community Solar projects that they believe may be viable based on particular Inflation Reduction Act incentives. The Companies have provided additional requested information to counsel for Sierra Club and Vote Solar so they may further develop said program framework.

11. In the event Sierra Club and Vote Solar's in-development program is unviable, the Companies anticipate filing for approval to withdraw the Community Solar Programs. As noted, the Companies remain dedicated to providing opportunities to customers who cannot access rooftop solar and who otherwise want access to renewable energy to offset their own energy use. Consistent with House Bill 951, the Companies are developing, and have discussed with stakeholders, new shared solar programs that will address that need. Development of these programs remains ongoing as the Companies are taking stakeholder input into account.

Respectfully submitted, this the 1st of February 2024.



Ladawn S. Toon
Associate General Counsel
Duke Energy Corporation
P.O. Box 1551/NCRH 20
Raleigh, North Carolina 27602
(919) 546-7971
ladawn.toon@duke-energy.com

Attorney for Duke Energy Carolinas,
LLC and Duke Energy Progress, LLC

Pursuant to the Commission's April 4, 2019, *Order Approving Revised Community Solar Program Plan and Riders* ("Order"), Duke Energy Progress, LLC and Duke Energy Carolinas, LLC (collectively, the "Companies") filed their Joint Interim Community Solar Program Report in Docket Nos. E-2, Sub 1169 and E-7, Sub 1168 ("Community Solar Dockets") on October 1, 2019 ("2019 Report"). The Order directed the Companies to address the following in Ordering Paragraph 4:

- a. What avenues to accelerate the implementation of the Community Solar Program did Duke consider and what conclusions were reached as a result of this consideration;
- b. Provide an update on Customer Connect and the progress made to use the software to issue monthly on-credit bills and charges within the Community Solar Program;
- c. A summary of subscription thresholds reached in the South Carolina community solar program, the project sizes and [power purchase agreement] PPA prices, and whether the experience in implementing the Community Solar Program will be similar;
- d. What alternative methods of procurement, other than a community solar [request for proposals] RFP, is Duke considering and what is Duke's view on whether any of those alternative methods might result in lower costs of implementing the Community Solar Program;
- e. Whether Duke has considered alternative arrangements for the refunding of a pro rata portion of the upfront fee, or a discount on a replacement subscriber's fee, and what conclusions were reached as a result of this consideration;
- f. Whether Duke has changed its views on the size of the facilities or the allocation of fixed costs across the Program;
- g. Whether revisions to the estimated overhead costs of the Community Solar Program are available;
- h. Whether Duke considered [low- to moderate-income] LMI options and, if so, what conclusions were reached as a result of this consideration; and
- i. The results of the RFP, if available, and the result of the post-RFP discussions that Duke committed to undertake at an appropriate time.

The Companies addressed the above enumerated issues in their 2019 Report. The Order further required the Companies to update the issues enumerated above in subsequent annual reports. Since late 2019, there has not been significant movement towards being able to launch this Community Solar program as there have been no projects that meet the program's criteria.¹ The Companies have though launched a successful community solar program in Duke Energy Florida, Clean Energy Connection ("CEC"). Based on those learnings, the Companies are actively working on a similar CEC program design for North Carolina that will be responsive to the HB 589 goals of offering opportunities to support renewable energy for those that cannot directly participate in a rooftop solar program but will be more beneficial than the HB 589 version of community solar for program participants. The new CEC program would utilize the Companies'

¹ As noted in the 2024 Report, in December 2023, Vote Solar and Sierra Club indicated that they are working on a potentially viable community solar proposal they intend to share with the Companies.

annual procurement process for renewable resources. In parallel to the development of CEC, the Companies will move to close their HB589 versions of the program.

Pursuant to the Order, the Companies provide the following update on the HB 589 Shared Solar Program and how the Companies have considered ways to improve the program design with a new HB 951 Community Solar Program.

a. What avenues to accelerate the implementation of the Community Solar Program did Duke consider and what conclusions were reached as a result of this consideration?

Since the Companies' 2019 report, they have continued to have the program listed on the Companies' website as well as referred to the program during the extensive 2022 and 2023 stakeholder engagement on new customer programs. The availability of a solar facility meeting the program criteria remains a challenge.

b. Provide an update on Customer Connect and the progress made to use the software to issue monthly on-credit bills and charges within the Community Solar Program.

The new SAP billing system has now been implemented so the ability to now charge and credit customers for programs exists. Assuming a project was found to be suitable for this program, the Companies would then need to get a price estimate on the IT work as well as a timeline for implementation.

c. A summary of subscription thresholds reached in the South Carolina community solar program, the project sizes and PPA prices, and whether the experience in implementing the Community Solar Program will be similar.

Details around the SC Community Solar program have not changed. The program is currently fully subscribed for both the Standard Offer and LMI capacity.

d. What alternative methods of procurement, other than a community solar RFP, is Duke considering and what is Duke's view on whether any of those alternative methods might result in lower costs of implementing the Community Solar Program?

In their 2019 Report, the Companies requested approval to hold an open RFP, which would allow third-party developers to submit a project at any time for consideration. As noted above, the Companies are developing a new program (CEC) that would utilize the existing procurement process; a RFP would not be necessary.

e. Whether Duke has considered alternative arrangements for the refunding of a pro rata portion of the upfront fee, or a discount on a replacement subscriber's fee, and what conclusions were reached as a result of this consideration.

Yes. With the CEC program in Florida, there are no upfront costs to program participants. Instead, the costs are spread throughout the life of the program. Program participants also

know the rates per year for both their subscription and bill credit that are correlated to the production of the solar facilities. The Companies would look to utilize a similar model in North Carolina.

- f. **Whether Duke has changed its views on the size of the facilities or the allocation of fixed costs across the Program.**

Yes, the Companies would be looking at utilizing larger than 5MW facilities for the new CEC program. Fixed costs would be spread throughout the life of the program to all program participants, while ensuring that non-participants are held harmless.

- g. **Whether revisions to the estimated overhead costs of the Community Solar Program are available.**

Revisions to the estimated overhead costs will not be available until projects are chosen for the program. Any new estimates would likely include similar costs but with adjustments to inflation.

- h. **Whether Duke considered LMI options and, if so, what conclusions were reached as a result of this consideration.**

Yes. With the CEC program in Florida there is a carve-out specifically for LMI customers. The Companies intend to model the same here in North Carolina for CEC.

- i. **The results of the RFP, if available, and the result of the post-RFP discussions that Duke committed to undertake at an appropriate time.**

No additional RFPs have been completed.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing *Joint Update on Community Solar Programs*, as filed in Docket Nos. E-2, Sub 1169 and E-7, Sub 1168 was served electronically or via U.S. Mail, first-class postage prepaid, upon all parties of record.

This the 1st day of February 2024.

/s/ Nick A. Dantonio

Nick A. Dantonio

McGuireWoods LLP

501 Fayetteville Street, Suite 500 (27601)

P.O. Box 27507

Raleigh, North Carolina 27611

Phone: (919) 755-6605

Fax: (919) 755-6612

ndantonio@mcguirewoods.com

*Attorney for Duke Energy Carolinas, LLC
and Duke Energy Progress, LLC*