

Duffley, Kimberly

From: Diane Cherry <dianedcherry@gmail.com>
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To: Duffley, Kimberly
Subject: Ft. Bragg Article
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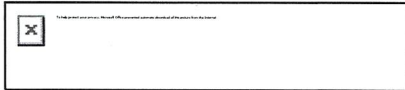
Hey Kim,
Great to see you today. I think everyone is so excited to finally be back in person and see one another.

In any case, I referenced the Fort Bragg case when we chatted and I wanted to share it with you. [Here](#) it is. I do communications for CCEBA and it is one of the blogs I wrote a while back. Happy to chat about it if you wish; important case with lots of ramifications.

Congrats on your son's graduation. Here's a pic of Ryan from a pic session last Friday. Our kids are flying the nest :-)

Diane

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Do Ratepayers Exist to Serve Utilities?

by Diane Cherry | Feb 4, 2022 | Uncategorized | 0 comments



Like most of the Southeast, North Carolina has a vertically integrated electric system in which government regulated monopolies own most power production and delivery and essentially receive a guaranteed rate of return. The state is also home to large energy ratepayers including agriculture, technology companies, manufacturing plants, and the United States military. In each of these industries, operations run around the clock and energy is one of their largest costs – if not the largest.

Most of these companies and organizations have adopted increasingly stringent and ambitious policies for greater reliability, affordability, and pollution reduction. For example, the Department of Defense has required an expansion of on-site generation for carbon pollution-free electricity at military bases and installations.

Onsite renewable energy generation is something that large energy consumers across America require when deciding where to locate or expand operations. So far, the government regulated monopoly model in the Carolinas has prevented major employers from having reliable, low cost energy they can control. This leads to a fundamental question for large energy users: Should ratepayers who are not getting what they need (i.e., onsite renewable energy generation that they control) be forced to be the 'customers' of government regulated monopolies? Or should utilities, which receive massive state and federal benefits, focus more on effective transmission and helping employers get what they need at a reasonable price? It's clear from market trends that customers want to be in the driver's seat, and having energy choice provides that autonomy. If North Carolina can't meet employers' needs, the state's jobs and tax base will pay the consequences.

Fort Bragg as One Example

In the fall of 2021, Sunstone Energy worked with Ft. Bragg to file Docket SP-100 Sub 35, which would allow the company to sell solar energy to the North Carolina-based Army military base. The Army has been trying to complete this project for over seven years. As one of the largest military installations in the world—54,000 military personnel located over 250 miles in Eastern North Carolina—Ft. Bragg needs control over its own power supply. The base, together with Sunstone Energy, hopes to generate solar energy for an Army partner that owns and controls the on-base service member housing. In the recent hearing (January 6th 2022), Fort Bragg testified that “the project is emblematic of the Army’s approach to what it believes is its sovereign authority on the base”. Duke Energy’s excuse for thwarting Ft. Bragg’s effort is that this “is a third party sale of electricity”.

Even before President Ronald Reagan fought to reduce the costs of government, Americans understood that federal bureaucracies shouldn't own and run every single kind of business where competitive markets existed. It is unprecedented to expect the U.S. Army to have to own all of its own power generation and housing in order to get the energy security it needs.

Meanwhile, similar projects have been able to go forward within other Army installations in Louisiana and Kansas – which are vertically integrated just like North Carolina. In North Carolina, Ft. Bragg and Sunstone Energy argue that Ft. Bragg is a federal entity and therefore is not subject to state law; Sunstone Energy should be able to enter an energy service agreement with Bragg Communities to

provide solar and energy services to the privatized military housing company managed by BCL.

Base security is an essential reason for Fort Bragg to site energy production within its borders. If an extreme weather event or terrorist attack takes down the Duke Energy grid, military installations need to be able to generate their own energy on a moment's notice. These concerns aren't so different from those of North Carolina businesses that cannot afford to have significant outages when the grid fails.

As recent as this week, the U.S. Department of Defense and the General Services Administration have announced a Request for Information (RFI) to gather data on supplying carbon free electricity for the federal government. This is an important step in changing how the U.S. government buys and manages electricity and another move for military bases to manage their own electricity generation.

What Ft. Bragg Example Shows About the Green Source "Advantage"

After announcing a private settlement deal with Walmart shortly before a rule hearing on the green source program, Duke Energy argued against customers for rules that made the program uneconomical and unusable for most companies. The program was supposed to hold both buyers and ratepayers harmless, but Duke Energy positioned what it called *The Green Source Advantage* as a premium program. The Army did not take advantage of Duke Energy's Green Source Advantage program under NC House Bill 589 because of the large transaction costs associated with the program (all 100 MW of its carve out were left unused). UNC, which also had a carve out under H 589, was also unable to use the program the way Duke Energy designed it. NC House Bill 589 was signed into law in July 2017. To date, **only two for-profit entities (both national banks with aggressive carbon reduction standards) have been able to make the program work.**

On the heels of the N.C. Utilities Commission developing a state carbon plan under NC HB 951, CCEBA hopes that large energy consumers will be given flexible, cost competitive opportunities to meet their needs as employers – while also contributing to the resilience of the overall grid.

Competitive energy markets offer customers savings, budget certainty (locking in prices at a fixed rate), clean energy options, and control are key requirements for job creators considering whether to locate in North Carolina or elsewhere. The public should expect government regulated electric utilities to be a help, not a hinderance, to job creation in our state.

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