June 21, 2023

Via Electronic Filing
Ms. Shonta Dunston, Chief Clerk
North Carolina Utilities Commission
430 North Salisbury Street, Dobbs Building
Raleigh, NC 27603-5918

RE: DUKE ENERGY PROGRESS, LLC, AND DUKE ENERGY CAROLINAS, LLC, REQUESTING APPROVAL OF CLEAN ENERGY IMPACT PROGRAM (DOCKETS NO. E-7, SUB 1288CS & NO. E-2, SUB 1315CS) AND GREEN SOURCE ADVANTAGE CHOICE PROGRAM AND RIDER GSAC (NO. E-7, SUB 1289CS & NO. E-2, SUB 1314CS)

CRS appreciates this opportunity to submit comments in on the clean energy impact program, green source advantage choice program, and rider GSAC (Collectively referred to "Duke's Customer Programs") submitted by Duke Energy. Our comments pertain to the effects of the implementation of HB 951 on voluntary renewable energy (VRE) generation in North Carolina.

Background on CRS and Green-e®

CRS is a 501(c)(3) nonprofit organization that creates policy and market solutions to advance sustainable energy. CRS provides technical guidance to policymakers and regulators at different levels on renewable energy policy design, accounting, tracking and verification, market interactions, and consumer protection. CRS also administers the Green-e® programs. For over 20 years, Green-e® has been the leading independent certification for voluntary renewable electricity products in North America. In 2021, Green-e® certified retail sales of over 110 million megawatt-hours (MWh), serving over 1.3 million retail purchasers of Green-e® certified renewable energy, including over 309,000 businesses.[1]

General Comment

CRS commends the State of North Carolina's establishment of a framework to achieve carbon neutrality in the State by 2050, with a 70% reduction in emissions of carbon dioxide (CO_2) by 2030 as mandated via House Bill 951 ("HB 951"). CRS provides the following information on GHG regulations in the power sector that protect voluntary demand and private investment in renewable energy (RE). For more information on impact of corporate and other voluntary green power procurement strategies and

[1] See the 2022 (2021 Data) Green-e® Verification Report here for more information: https://resource-solutions.org/g2022/.

solutions to maintain the impact of voluntary purchasing of RE in North Carolina, see CRS' November 14th, 2022, Comments.[2]

VRE and HB951[3]

By requiring a 70% reduction in emissions of CO_2 emitted in the State from electric generating facilities owned or operated by electric public utilities from 2005 levels by the year 2030, the State is setting a generation-based regulation in which reductions from renewable energy generation (and all other activities that reduce emissions at regulated units) will get counted toward compliance (the reduction target).

This represents an important change to the value and regulatory status of the benefits of renewable generation that has important implications for voluntary demand for renewable energy—those benefits are not "surplus to regulation." VRE can have no GHG impact at regulated units beyond what is required, and it subsidizes compliance for regulated entities. As VRE generation reduces emissions that can be counted toward reduction requirements, voluntary purchases help reduce the cost of GHG compliance.

Both demand-side impact on emissions and impact beyond what is required drive voluntary demand, so voluntary demand for renewable energy may suffer under GHG regulations in the power sector without a mechanism to ensure that the benefits of voluntary renewable energy are surplus to what is required. The Green-e® Energy program currently requires that generation used for Green-e® certified sales be surplus to regulation. Under current rules, the Green-e® Energy program would not be able to certify Duke's Customer Programs.

Distinction Between Double Counting and Regulatory Surplus

Double counting refers to the situation where the same renewable energy generation or its attributes are counted or claimed multiple times or by multiple parties. In this case, providers are not necessarily delivering the renewable energy that they are selling, and customers are not necessarily getting the renewable energy that they are paying for. Regulatory surplus, on the other hand, refers to renewable energy generation and associated benefits that are beyond what is required by laws and regulations. For this reason, regulatory surplus has been essential to *voluntary* claims. Without regulatory surplus, voluntary consumers may not be having the impact that they expect. Customers of products that are not surplus to regulation can credibly claim to be using renewable energy, provided RECs and any

[2] CRS' November 14th, 2022 Comments: https://resource-solutions.org/document/111422/
[3] CRS (2018). Impactful Corporate Renewable Energy Procurement in States With Carbon Policies Available at: https://resource-solutions.org/wp-content/uploads/2018/09/Corporate-Renewable-Energy-Procurement-Corporates.pdf

other instrument conveying associated generation attributes are aggregated and exclusively delivered, and that they are supporting compliance.

We thank you for this opportunity to provide comments on Duke's Customer Programs. Please feel free to reach out with any questions or comments.

Sincerely,
Lucas Grimes
Manager, Policy