

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-100, SUB 179

In the Matter of:)	<u>JOINT INITIAL COMMENTS OF</u>
Duke Energy Carolinas, LLC, and Duke)	<u>350 TRIANGLE AND NORTH</u>
Energy Progress, LLC, 2022 Integrated)	<u>CAROLINA ALLIANCE TO</u>
Resource Plans and Carbon Plan)	<u>PROTECT OUR PEOPLE AND</u>
)	<u>THE PLACES WE LIVE</u>

Pursuant to the North Carolina Utilities Commission's ("Commission") *Order Requiring Filing of Carbon Plan and Establishing Procedural Deadlines* entered on November 19, 2021 in the above-referenced docket, as extended by the Commission's *Order Granting Extension of Time* entered on November 29, 2021, the North Carolina Alliance to Protect Our People and the Places we Live ("NC-APPPL") and 350 Triangle, through undersigned counsel, hereby respectfully submits these Joint Initial Comments concerning Duke Energy Carolinas, LLC ("DEC") and Duke Energy Progress, LLC's ("DEP") (collectively, "Duke Energy" or the "Companies") Verified Petition for Approval of Carbon Plan (the "proposed Carbon Plan") filed on May 16, 2022:

On behalf of their members, NC-APPPL and 350 Triangle respectfully request that the Commission reject Duke Energy's proposed Carbon Plan because of its failure to adequately assess costs or address the climate crisis and because it will exacerbate environmental injustices associated with climate change, air and water pollution, and energy affordability.

NC-APPPL and 350 Triangle incorporate herein by reference in their entirety their Petitions to Intervene in the above-referenced proceeding. As stated

in their Petitions, NC-APPPL and 350 Triangle represent Duke Energy ratepayers throughout North Carolina who seek a just and equitable, decarbonized energy future in order to avoid the worst impacts of the climate crisis and promote environmental justice. NC-APPPL and 350 Triangle object to Duke Energy's proposed Carbon Plan because it fails to take the required steps to achieve these aims.

As proposed, Duke Energy's Carbon Plan will provide the least benefit to those most at risk from climate change, energy insecurity, and pollution impacts from fossil fuel generation. Each of the energy portfolios in the proposed Plan relies heavily on the construction of costly new gas plants. Other intervenor groups, including Appalachian Voices, NC WARN, and the Environmental Working Group have outlined in detail how the reliance on new natural gas is inconsistent with HB 951, the statute that directs the Commission to develop a plan to reduce carbon emissions and eventually transition to net-zero emissions. NC-APPPL and 350 Triangle hereby incorporate the concerns and evidentiary support provided by the aforementioned groups and offer the additional considerations below.

Despite its status as a private stockholder-owned corporation, Duke Energy is able to pass the costs for construction of new energy generation facilities onto rate-paying consumers, plus a "rate of return" on the costs of the assets to ensure profits for stakeholders. This public subsidy of private risk and guaranteed profits includes not only costs of construction, but of maintenance and fuel costs as well. Moreover, these cost breakdowns are not publicly disclosed in the proposed Carbon Plan. Certain other intervenor groups have access to cost information after

signing covenants not to disclose the data but have indicated in a recent filing that the data have still not been provided in a usable form.¹ All intervenors and ratepayers, as the parties who will ultimately have the burden of these costs, should have access to cost data to understand the inputs included in Duke Energy's modeling, as well as the opportunity to evaluate whether those costs are accurate or reasonable and prudent in light of the changing market for natural gas and competitive renewable energy sources.

At a minimum, the Commission charged with overseeing Duke Energy's operations must ensure that the Companies are making reasonable investments. In making such an assessment, the Commission must evaluate whether Duke Energy is adequately considering the full scope of costs, including social costs, of the proposed Plan. The social costs of fossil fuel energy generation include, among other issues, environmental justice concerns and the disproportionate impact of externalities such as air and water pollution and accompanying impacts on the health of people in the local communities where power plants are sited; water supply issues; agricultural productivity; and cultural impacts (particularly on Native American and historically Black communities). Intertwined and exacerbating these concerns, additional social costs stem from the myriad impacts of climate change on these vulnerable communities.

While estimates of these costs of carbon vary widely, Executive Order 246, signed by Governor Cooper on January 7 of this year, directs cabinet agencies and encourages other entities, including the Utilities Commission, to use the

¹ Informational Filing re EnCompass Database, Docket No. E-100, Sub 179 (July 8, 2022).

federal Social Cost of Greenhouse Gases,² currently \$51 per ton for carbon dioxide.³ The corresponding cost for methane, a much more powerful climate-forcing greenhouse gas, is an extraordinary \$1500 per metric ton.⁴ There is no reckoning of these externalities whatsoever anywhere in Duke Energy's proposed Carbon Plan.

Fuel costs are another consideration that must be taken into account. The Companies collected approximately \$2.1 billion each year in fuel costs from 2017 through 2021.⁵ Fuel costs are likely to be much higher in 2022 and coming years. Fuel is an annual expense that must be included in fossil-fuel infrastructure cost projections for accurate cost analyses. The Carbon Plan does not disclose whether fuel costs and future fuel cost increase projections are incorporated into Duke Energy's modeling and proposals. These costs must be included to accurately assess the financial viability of additional fossil fuel energy generation compared with that from renewable energy sources.

A predictable outcome of expanding natural gas generation is the need for expanding natural gas transmission pipelines. Duke Energy's proposed Carbon Plan fails to include cost estimates for any new supply infrastructure, including both direct and social costs of taking private land for pipeline easements, and dates of construction and completion. Inclusion of realistic cost estimates is particularly

² N.C. Exec. Order No. 246 (Jan. 7, 2022) ("North Carolina's Transformation to a Clean, Equitable Economy").

³ Interagency Working Group on the Social Cost of Greenhouse Gases, Technical Support Document: Social Cost of Carbon, Methane, and Nitrous Oxide Interim Estimates under EO 13990, Table ES-1, p. 5 (February 2021), available at: https://www.whitehouse.gov/wp-content/uploads/2021/02/TechnicalSupportDocument_SocialCostofCarbonMethaneNitrousOxide.pdf.

⁴ *Id.* at Table ES-2.

⁵ DEP & DEC's Responses to NC-APPPL Data Request No. 1-2, Docket No. E-100, Sub 180.

important, given that the initial cost estimate for the recently scrapped Atlantic Coast Pipeline was \$4.5 billion, but had climbed to \$8 billion before Duke Energy and its partners abandoned the project.⁶

Finally, Duke Energy's proposal fails to adequately consider avoided or reduced costs from meaningful energy efficiency measures, ratepayer-paid infrastructure, distributed energy (including rooftop solar generation), and other proven non-fossil fuel technologies that would save ratepayers money, improve grid resiliency, increase diversification, and abate climate change.

Given that the costs of Duke Energy's plan will be borne by the ratepayers, all costs, including construction, maintenance, and fuel costs, stranded-asset costs, supply and transmission costs, and social costs should be factored in. These costs should be public so that the ratepayers may assess whether such costs are reasonable and prudent in light of the climate crisis and the wealth of available and increasingly less costly alternatives. Because of its failure to take such costs into account, the Commission should reject Duke Energy's proposed Carbon Plan in favor of the creation of a real plan that will meaningfully reduce greenhouse gas emissions and provide a just and equitable transition to clean power for North Carolina's citizens.

Pursuant to the Commission's *Order Establishing Additional Procedures and Requiring Issues Report* entered on April 1, 2022, NC-APPPL and 350 Triangle further request that the issues of what costs are included or

⁶ Utility Dive Brief, "Duke, Dominion cancel \$8B Atlantic Coast Pipeline (July 6, 2020, updated July 7, 2020), available at: <https://www.utilitydive.com/news/duke-dominion-cancel-8b-atlantic-coast-pipeline/581028/> (last accessed July 14, 2022).

inappropriately omitted from Duke Energy's proposed Carbon Plan, whether such costs are comprehensive or reasonable, and whether Duke Energy's cost analyses and modeling should be open to public ratepayer disclosure be included as topics for an expert witness hearing in this proceeding.

Respectfully submitted this 15th day of July, 2022.

/s/ Andrea C. Bonvecchio
Andrea C. Bonvecchio
N.C. State Bar No. 56438
LAW OFFICE OF F. BRYAN BRICE, JR.
127 W. Hargett St., Ste. 600
Raleigh, N.C. 27601
Telephone: 919-754-1600
Facsimile: 919-573-4252
andrea@attybryanbrice.com
Attorney for 350 Triangle & NC-APPPL

CERTIFICATE OF SERVICE

I hereby certify that I have on this day served a copy of the foregoing *Joint Initial Comments of 350 Triangle and North Carolina Alliance to Protect our People and the Places We Live* upon each of the parties of record in these proceedings or their attorneys of record by electronic service.

This the 15th day of July, 2022.

LAW OFFICE OF F. BRYAN BRICE, JR.

By: /s/ Andrea C. Bonvecchio
Andrea C. Bonvecchio

Attorney for 350 Triangle & NC-APPPL