



December 22, 2022

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

**RE: Consideration of Certain Standards to Promote Utility Demand Response
Pursuant to the Infrastructure Investment and Jobs Act
Docket No. E-100, Sub 189**

Dear Ms. Dunston,

On November 10, 2022, the North Carolina Utilities Commission (“Commission”) opened Docket No. E-100 Sub 189 and issued an *Order Allowing Comments*. That order drew a preliminary conclusion that the Commission’s previous efforts to regulate the relevant utilities’ demand response programs satisfies Section 40104 of the Infrastructure Investment and Jobs Act’s (“IIJA”) requirement for the Commission to have considered or implemented demand response or demand flexibility standards. This order also found good cause to allow interested parties to file written comments regarding this preliminary conclusion. The North Carolina Sustainable Energy Association (“NCSEA”) respectfully submits this letter in lieu of comments in response to the Commission’s Order.

NCSEA agrees with the Commission's preliminary conclusion that North Carolina satisfies the Public Utility Regulatory Policy Act of 1978 (“PURPA”) requirement, as amended by the IIJA, for each state regulatory authority to consider or implement demand response or demand flexibility standards. North Carolina satisfies this requirement in a



variety of ways, as outlined in the Commission’s Order. These include, *inter alia*, provisions within North Carolina’s statutory laws, certain orders and policies instated by this Commission, demand response’s inclusion within the Integrated Resource Planning (“IRP”) process, the consideration and approval of certain tariffs and riders proposed by the relevant utilities, the ongoing “rate design study that includes leveraging the functionality of Advanced Metering Infrastructure,” and the cyclical review of the Energy Efficiency / Demand-Side Management (“EE/DSM”) Rider in annual proceedings. Although NCSEA believes that North Carolina clearly satisfies the low threshold that the IJA PURPA amendments require, more must be done for North Carolina to realize the full potential of demand response programs.

The Inflation Reduction Act (“IRA”)—along with the IJA—represents an unprecedented investment in clean energy infrastructure and technologies, specifically those targeting the electrification of previously fossil fuel-powered sectors. The impacts from these investments are exceedingly difficult to predict. While support for electric vehicles and building-electrification technologies such as heat pumps could lead to increased electric load, fully utilizing innovative technologies and demand response programs would help to mitigate any distribution system impacts—potentially even turning them into assets. Aligning state policy to encourage greater utilization of demand and load flexibility (in line with the overarching federal policy of encouraging greater electrification) could be an essential element of meeting societal carbon dioxide emission reduction goals in a cost-effective manner and will factor into future Carbon Plans.



As outlined in the Commission’s *Order Allowing Comments*, there are already periodic dockets before the Commission that allow for continued investigation and implementation of innovative demand response programs. The biennial IRP process, along with the closely related Carbon Plan process, is an opportunity for the Commission to further examine the role demand response programs can play within the larger electric system—potentially easing grid constraints and improving customer access to clean technologies. Meanwhile, the periodic evaluation of the EE/DSM Rider can allow for a more detailed examination of the internal mechanics of demand response programs and their potential rate impacts. Taken together, these represent excellent opportunities for the Commission to adapt and adopt impactful demand response programs in the future.

With the evolution of consumer product offerings rapidly increasing and growing more sophisticated, it is essential for the Commission to broaden its view of traditional approaches to energy efficiency and demand response. The IIJA amendments specifically provide for the consideration of demand response and demand *flexibility*. The use of “demand flexibility” as a discrete term within the IIJA suggests that it may represent technologies (and technological use cases) that would not otherwise be included in demand response programs. Emerging technologies such as smart main electrical panels, programmable home battery systems, bidirectional charging for electric vehicles, etc. demonstrate the value of using more inclusive terminology. To fully capture the grid support and system cost savings potential of demand response and demand flexibility programs, NCSEA encourages the Commission to continue to take a comprehensive



approach. Only through periodic evaluation and analysis—which includes an examination of the full scope of EE/DSM capabilities available at that time—can North Carolina realize the true value of demand response programs.

NCSEA thanks the Commission for its consideration of these matters. By copy of this letter, I am serving copies of the attached to all parties of record by electronic delivery. Please do not hesitate to contact me if any questions or concerns arise in connection with this filing.

Thank you,

/s/ Ethan Blumenthal
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Enclosures
cc: Parties of Record

CERTIFICATE OF SERVICE

I hereby certify that all persons on the docket service list have been served true and accurate copies of the foregoing filing by hand delivery, first class mail deposited in the U.S. mail, postage pre-paid, or by email transmission with the party's consent.

This the 22th day of December, 2022.

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