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November 1, 2023

VIA ELECTRONIC FILING

Ms. A. Shonta Dunston
Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

**RE: Duke Energy Progress, LLC's and Duke Energy Carolinas, LLC's
Reply Comments in Support of Motion to Conclude CPRE Program
and Discontinue Program Planning and Reporting Requirements
Docket Nos. E-2, Sub 1159 and E-7, Sub 1156**

Dear Ms. Dunston:

Enclosed for filing with the North Carolina Utilities Commission in the above-referenced proceedings on behalf of Duke Energy Progress, LLC and Duke Energy Carolinas, LLC is their Reply Comments in Support of Motion to Conclude CPRE Program and Discontinue Program Planning and Reporting Requirements.

Thank you for your attention to this matter. If you have any questions, please let me know.

Sincerely,

A handwritten signature in blue ink that reads "Ladawn S. Toon". The signature is fluid and cursive.

Ladawn S. Toon

Enclosure

OFFICIAL COPY

Nov 01 2023

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-2, SUB 1159
DOCKET NO. E-7, SUB 1156

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

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|--|---|--------------------------------|
| In the Matter of: |) | DUKE ENERGY CAROLINAS, |
| |) | LLC’S AND DUKE ENERGY |
| In the Matter of Duke Energy Progress, |) | PROGRESS, LLC’S REPLY |
| LLC, and Duke Energy Carolinas, LLC, |) | COMMENTS IN SUPPORT OF |
| Joint Petition for Approval of |) | MOTION TO CONCLUDE CPRE |
| Competitive Procurement of Renewable |) | PROGRAM AND DISCONTINUE |
| Energy Program |) | PROGRAM PLANNING AND |
| |) | REPORTING REQUIREMENTS |

NOW COMES Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP” and together with DEC, the “Companies”) by and through counsel, and pursuant to the North Carolina Utilities Commission’s (“Commission”) *Order Setting Time for Intervention and Filing Comments* and *Order Granting Extension of Time to File Comments and Reply Comments* issued in the above-captioned dockets on September 19 and October 9, 2023, respectively, and hereby responds to the Comments of the Public Staff—North Carolina Utilities Commission (“Public Staff”) and Joint Comments of the Carolinas Clean Energy Business Association (“CCEBA”) and North Carolina Sustainable Energy Association (“NCSEA” and together with CCEBA, “CCEBA/NCSEA”) filed on October 18, 2023 regarding the Companies’ Final Competitive Procurement of Renewable Energy (“CPRE”) Program Plan and Motion to Conclude CPRE Program and Discontinue Program Planning and Reporting Requirements (the “Motion”).

REPLY COMMENTS

I. No Party Objects to the Companies' Request to Conclude the CPRE Program and Discontinue the CPRE Program Planning and Reporting Requirements

In the Motion, the Companies requested that the Commission formally close the CPRE Program and discontinue the CPRE Program planning and reporting requirements set forth in Commission Rule R8-71 Subsections (g) and (h). The Companies explained that formal closure of the CPRE Program is appropriate because the Commission previously determined that the CPRE Program would be considered “closed out” when the 2022 Solar Procurement process concluded.¹ The Companies further explained that the CPRE Program planning and reporting requirements set forth in Commission Rule R8-71(g) and (h) would be unnecessary and contextually illogical if the Commission formally closed the CPRE Program because the rules generally relate to ongoing CPRE Program procurements.

Neither the Public Staff nor CCEBA/NCSEA object to the relief sought by the Motion. Specifically, The Public Staff agreed with the Companies that “the CPRE Program has concluded.”² CCEBA/NCSEA noted that they “do not object to the termination of the CPRE programs as requested by [the Companies]...”³ The Public Staff also agreed with the Companies that the CPRE Program planning and reporting requirements set forth in

¹ *Order Permitting Additional CPRE Program Procurement and Establishing Target Procurement Volume for the 2022 Solar Procurement*, at 7, Docket Nos. E-2, Subs 1159 and 1297, and E-7 Subs 1156 and 1268 (Nov.1, 2022) (stating that “the CPRE Program will be closed out upon the conclusion of the 2022 Solar Procurement.”)

² Public Staff Initial Comments at 3.

³ CCEBA/NCSEA’s Joint Comments at 2.

Commission Rule R8-71(g) should be discontinued.⁴ The Public Staff additionally did not object to discontinuing Rule R8-71(h)'s reporting requirements⁵ but opined that it would be valuable for the Companies to continue to provide information relating to the renewable energy and the number of renewable energy certificates obtained through the CPRE Program (currently required by Rule R8-71(h)(2)(iii)) as well as the costs and authorized revenues incurred by the utility (currently required by (h)(2)(vi)). However, the Public Staff also recognized that the Companies provide that information in their annual CPRE rider proceedings, and the Companies commit to continue to provide this same information currently required by Rule R8-71(h)(2)(iii) and (vi) in future CPRE rider filings.

II. The Companies Will Continue to Evaluate Prudent and Commercially Reasonable Solutions to Successfully Procure Future Controllable Solar Resources to Meet Carbon Plan-Directed Procurement Targets While Ensuring Grid Reliability is Maintained or Improved

Both the Public Staff and CCEBA/NCSEA highlight recent market disruptions and challenges that have impacted the CPRE Program and resulted in a material number of projects refusing to execute an awarded CPRE Power Purchase Agreement (“PPA”) or terminating an executed CPRE PPA.⁶ CCEBA/NCSEA also describe specific proposals for addressing recent market disruptions and challenges faced by developers. Specifically, they describe their previous support for a market price adjustment mechanism and proposal to address uncompensated curtailment.⁷ Notably, CCEBA/NCSEA’s discussion of these prior

⁴ Public Staff Initial Comments at 3 (“...the Public Staff agrees that no reporting requirements contained in the CPRE Program Plan should continue.”).

⁵ See Public Staff Initial Comments at 3-4 (“However, both pieces of information are provided as part of each Companies’ CPRE rider proceedings.”).

⁶ CCEBA/NCSEA’s Joint Comments at 5; Public Staff Initial Comments at 4-5; The Public Staff also provides a summary table at 2 (Table 1) that the Companies agree is accurate and which reflects some of the challenges selected projects have had with achieving commercial operation.

⁷ CCEBA/NCSEA’s Joint Comments at 8-9.

proposals are not related to their position in response to the Motion but, instead, are focused on the framework for future solar procurements under N.C.G.S. § 62-110.9 and the Commission's initial Carbon Plan.⁸

The Companies agree with the Public Staff and CCEBA/NCSEA that the CPRE Program experienced unexpected challenges outside the bidders' control such as COVID, inflation, supply chain challenges and other market disruptions. As the CPRE terminations demonstrate, these events—coupled with commercial decisions and bidding assumptions within the bidders' control—significantly impacted developers' ability to deliver projects selected in the CPRE procurements at the offered bid prices. Recognizing these challenges, the Companies continue to actively monitor the remaining CPRE Program projects that have not yet achieved commercial operation and will provide updates to the Commission in future CPRE Rider filings and other dockets, as appropriate.

Further, the Companies continue to review the Commission-approved form of the CPRE PPA, which has not materially changed since the early tranches of the CPRE Program. The Companies' current form of PPA continues to be a commercially reasonable contract that provides clear commercial obligations to all parties and protects the Companies and customers in the event of counter-party default. However, the Companies appreciate CCEBA/NCSEA's continued engagement and interest in managing the commercial, development, and operational risks for market participants and the Companies, with input from the Public Staff, will continue to work with CCEBA/NCSEA (and other stakeholders) to evaluate proposals that mitigate risks for market participants as

⁸ CCEBA/NCSEA's Joint Comments at 9 (“[CCEBA/NCSEA] appreciate this opportunity to update the Commission on the challenges faced by the CPRE program and opportunities for improvement in future competitive procurements.”).

long as they do not unreasonably shift risk to the Companies and customers. To that end, the Companies will continue to evaluate prudent and commercially reasonable solutions to successfully procure future controllable solar resources to meet Carbon Plan-directed procurement targets while ensuring grid reliability is maintained or improved.

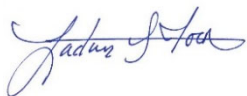
The Companies commit to engage with CCEBA/NCSEA, stakeholders, and interested market participants to discuss the framework of the planned 2024 solar and solar paired with battery energy storage Request for Proposals (“RFP”) in the coming months. The Companies will update the Commission on these discussions and identify any notable changes in the RFP framework or contracting documents in their February 15, 2024, proposal pursuant to the Commission’s *Order Adopting Initial Carbon Plan and Providing Direction for Future Planning*.⁹

WHEREFORE, Duke Energy Carolinas, LLC and Duke Energy Progress, LLC respectfully submit these Reply Comments and renew their request for the Commission to issue an Order:

- i. Formally concluding implementation of the CPRE Program and transitioning to the new procurement framework established by N.C.G.S. § 62-110.9 and Session Law 2021-165;
- ii. Discontinuing the planning and reporting requirements set forth in Commission Rule R8-71 Subsections (g) and (h); and,
- iii. Granting any other relief the Commission deems just and necessary.

⁹ *Commission’s Order Adopting Initial Carbon Plan and Providing Direction for Future Planning*, at 133 (Ordering Paragraph No. 21), Docket No. E-100, Sub 179 (Dec. 30, 2022).

Respectfully submitted this 1st day of November, 2023.

By:  _____

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ATTORNEYS FOR DUKE ENERGY
CAROLINAS, LLC AND DUKE ENERGY
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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing Reply Comments in Support of Motion to Conclude CPRE Program and Discontinue Program Planning and Reporting Requirements, as filed in Docket Nos. E-2, Sub 1159 and E-7, Sub 1156, were served electronically upon all parties of record.

This the 1st day of November, 2023

/s/ Kristin M. Athens
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