NORTH CAROLINA UTILITIES COMMISSION

MINUTES OF REGULAR COMMISSION STAFF CONFERENCE

May 10, 2021

The Regular Commission Staff Conference of the North Carolina Utilities Commission was held on Monday, May 10, 2021, at 10:00 a.m., with Commissioner Duffley, presiding. The remote meeting was conducted by use of simultaneous communication (via Webex) pursuant to N.C. Gen. Stat. § 166A-19.24, streamed live online, and available to the public.

The following were present during the entirety of the remote meeting:

COMMISSIONERS

Commissioner Gray
Commissioner Hughes
Commissioner McKissick

COMMISSION STAFF: Ms. Lazo, Ms. Henderson, Mr. Watson, Ms. Fennell, Ms. Hicks, Ms. Webb-Shackleford, Ms. Duffy, Ms. Condie, Ms. Blue, Ms. Hilburn, Ms. Paschal, Ms. Eastwood, Ms. Jayasheela, Ms. Burns, Mr. Hardy, Mr. McCoy

PUBLIC STAFF: Ms. Downey, Ms. Culpepper, Ms. Holt, Mr. Josey, Mr. Henry, Ms. Bosswell, Mr. Meda, Mr. Brown, Mr. McLawhorn, Mr. Lucas, Mr. Thomas, Ms. Junis, Mr. Franklin

ATTORNEY GENERAL:

COURT REPORTER: Ms. Mitchell

D.   ELECTRIC

P1.   <u>DOCKET NOS. E-2, SUB 1106, E-7, SUB, 1113, and E-7, SUB 1246 – DUKE ENERGY CAROLINAS AND DUKE ENERGY PROGRESS REQUEST FOR A WAIVER OF SECTION 5.4 OF THE NORTH CAROLINA RENEWABLE ENERGY TRACKING SYSTEM OPERATING PROCEDURES AND FOR A PRIOR PERIOD ADJUSTMENT</u>

EXPLANATION: On May 4, 2021, Duke Energy Carolinas, LLC (DEC) and Duke Energy Progress, LLC (DEP) (collectively Duke) filed a letter requesting that the Commission issue an order for a prior period adjustment and waiver of Section 5.4 of the North Carolina Renewable Energy Tracking System (NC-RETS) Operating Procedures (Operating Procedures) and to direct the Administrator of NC-RETS to amend DEC's and DEP's net metering sub-accounts by removing renewable energy certificates (RECs), which were incorrectly reported to NC-RETS and retired to comply with the Renewable Energy and Energy Efficiency Portfolio Standard (REPS) in 2018 and 2019 and pending retirement for 2020 compliance in the current REPS proceeding in Docket No. E-7, Sub 1246.

On June 5, 2018, the Commission issued its Order Approving Rider and Granting Waiver Request (NMNTD Order) in Docket Nos. E-2, Sub 1106 and E-7, Sub 1113, requiring DEC and DEP to use NREL's PVWatts™ Solar Calculator to estimate the generation from net metering non-TOU demand (NMNTD) customers' solar facilities, as permitted by Commission Rule R8-67(g)(2). DEC and DEP use this calculator to report the total amount of electricity produced by the NMNTD facilities under the rider directly into NC-RETS annually, and have done so since June 5, 2016.

DEC and DEP recently realized that, since June 5, 2016, the amount of net metering RECs each company has been reporting to NC-RETS annually has incorrectly included some customers on Time of Use Demand (TOUD) rate schedules. DEC and DEP do not own the RECs produced under the TOUD rate schedules. Upon the discovery that TOUD customers were included in the reports, Duke extensively researched its historical reports to determine the number of RECs that belong to the TOUD customers and was incorrectly included in the totals that DEC and DEP provided to NC-RETS.

From June 5, 2016, through December 31, 2020, DEC reported a total of 269,455 net metering RECs to NC-RETS, of which 67,815 actually belong to TOUD customers, leaving a total of 201,640 RECs that belong to DEC. DEC has already retired 243,671 net metering RECs for 2018-2020 REPS compliance. Duke stated in its May 4, 2021 letter that DEC has a surplus of general RECs in its accounts to cover the shortfall created by the RECs at issue in the 2018 and 2019 compliance years, which means that DEC now needs to retire an additional 42,030 RECs in order to account for the difference.

From June 5, 2016, through December 31, 2020, DEP reported a total of 210,268 net metering RECs to NC-RETS, of which 63,301 actually belong to TOU Demand customers, leaving a total of 146,967 RECs that belong to DEP. DEP has only retired

13,758 of these RECs for 2019 compliance, and, therefore, no changes are needed to DEP's prior REC retirements.

The Public Staff consulted with Duke and the NC-RETS Administrator to determine the most efficient way to correct DEC's and DEP's sub-accounts to accurately reflect the correct number of RECs created by Duke's net metering customers and report to NC-RETS for retirement. Based on Duke's May 4, 2021 letter and conversations with Duke and the NC-RETS Administrator, the Public Staff recommends the Commission issue an order granting a waiver of Section 5.4 of NC-RETS Operating Procedures and requiring Duke to work with the NC-RETS Administrator to take all of the following steps:

1) Transfer 42,031 DE Carolinas Net Metering – NMNTD RECs that were selected for retirement for DEC's 2020 compliance, currently in sub-account Pending-2446, to the NC-RETS Administrator account.

2) Transfer 25,784 DE Carolinas Net Metering – NMNTD RECs from sub-account Active-320 to the NC-RETS Administrator account.

3) Retire all 67,815 DE Carolinas Net Metering – NMNTD RECs transferred to the NC-RETS Administrator account to remove them from the system.

4) Transfer 20,884 vintage 2017 DE Progress Net Metering – NMNTD RECs from sub-account Active 192 to the NC-RETS Administrator account.

5) Transfer 13,281 vintage 2018 DE Progress Net Metering – NMNTD RECs from sub-account Active 192 to the NC-RETS Administrator account.

6) Transfer 13,966 vintage 2019 DE Progress Net Metering – NMNTD RECs from sub-account Active 192 to the NC-RETS Administrator account.

7) Transfer 15,170 vintage 2020 DE Progress Net Metering – NMNTD RECs from sub-account Active 192 to the NC-RETS Administrator account.

8) Retire all 63,301 DE Progress Net Metering – NMNTD RECs transferred to the NC-RETS Administrator account to remove them from the system.

Once these steps have been performed, DEC will then select for retirement an additional 42,031 RECs in its inventory to meet its 2020 REPS Compliance Requirements and will move them into sub-account Pending-2446. DEP will address this in its 2020 REPS proceeding.

On January 31, 2011, the Commission approved the Operating Procedures for users of NC-RETS in Docket No. E-100, Sub 121. Section 5.4 of the Operating Procedures addresses prior period adjustments:

> Adjustments can be requested by an Account Holder, including Self-Reporting Facilities, or a [qualified reporting entity], after the [metering] data is reported and used to issue Certificates in NC-RETS. These adjustments are known as Prior Period Adjustments. . . . NC-RETS will not accept adjustments for generation reported more than one year prior.

As stated above, the NC-RETS operating procedures do not provide for the adjustment of RECs more than one year after the associated energy was produced. The intent of this policy is to incentivize generators and utilities to quickly address potential metering problems. In addition, the policy allows potential REC purchasers to have confidence in the validity of RECs that have been issued by NC-RETS. A majority of the RECs at issue are associated with energy generated more than one year ago; however, Duke seeks a waiver of Operating Procedure Section 5.4 in order to allow the NC-RETS Administrator to adjust the DEC and DEP NC-RETS accounts, thereby allowing DEC and DEP to correctly fulfill their REPS obligations and have accurate accounting going forward.

The Public Staff recommended that the Commission issue the proposed order (1) waiving the one-year limit on prior period adjustments under Section 5.4 of the Operating Procedures; (2) requiring DEC and DEP to work with the NC-RETS Administrator to amend the accounts as requested as soon as possible; (3) requiring DEC to submit RECs to account for the RECs transferred to the Administrator Account; (4) directing the NC-RETS Administrator to submit a report to the Commission in Docket Nos. E-2, Sub 1106, E-7, Sub 1113, and E-7, Sub 1246 as to the status of DEC's and DEP's REC accounts at issue as soon as the adjustments have been completed, but no later than June 10, 2021.

It was moved and passed that the Public Staff's recommendation be adopted.