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December 20, 2021

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 Carolinas, LLC and Duke Energy Progress,
LLC's Initial Comments in Support of Joint Proceeding
Docket Nos. E-7, Sub 1259 and E-2, Sub 1283**

Dear Ms. Dunston:

Enclosed for filing in the above-referenced dockets, please find Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's Initial Comments in Support of Joint Proceeding.

If you have any questions, please do not hesitate to contact me. Thank you for your attention to this matter.

Sincerely,

Jack E. Jirak

Enclosure

cc: Parties of Record

OFFICIAL COPY

Dec 20 2021

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-7, SUB 1259
DOCKET NO. E-2, SUB 1283

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	
Joint Petition of Duke Energy Carolinas, LLC)	INITIAL COMMENTS OF DUKE ENERGY CAROLINAS, LLC AND DUKE ENERGY PROGRESS, LLC IN SUPPORT OF JOINT PROCEEDING
and Duke Energy Progress, LLC to Request)	
the Commission to Hold a Joint Hearing with)	
the Public Service Commission of South)	
Carolina to Develop Carbon Plan)	
)	

NOW COME Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP”) (collectively, “Duke Energy” or the “Companies”), pursuant to the North Carolina Utilities Commission’s (“NCUC” or the “Commission”) November 23, 2021 Order Requesting Comments on Petition for Joint Proceeding (the “Order Requesting Comments”), and hereby submit these Initial Comments in support of the Companies’ November 9, 2021 Petition for Joint Proceeding (“Petition”), petitioning the Commission to hold a joint proceeding with the Public Service Commission of South Carolina (“PSCSC”) in 2022 to develop the Commission’s initial plan to achieve the least cost path to meet HB 951’s carbon reduction goals (“Carbon Plan”).

As addressed in the Petition, Duke Energy is committed to continuing to aggressively pursue a clean, reliable, and affordable energy transition for the Carolinas, with significant near-term carbon reduction by 2030 and net-zero carbon emissions by 2050. The Companies’ goals for their systems—which systems span both North Carolina and South Carolina—are consistent with and designed to achieve the carbon reduction targets mandated by the North Carolina General Assembly through Session Law 2021-165

(“HB 951”). Perhaps just as importantly, however, these goals are consistent with Duke Energy’s customers’ increasing demands for cleaner energy in both States and will result in longer term reliability and resiliency, provide fuel security, ensure continued access to capital, assist in economic development and retention efforts, and mitigate other risks. For these and many more reasons, Duke Energy believes that this energy transition is in the public interest for its customers in both North Carolina and South Carolina.

Duke Energy asks this Commission and the PSCSC to undertake this unprecedented joint proceeding to review and develop the initial Carbon Plan because coordination and cooperation between the States at this time of significant transition provides the most efficient process to facilitate a clear and consistent resource planning pathway to serve customers across state lines. Over many decades, the DEC and DEP utility systems were prudently and purposefully designed as joint systems across North Carolina and South Carolina, and customers across state lines have benefited greatly from the reliable, affordable power the Companies are able to provide across their respective systems, leveraging resources in both States.

As detailed in the Petition, the Companies believe that a workable procedural framework for coordination between the Commission and the PSCSC can be achieved. Duke Energy has engaged numerous stakeholders on these issues to date and looks forward to working with the Commission, Public Staff and other interested parties in North Carolina as well as the Office of Regulatory Staff (“ORS”) and other South Carolina stakeholders to address any concerns or challenges identified in initial comments.

INITIAL COMMENTS

I. The Proposed Joint Proceeding Will Facilitate a More Efficient Resource Planning Process Given the Substantial Number of Overlapping Issues and Parties

The issues to be addressed in the Commission’s upcoming proceeding to consider and adopt the Carbon Plan overlap closely with issues that must be included in the Companies’ IRPs filed in both States, including unit retirement decisions and planning for new generation. Duke Energy necessarily must plan its systems for a single future. Because the DEC and DEP systems operate across state lines (that is, North Carolina customers are served, in part, by South Carolina-sited generation and South Carolina customers are served, in part, by North Carolina-sited generation), this single future must both represent the “most reasonable and prudent” plan for South Carolina¹ and achieve the carbon reduction goals established by HB 951, which are consistent with the carbon reduction goals that the Companies believe are in the public interest for both North Carolina and South Carolina.

Carbon Plans and IRPs will be fundamentally linked as long as the Companies continue system-wide resource planning—and the respective Commissions support system-wide allocation of costs—across both States.² It is not workable for Duke Energy to move forward with misaligned system-wide resource plans approved as a Carbon Plan in North Carolina versus an IRP in South Carolina. Based upon the current regulatory circumstances presented by HB 951, the proposed joint proceeding to develop the initial Carbon Plan provides the most efficient process to facilitate a clear and consistent resource planning pathway to serve all Duke Energy’s customers across state lines.

¹ See Petition at 10; see also S.C. Code Ann. § 58-37-40(C)(3).

² See Petition at 10 (describing benefits of coordinated resource planning and system allocation of costs).

In addition to presenting overlapping resource planning issues between the States, it is also notable that interested stakeholders have intervened in both the above-captioned proceedings as well as the PSCSC companion docket (2021-349-E). This multi-jurisdictional participation by North Carolina Sustainable Energy Association (“NCSEA”), the Carolinas Clean Energy Business Association (“CCEBA”), and the Carolina Industrial Group for Fair Utility Rates (“CIGFUR”), amongst others, reflects their interest in the Companies’ least cost energy transition to a cleaner energy portfolio across both States and the recognition that both Commissions have important roles in overseeing Duke Energy’s system-wide operations. As addressed in the Companies’ Petition, a joint proceeding would create regulatory efficiencies for these parties, as well as allow the South Carolina ORS and other South Carolina stakeholders to have an active voice in a North Carolina-South Carolina proceeding to assess the Companies’ long-term least cost Carbon Plan that will necessarily inform future system-wide IRPs.

II. Joint Planning and Operation Has Provided Substantial Benefits to Customers and the Requested Joint Proceeding Will Most Efficiently Identify the Least Cost System-Wide Energy Transition.

Joint planning and operation has provided benefits to North Carolina and South Carolina customers for decades. For example, North Carolina customers have relied upon (and paid their allocated cost to build and operate) significant carbon-free generation located in South Carolina. Six of the Companies’ combined 11 carbon-free baseload nuclear units totaling over 5,600 MW are located in South Carolina. The Bad-Creek and Jocassee pumped hydroelectric stations located in Oconee County, South Carolina also provide 2,140 MW of carbon-free dispatchable pumped hydro capacity to the DEC system. Recently, solar resources procured through North Carolina’s Competitive Procurement of Renewable Energy Program have also been located in both States.

If the benefits of joint planning and operation are to be maintained, then coordination between the States is needed in terms of timing for coal retirement and planning for replacement resources on a least cost basis. The joint proceeding would facilitate the opportunity for stakeholders in each state to participate in these critical decisions through the consideration of the initial Carbon Plan.

Continued joint planning and operation also necessarily requires regulatory certainty regarding Duke Energy's ability to recover its costs incurred to plan and operate a joint system. As highlighted in the Petition "[w]hether it is just and reasonable for North Carolina to have a North Carolina-only Carbon Plan or a Carbon Plan applicable to both North Carolina and South Carolina, with generation and costs allocated between the two States, is an important consideration for both resource planning and in setting just and reasonable rates to be charged to the Companies' Carolinas customers."³

As the Companies explained in their Petition, the Companies do *not* propose—nor would it be appropriate for them to propose—that the two Commissions should render a joint decision, approving or rejecting the Carbon Plan, or that the respective Commissions would otherwise exert influence on the neighboring Commission's statutory responsibility to oversee the Companies' resource planning for their State. The Companies' Petition recognizes that each Commission has separate regulatory responsibilities to its State and Duke Energy is not advocating that the PSCSC should have a decision-making authority over the Commission's task under HB 951 to develop and approve a Carbon Plan. Similarly, Duke Energy is not asking the PSCSC to simply adopt the Commission's Order

³ Petition at 9.

adopting a Carbon Plan without its own independent assessment of whether the Carbon Plan is the most reasonable and prudent resource planning pathway for South Carolina.

Instead, the Companies believe that it would be appropriate for the PSCSC and South Carolina stakeholders to take part in the procedural aspects of this docket—including through simultaneous filing of testimony in both dockets, rights to issue and receive discovery, and participation in an evidentiary hearing to vet the Carbon Plan. By actively participating in the proposed joint proceeding, the PSCSC will then be able to independently assess the Carbon Plan as it is developed and come to its own independent conclusions regarding incorporation of the Carbon Plan in the South Carolina IRPs.⁴ It is the Companies' hope that the two commissions—after hearing the same evidence, reviewing the same pleadings, and hearing the same cross-examination and commission questions—would independently arrive at consistent conclusions.

III. Procedural Update on South Carolina Companion Proceeding

Recognizing the goals of cooperation and coordination between the Commission and the PSCSC, the Companies have several updates to share with the Commission with respect to the procedural posture of the corresponding Petition for Joint Proceeding with the PSCSC (the “SC Joint Petition”) and the Companies' related IRP proceedings in South Carolina.

First, on November 22, 2021 and in response to the SC Joint Petition, the Chief Hearing Officer of the PSCSC set the following deadlines in the matter: initial comments

⁴ Specifically, the Companies are requesting that the PSCSC issue an order by January 31, 2023 detailing its own view of whether the Carbon Plan represents a set of reasonable planning assumptions for South Carolina, specifying whether it is reasonable for the Companies to account for the Carbon Plan in their respective IRPs and IRP updates to be filed in South Carolina, and confirming that the Companies' plans and associated costs for the transition to be undertaken under the Carbon Plan will be shared between the States, consistent with historic planning practices, and that the generation transition influenced by the Carbon Plan will provide electric service benefitting customers located in South Carolina.

must be filed on or before January 31, 2022, reply comments must be filed on or before February 22, 2022. Neither the Hearing Office Directive nor the PSCSC's Order No, 2021-763 sets a time for the PSCSC to act on Duke Energy's companion petition for a joint proceeding in South Carolina.

Second, as allowed by South Carolina law,⁵ on November 19, 2021, the Companies appeared before the PSCSC to provide an Allowable Ex Parte Briefing on the SC Petition for Joint Proceeding.⁶

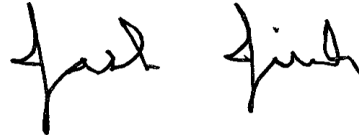
IV. Conclusion

WHEREFORE, Duke Energy Carolinas, LLC and Duke Energy Progress, LLC respectfully request that the Commission take these Initial Comments into consideration in considering the Companies' Petition.

⁵ S.C. Code Ann. 58-3-260.

⁶ A recording of the Companies' November 19, 2021 Allowable Ex Parte Briefing in Docket No. 2021-349-E is accessible in the PSCSC's archived files here: <https://www.scetv.org/live/public-service-commission>.

Respectfully submitted this, the 20th day of December, 2021.



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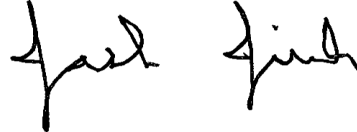
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*Counsel for Duke Energy Carolinas, LLC
and Duke Energy Progress, LLC*

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's Initial Comments in Support of Joint Proceeding, in Docket Nos. E-7, Sub 1259 and E-2, Sub 1283, has been served by electronic mail, hand delivery or by depositing a copy in the United States mail, postage prepaid, to parties of record.

This the 20rd day of December, 2021.



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