

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-100, SUB 175

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of Biennial	)	
Determination of Avoided Cost Rates for	)	APPALACHIAN VOICES
Electric Utility Purchases from Qualifying	)	BRIEF
Facilities - 2021	)	

PURSUANT TO North Carolina Utilities Commission (Commission) Rule R1-25, intervenor Appalachian Voices, through counsel, files this brief on certain issues related to Appalachian State University d/b/a New River Light and Power Company (NRLP) in the above-captioned avoided cost biennial proceeding.

Most of the issues raised by Appalachian Voices have now been resolved. As described in Appalachian Voices' letter filed with the Commission on March 11, 2022, concerns regarding NRLP's initially proposed administrative fees have been resolved by NRLP's Amended Proposed Rates and Contracts filed on March 1, 2022. In the Amended Proposed Rates and Contracts and confirmed in Reply Comments, NRLP waived proposed administrative fees that were in dispute. Public Staff supported the fee waiver in its Reply Comments. Public Staff Reply Comments at 8. In NRLP's Reply Comments, the utility also concurred with Appalachian Voices' request for intervenor and public opportunity to comment on any further revisions to avoided cost rates and new rooftop solar policies expected later this year. NRLP Reply Comments at 2. Appalachian Voices continues to

discuss other policy options with NRLP and will review whether such options are consistent with the results of the pending cost of service study.

The remaining issue is whether NRLP should revise its avoided cost rates to compensate qualifying facilities under its small power producer (SPP) tariffs for avoided transmission and distribution costs. NRLP asserts that quantification of avoided transmission and distribution costs is better accomplished in its pending cost of service study. NRLP Reply Comments at 3. Appalachian Voices supports this approach and requests that the Commission direct NRLP to follow through with avoided transmission and distribution cost calculations in the pending cost of service study and to appropriately compensate SPP customers who enable NRLP to avoid those costs. NRLP expects to update its avoided cost rates later this year and that would be an appropriate time to incorporate avoided transmission and distribution costs into its SPP tariffs. See *id.* at 3, 5.

In support of this request, Appalachian Voices points to NRLP's Reply Comments, which acknowledge that SPP customers may be avoiding transmission and distribution costs for the utility: "[t]here is a potential that the output from the SPP customers did reduce NRLP's kW demand during DEC's and BREMCO's peak hour." NRLP Reply Comments at 3. NRLP pays transmission costs to Duke Energy Carolinas (DEC) and distribution costs to Blue Ridge Electric Membership Corporation (BREMCO). *Id.*; App Voices Initial Comments at 3. These costs are directly tied to load, or as described by NRLP: "[b]oth the DEC transmission costs and BREMCO distribution costs are based on historical total system KW demand from NRLP at the specific hour of DEC's and BREMCO's

system peaks.” NRLP Reply Comments at 3. Appalachian Voices also detailed the way in which these charges are calculated in its initial comments, again emphasizing the direct relationship with NRLP’s load. App Voices Initial Comments at 4.

Appalachian Voices agrees with quantifying avoided transmission and distribution costs in NRLP’s cost of service study and updating SPP tariffs in the upcoming rate case. NRLP points out in reply comments that state law governing avoided cost rates specifically references avoided energy and capacity. NRLP Reply Comments at 4. However, there is also nothing in the state law provision precluding compensation for avoided transmission and distribution costs when SPPs allow NRLP to avoid those costs. See N.C. Gen. Stat. § 62-156(b)(2). Indeed, the Commission has previously ruled that compensating qualifying facilities for avoided transmission and distribution costs is appropriate when those costs are quantifiable. Order Establishing Standard Rates and Contract Terms for Qualifying Facilities, *Biennial Determination of Avoided Cost Rates for Electric Utility Purchases from Qualifying Facilities*, No. E-100, Sub 158, at 68 (N.C.U.C. Apr. 15, 2020). The Commission held that generalized assumptions could not be used but that “[i]t is appropriate to require DEC and DEP to consider site- and project-specific characteristics during contract negotiations with QFs not eligible for the standard offer contract, and to include an avoided T&D capacity adder if a project can provide real and measurable avoided transmission capacity benefits.” *Id.* (emphasis added). The Commission also indicated an “openness to revisit this issue in a future proceeding where the evidence can be more fully developed.” *Id.*

Because NRLP's transmission and distribution costs paid to DEC and BREMCO are directly tied to load and NRLP admits SPPs have potentially reduced that load, it is reasonable to quantify avoided transmission and distribution costs and fairly compensate SPPs accordingly.

In comments, Appalachian Voices noted that NRLP's advanced metering infrastructure (AMI) will support quantification of avoided transmission and distribution costs. App Voices Initial Comments at 5. As NRLP reported to the Commission in 2019, "its AMI capabilities include data for 'Coincident Peak Demand (DEC Transmission)' and 'Coincident Peak Demand (BREMCO Distribution).'" New River Light and Power Updated Cost of Service Study Using Advance Metering System Data (June 2019), Docket No. E-34, Sub 46; App Voices Initial Comments at 5. NRLP explained in discovery that "[t]he determination of the SPP customer's demand avoided costs is based on the output of the SPP at the time of [NRLP's] Coincident Peak demand." App Voices Initial Comments at 5 and Exhibit A. Finally, Appalachian Voices commented that to the extent NRLP needs to involve forecasting in its avoided transmission and distribution calculations, this is consistent with its approach to other avoided cost quantification, given that its avoided energy calculations rely on 2-year forecasts of natural gas prices. App Voices Initial Comments at 5.

In conclusion, NRLP admits that SPPs have potentially avoided transmission and distribution costs and asserts that its pending cost of service study is a better place to quantify those avoided costs. Appalachian Voices is supportive of quantifying avoided transmission and distribution costs in the cost of

service study and would ask the Commission to direct NRLP to follow through on the quantification and ensure that SPPs are fairly compensated for transmission and distribution costs they enable NRLP to avoid through reduced load.

Appalachian Voices respectfully requests the Commission approve NRLP's Amended Proposed Rates and Contracts filed on March 1, 2022 that waive initially proposed administrative fees consistent with NRLP's prior practice. Appalachian Voices requests that any further avoided cost revisions and rooftop solar policy changes include opportunity for intervenor and public input consistent with Commission's standard procedures and consistent with NRLP's Reply Comments. Finally, Appalachian Voices requests the Commission direct NRLP to follow through on calculating avoided transmission and distribution costs for SPP customers during its cost of service study and update its SPP tariffs thereafter to fairly compensate SPP customers for avoided transmission and distribution costs.

Respectfully submitted this the 1st day of July, 2022.

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**CERTIFICATE OF SERVICE**

I hereby certify that all persons on the docket service list have been served true and accurate copies of the foregoing brief by electronic mail.

This the 1<sup>st</sup> day of July, 2022.

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