

May 24, 2024

Ms. Shonta Dunston, Chief Clerk
North Carolina Utilities Commission
Dobbs Building, Fifth Floor
430 N. Salisbury Street
Raleigh, North Carolina, 27603

RE: Business Comments on Duke Energy (“Duke”)’s Proposed 2023 Carbon Plan Integrated Resource Plan (CPIRP) (Docket No. E-100 Sub 190)

Dear Members of the North Carolina Utilities Commission,

On behalf of Ceres and our business and investor members, I write to provide comments on Duke Energy (“Duke”)’s proposed 2023 Carbon Plan Integrated Resource Plan (CPIRP) and to encourage the cost-effective deployment of clean energy as outlined in 2021’s [HB 951, “Energy Solutions for North Carolina”](#).

INTRODUCTION

Ceres is a nonprofit sustainability organization with 220 members in the [Ceres Investor Network](#), who collectively manage over \$44 trillion AUM, and more than 80 corporate members in the [Ceres Policy Network](#), many of which have operations and investments in North Carolina. We appreciate the opportunity to provide comments regarding Duke’s proposed 2023 Carbon Plan Integrated Resource Plan (CPIRP).

The provisions of HB 951 make clear that clean energy is an integral part of North Carolina’s economic prosperity, requiring coordination from utilities, regulators, and policymakers alike. And for good reason: access to clean energy resources is one of the key reasons North Carolina has become one of the [nation’s best states for corporate business](#). Businesses understand firsthand how clean energy helps save money, provide cost predictability, reduce risks, and stay competitive – all while meeting the expectations of customers, employees, and shareholders. That’s why businesses across the country are making public commitments to reduce emissions, become more energy efficient, and scale up the use of clean, renewable energy. In fact, according to the [American Clean Power Association](#), corporate buyers across America have contracted ~77GW of clean power from utility-scale projects, equivalent to nearly a quarter of all clean energy on the U.S. grid¹. The demand for clean energy resources from manufacturers, distributors, retailers, and other commercial and industrial (C&I) customers is only projected to grow. Continuing to provide a favorable environment for clean energy will ensure that the state continues to attract investments from businesses looking to power their operations with clean energy.

In contrast to the codified goals of HB 951, Duke’s 2023 CPIRP claims that it no longer sees a feasible path toward achieving 70% carbon emissions reductions by 2030, instead opting for their

¹ According to a March 2024 report by the American Clean Power Association, the energy powering the U.S. grid includes 262 GW of clean energy.

proposed “least cost” option, “Pathway 3”. This pathway pushes the 70% emissions reductions goal to 2035, a five-year delay. This pathway not only deviates from the legislative directive to prioritize achieving the 2030 and 2050 goals, but it delays the vital opportunity to reap the economic benefits of the clean energy transition now. There has never been greater financial incentive to invest in clean technologies nor greater risk of stranded fossil fuel assets due to new federal regulations.

In summary, Duke's current proposed CIPRP is a major step back from the legislative intent of HB 951 and should be critically reviewed for missed opportunities to deploy cost-competitive clean energy resources and provide critical cost-savings to ratepayers, as well as for further analysis of the true costs of continued carbon-intensive energy production in North Carolina.

RECOMMENDATIONS

Ceres and our members continue to support a comprehensive, cost-effective approach to decarbonization and grid modernization in North Carolina. As such, we respectfully urge the Commission to consider the following recommendations to improve Duke’s proposed 2023 CIPRP:

1. **Reject Duke’s proposed Pathway 3 option, instead requiring a path toward reaching 70% carbon emissions reductions by 2030.** The Carbon Plan is statutorily required under HB 951 to prioritize achieving 70% emissions reductions by 2030 and 100% carbon-free electricity before 2050 and authorizes the Commission to take “all reasonable steps” to achieve reductions in the electric utility sector. Unfortunately, Duke’s proposed Pathway 3 does pursue the 2030 goal. We urge the Commission to uphold the 2030 goal as directed by HB 951.
2. **Ensure that Duke capitalizes on North Carolina’s geographic potential and takes full advantage of least-cost clean energy resources.** While new load growth across multiple sectors does require more power across the state, advances in clean energy resources across North Carolina show that this growth can be met with clean energy production. As of 2022, North Carolina saw more than [105,000 jobs](#) in the clean energy sector, the ninth most in the nation in combined clean energy employment. We strongly recommend that the Commission direct continued deployment of cost-effective, market-ready clean energy resources and technologies to ensure that all North Carolina ratepayers are receiving the most affordable, reliable energy from their utility.
 - a. **Battery storage, energy efficiency, and other demand-response technologies:** These technologies contribute to the state economy through new job growth and production being revitalized by unprecedented federal investments. Further, these technologies help to improve grid reliability and reduce or shift peak load times. In recent years, businesses in these new technological sectors have invested capital in North Carolina, developing a new employment base and economic stream to the state. Duke should use this home-grown asset to further their own demand-response capabilities, including but not limited to battery storage and energy efficiency programs.
 - b. **On- and offshore wind:** While siting for wind projects has been hampered by permitting delays and siting concerns in past years, the federal government has put

an emphasis on getting new sources of renewable energy online, particularly in the coastal Southeast. Coupled with federal funding incentives, it is clear why neighboring states like Virginia have made offshore wind development a focus of their diversification of the energy sector. While Duke does note bringing more on- and offshore wind projects online in the coming decades and included an additional 2,400MW of offshore wind development by 2035 in their supplemental modeling, their current projections are not ambitious enough and do not meet the time-sensitive demand required for these projects. To meet the requirements of HB 951, Duke must commit to the efficient and effective development of wind power, sooner rather than later.

3. Require that Duke prioritize investments that reduce the risks of stranded assets.

Pathway 3 extends the operations of carbon-intensive coal plants slated for retirement, resulting in many of Duke's coal-fired facilities remaining open beyond 2030. Not only does Duke's plan extend the life of these facilities, but it also includes continued operations of some facilities as far into the future as 2049. Duke's supplemental modeling also includes substantive natural gas expansions, creating further reliance on volatile fossil fuel markets that have already resulted in [higher rates](#) for North Carolina ratepayers. The addition of more emissions-intensive energy production methods is not only misaligned with the least-cost model that ratepayers demand of their utilities, but it ignores the demands of many of Duke's C&I customers seeking access to clean energy due to greater cost reliability. Cost fluctuations in coal and natural gas energy production limit **both customers' and the utility's** ability to accurately forecast costs, jeopardizing the viability of their operations.

Moreover, the recent finalizing of the [Environmental Protection Agency's 111 Rule](#), which requires Duke to shut down its entire coal fleet by 2039 and partially power any plant still in operation past 2032 with gas, cannot be overlooked. The new Rule also impacts four of Duke's large gas combined-cycle facilities in the state. It is in the best interest of Duke and its ratepayers that the utility takes strategic action now to retire carbon-intensive facilities, so to avoid stranded assets and increased costs for ratepayers.

4. Adequately leverage and account for the unprecedented federal investment in clean energy development. Federal programs such as the Inflation Reduction Act (IRA) and the Infrastructure Investments and Jobs Act (IIJA) have provided billions of dollars to states to advance their clean energy goals. North Carolina must continue to take advantage of these opportunities to invest in the future of the state's energy production, not only providing opportunities to expand the state's clean energy economy, but also investing in new methods of energy generation that aid in meeting the goals set by HB 951. One method for utilizing IRA funding is to invest in "clean repowering" opportunities. According to analysis done by the [Rocky Mountain Institute \(RMI\)](#), Duke Energy stands to save ratepayers an additional \$1 billion and add roughly 4GW to the grid – enough to power over 860,000 average homes – if they took advantage of clean repowering opportunities currently available. While Duke does note in their CPIRP that federal investment opportunities are a part of their model moving forward, Duke must do more to maximize these offerings and

provide details on how Duke plans to expand clean energy production in line with state and federal goals in a reasonable timeframe.

- 5. Ensure Duke makes cost-effective investments to upgrade the grid and increase current capacity through grid-enhancing technologies (GETs).** One of the most cost-effective ways to increase efficiency, reliability, and security of the energy grid is to invest in technologies and upgrade processes that optimize the flow of electricity. Enhancements such as [dynamic line ratings](#) and [advanced line flow controls](#), known as grid-enhancing technologies (GETs) have been [shown across the globe](#) to reduce energy loss at transmission, increasing grid capacity and efficiency. Moreover, GETs can support a more resilient grid by adding critical safeguards against extreme weather events and cyber-attacks. Advanced conductoring provides another opportunity to upgrade existing transmission infrastructure by replacing old electric lines with more state-of-the-art materials such as carbon fiber and aluminum alloy. Advanced conductoring is a way utilities can cost-effectively maximize the existing grid, as this method can double line capacity, increasing transmission efficiency and allowing for more energy options to be deployed. By implementing GETs, Duke would create a transmission system that is cleaner, safer, and more efficient for all ratepayers while cutting down on the long siting and permitting timelines faced by a larger scale transmission buildout. And what's more, Duke Energy is eligible to apply for [federal funding](#) that could cover a significant amount of the costs for this work.

CONCLUSION

We encourage utilities and regulators to consider the variety of cost-effective, clean technologies and innovative policy solutions available today to support North Carolina's continued transition to a clean, reliable, and affordable energy grid and foster a prosperous economy for all. We appreciate the opportunity to provide comments to the Commission on behalf of the business community, and we would be pleased to provide further information as necessary.

Signed,



Griffin Bradley

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