



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

August 29, 2023

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

Re: Docket No. E-2, Sub 1320 – Application of Duke Energy Progress, LLC, for Approval of Renewable Energy and Energy Efficiency Portfolio Standard Cost Recovery Rider

Dear Ms. Dunston:

Attached for filing on behalf of the Public Staff in the above-referenced docket is the testimony of Jay B. Lucas, Electric Section Manager, Rates and Energy Services Division of the Public Staff – North Carolina Utilities Commission.

By copy of this letter, I am forwarding a copy to all parties of record by electronic delivery.

Sincerely,

Electronically submitted
/s/ Nadia Luhr
Staff Attorney
nadia.luhr@psncuc.nc.gov

Attachment

Executive Director
(919) 733-2435

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Consumer Services
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Economic Research
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Transportation
(919) 733-7766

Water/Telephone
(919) 733-5610

CERTIFICATE OF SERVICE

I certify that I have served a copy of the following testimony on all parties of record in accordance with Commission Rule R1-39, by United States mail, postage prepaid, first class; by hand delivery; or by means of facsimile or electronic delivery upon agreement of the receiving party.

This the 29th day of August, 2023.

Electronically submitted
/s/ Nadia Luhr

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 1320

In the Matter of
Application of Duke Energy Progress,)
LLC for Approval of Renewable Energy)
and Energy Efficiency Portfolio)
Standard (REPS) Compliance Report)
and Cost Recovery Rider Pursuant to)
N.C.G.S. § 62-133.8 and Commission)
Rule R8-67)

**TESTIMONY OF
JAY B. LUCAS
PUBLIC STAFF –
NORTH CAROLINA
UTILITIES COMMISSION**

AUGUST 29, 2023

1 Q. Please state your name and address for the record.

2 A. My name is Jay B. Lucas. My business address is 430 North
3 Salisbury Street, Raleigh, North Carolina.

4 Q. What is your position with the Public Staff?

5 A. I am the Manager of the Electric Section – Rates and Energy
6 Services in the Public Staff's Energy Division.

7 Q. Would you briefly discuss your education and experience?

8 A. Yes. My education and experience are summarized in Appendix A to
9 my testimony.

10 Q. What is the purpose of your testimony?

11 A. The purpose of my testimony is to make recommendations to the
12 Commission on the Renewable Energy and Energy Efficiency
13 Portfolio Standard (REPS) Compliance Report and the Application
14 for Approval of the REPS Cost Recovery Rider (REPS Rider) filed by
15 Duke Energy Progress, LLC (DEP or the Company) on June 13,
16 2023, and DEP's August 24, 2023 supplemental filing.

17 **REPS Compliance**

18 Q. Is DEP providing REPS compliance services to any other
19 electric power suppliers?

20 A. No.

1 **Q. Please describe the 2022 REPS compliance requirements for**
2 **DEP.**

3 A. For 2022 compliance, DEP needed to pursue retirement of a
4 sufficient number of general RECs,¹ energy efficiency certificates
5 (EECs), and RECs derived from other eligible sources so that the
6 total equaled 12.5% of its 2021 North Carolina retail electricity sales.
7 To meet the solar energy requirement in N.C. Gen. Stat. § 62-
8 133.8(d), DEP needed to pursue retirement of sufficient solar RECs
9 to match 0.2% of its retail sales in 2021.

10 The current swine and poultry waste set-aside requirements were
11 determined by the Commission in its March 4, 2022 Order Modifying
12 the Swine and Poultry Waste Set-Aside Requirements and Providing
13 Other Relief; its November 8, 2022 Order Consolidating Joint Motion
14 for Clarification and Request for Declaratory Ruling with 2022
15 Motions to Modify and Delay REPS Requirements; and its December
16 20, 2022 Order Ruling on Motion for Clarification and Request for
17 Declaratory Ruling Regarding Cost Cap, Modifying Swine and
18 Poultry Waste Set-Aside Requirements, and Providing Other Relief,
19 issued in Docket No. E-100, Sub 113. To meet the swine waste set-
20 aside requirement, DEP needed to pursue retirement of sufficient

¹ General RECs include all RECs other than those used to meet the solar, swine waste, and poultry waste set-asides. Unlike RECs used for the set-asides, general RECs and EECs are interchangeable for REPS compliance purposes, with the exception that EECs are limited to 40% of the total compliance requirement for the investor-owned utilities.

1 swine waste-derived RECs to match 0.05% of retail sales in 2021.
2 To meet the poultry waste set-aside requirement, DEP needed to
3 pursue retirement of sufficient poultry waste-derived RECs to match
4 its pro-rata share of the poultry waste set-aside of 700,000 MWh or
5 the thermal equivalent.

6 **Q. Have you reviewed the REPS Compliance Report?**

7 A. Yes. DEP's REPS Compliance Report is included as Exhibit 1 to the
8 direct testimony of DEP witness Kimberly Presson. Based on my
9 review, the Public Staff believes that DEP's REPS Compliance
10 Report meets the requirements of N.C.G.S. § 62-133.8 and
11 Commission Rule R8-67(c). Accordingly, the Public Staff
12 recommends that the Commission approve DEP's 2022 REPS
13 Compliance Report.

14 **Research Costs**

15 **Q. Please discuss the research costs DEP has included for cost**
16 **recovery.**

17 A. On pages 26 through 36 of her direct testimony, witness Presson
18 summarizes the results of the 17 research expenditures in the test
19 period for which DEP is seeking cost recovery in this proceeding. The
20 anticipated research costs total \$736,149 in the billing period, which
21 is below the \$1,000,000 maximum annual amount allowed, as
22 specified in N.C.G.S. § 62-133.8(h)(1)(b). The research projects

1 generally regard microgrids, animal waste-to-energy, operation of
2 distributed energy resources (DERs), and advancing the
3 understanding of optimal ways to integrate DERs and batteries into
4 the power grid. DEP also included fees for membership in research
5 organizations.

6 **Q. Do you believe that the costs DEP has included qualify as**
7 **research “that encourages the development of renewable**
8 **energy, energy efficiency, or improved air quality,” consistent**
9 **with N.C.G.S. § 62-133.8(h)(1)(b)?**

10 A. Yes.

11 **Supplemental Testimony**

12 **Q. Please describe DEP’s supplemental testimony.**

13 A. On August 24, 2023, DEP filed the supplemental testimony and
14 exhibits of witnesses Kimberly Presson and Veronica Williams, in
15 which they removed billing period REC costs for three renewable
16 energy facilities. They also reduced test period research costs, as
17 discussed more fully in the affidavit of Public Staff witness David L.
18 Lentz. These changes result in a decrease in the Experience
19 Modification Factor (EMF) rates and billing period rates from DEP’s
20 initial request.

1 **REPS Rates**

2 **Q. What rates has DEP requested for its REPS and EMF riders?**

3 A. In its Application filed on June 13, 2023, DEP requested the following
4 monthly charges for the Billing and EMF components of the total
5 REPS rate, excluding the regulatory fee:

DEP's Rider Request Filed on June 13, 2023			
Customer Class	Billing Period Rate	EMF Rate	Total REPS Rate
Residential	1.36	(0.07)	1.29
General	7.56	(0.62)	6.94
Industrial	51.07	(4.65)	46.42

6 **Q. What rates does the Public Staff recommend for the REPS and**
7 **EMF riders?**

8 A. The Public Staff agrees with the rates in DEP's supplemental filing,
9 which, excluding the regulatory fee, are as follows:

10

Public Staff's Recommended Rates			
Customer Class	Billing Period Rate	EMF Rate	Total REPS Rate
Residential	1.29	(0.07)	1.22
General	7.14	(0.63)	6.51
Industrial	48.16	(4.73)	43.43

1 These monthly rates are below the cost caps set forth in N.C.G.S. §
2 62-133.8(h)(4). With these recommended rates, the residential,
3 general service, and industrial classes are at approximately 54%,
4 52%, and 52% of their cost caps, respectively.

5 **Q. Does this conclude your testimony?**

6 A. Yes, it does.

APPENDIX A**QUALIFICATIONS AND EXPERIENCE****JAY B. LUCAS**

I graduated from the Virginia Military Institute in 1985, earning a Bachelor of Science Degree in Civil Engineering. Afterwards, I served for four years as an engineer in the Air Force performing many civil and environmental engineering tasks. I left the Air Force in 1989 and attended the Virginia Polytechnic Institute and State University (Virginia Tech), earning a Master of Science degree in Environmental Engineering. After completing my graduate degree, I worked for an engineering consulting firm and worked for the North Carolina Department of Environmental Quality in its water quality programs. Since joining the Public Staff in January 2000, I have worked on utility cost recovery, renewable energy program management, customer complaints, and other aspects of utility regulation. I am a licensed Professional Engineer in North Carolina.