

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. EMP-92, SUB 0

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application of NTE Carolinas II, LLC, for	)
a Certificate of Public Convenience and	)
Necessity to Construct a 500-MW Natural	)
Gas-Fueled Merchant Power Plant in	)
Rockingham County, North Carolina	)

ORDER RENEWING CERTIFICATE

BEFORE: Commissioner ToNola D. Brown-Bland, Presiding, and Commissioners Daniel G. Clodfelter and Kimberly W. Duffley

BY THE COMMISSION: On January 19, 2017, the Commission issued an Order Granting Certificate with Conditions in the above-captioned docket. In summary, the order issued a certificate of public convenience and necessity (CPCN) to NTE Carolinas II, LLC (NTE), for the construction of a 500-MW natural gas-fired merchant power plant to be built in Rockingham County, North Carolina (Facility), as an electric merchant plant (EMP).

On November 26, 2019, NTE filed a motion informing the Commission that it had not begun construction of the Rockingham facility and requesting that the Commission renew the CPCN pursuant to Commission Rule R8-63. In its motion NTE noted that the need for the Facility has not changed since the CPCN was issued and stated that the Integrated Resource Plans (IRPs) for both Duke Energy Carolinas, LLC (DEC), and Duke Energy Progress, LLC (DEP), indicate the need for additional sources of power supply. NTE also asserted in its motion that it was in discussions with several potential customers for the sale of energy and capacity from the Facility.

On December 6, 2019, DEC filed a petition with the Commission seeking to intervene in this docket. In its petition DEC noted that DEC had terminated its Large Generator Interconnection Agreement (LGIA) with NTE due to nonpayment.

On January 27, 2020, the Commission granted DEC's petition to intervene.

On September 9, 2020, the Commission issued an Order Requiring the Filing of Additional Testimony requiring NTE to address questions outlined in that order and providing other parties to the docket an opportunity to file testimony addressing NTE's additional testimony.

On October 12, 2020, NTE filed the supplemental testimony of Michael C. Green. In his testimony witness Green noted that the levelized cost of transmission (LCOT) for

the Facility is \$0.80/MWh. NTE also provided copies of the DEC interconnection studies it had received for the Facility and noted that the Facility is not expected to cause an impact on any electric system other than the DEC system.

Witness Green testified that NTE does not anticipate executing a short- or long-term capacity contract for the Facility with a public utility regulated by the Commission. However, he noted that NTE continues to respond to requests from wholesale distribution customers and that generation alternatives like the Facility are “essential to a robust wholesale market in North Carolina.” Witness Green stated that generation assets developed by NTE are only built when power supply agreements are executed with wholesale customers.

On November 9, 2020, the Public Staff filed the testimony of Dustin R. Metz. Public Staff witness Metz stated that NTE’s calculation of the LCOT is reasonable. However, witness Metz noted that DEC had removed NTE’s Facility from its interconnection queue and that the cost estimates provided in the interconnection studies are not current. Witness Metz recommended that the Commission require DEC to file testimony on certain questions as outlined in his testimony.

On December 7, 2020, NTE filed the supplemental reply testimony of witness Green, which in part supported the Public Staff’s request for additional information from DEC and requested an opportunity to respond to any information filed by DEC.

On January 14, 2021, the Commission issued an Order Requiring Additional Testimony that required DEC to answer some of the questions outlined in Public Staff witness Metz’s testimony of November 9, 2020. That order also provided the Public Staff and NTE an opportunity to file testimony in response to DEC’s testimony.

On February 8, 2021, DEC filed the testimony of Edgar A. Bell, III. DEC witness Bell stated that the NTE Facility was restored to its interconnection queue position in suspended status. Witness Bell further explained that suspended status means that all work needed to accommodate the interconnection of the Facility has been stopped at the request of the Facility. Witness Bell also noted that no new interconnection studies have been conducted for the Facility and that the Facility does not trigger affected system upgrades on any neighboring system.

On February 19, 2021, the Public Staff filed the supplemental testimony of witness Metz. Witness Metz stated that he believes DEC has answered the Commission’s questions in a complete and satisfactory manner.

On March 8, 2021, NTE filed the Second Supplemental Testimony of witness Green. Witness Green did not disagree with DEC witness Bell’s testimony regarding the project’s suspended status but noted that the impact of DEC’s removal of the project from the interconnection queue effectively halted all activities on the Facility, including discussions with potential customers for the offtake of the Facility. Witness Green stated that upon renewal of the CPCN, NTE will focus on lifting the suspension of the Facility’s

interconnection status in the interconnection queue and move forward with interconnection. Witness Green also stated that renewal of the CPCN is essential for continued development of the project.

After careful consideration, the Commission finds good cause to renew NTE's CPCN for a 500-MW natural gas-fired merchant power plant to be located in Rockingham County, North Carolina, subject to the condition that NTE move its Facility out of suspended status in DEC's interconnection queue by August 4, 2022, or file with the Commission a statement as to the status of its interconnection request.

In reaching this determination, the Commission finds that the evidence demonstrates that the need for this Facility in the region has not changed since the original CPCN was granted, in accord with the provisions of Commission Rule R8-63(b)(3). Consistent with the language of N.C.G.S. § 62-110.1(e), the Commission has also considered the updated construction costs associated with the construction of the Facility including the transmission network upgrade costs. The Commission determines that the LCOT for the Facility is not unreasonably out of line with the 2019 Lawrence Berkeley National Laboratory interconnection cost study (LBNL Study), on which the Commission has relied to place LCOT calculations in perspective with data from other balancing authorities. In view of the total cost of the Facility, the Commission concludes that the siting of the Applicant's facility in this area is not inconsistent with the Commission's obligation under N.C.G.S. § 62-110.1(d) for the provision of "reliable, efficient and economical service."

IT IS, THEREFORE, ORDERED that the motion filed by NTE Carolinas II, LLC, to renew its CPCN, subject to the same original conditions and the additional condition as outlined in this order, shall be, and is hereby, granted.

ISSUED BY ORDER OF THE COMMISSION.

This the 3rd day of August, 2021.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink, appearing to read "Lindsey A. Worley".

Lindsey A. Worley, Acting Deputy Clerk