

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

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

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of:

Joint Petition of Duke Energy)	
Carolinas, LLC and Duke Energy)	
Progress, LLC to Request the)	REPLY COMMENTS OF
Commission to Hold a Joint Hearing)	CIGFUR II AND III
with the Public Service Commission of)	
South Carolina to Develop Carbon Plan)	

NOW COME the Carolina Industrial Group for Fair Utility Rates II (CIGFUR II) and the Carolina Industrial Group for Fair Utility Rates III (CIGFUR III) (collectively, CIGFUR), pursuant to the Commission's November 23, 2021 Order Requesting Comments on Petition for Joint Proceeding, and respectfully submit the following reply comments in the above-captioned dockets.

The same as with its initial comments, CIGFUR declines at this time to take a position on the merits of the petition for joint proceeding filed by Duke Energy Progress, LLC (DEP) and Duke Energy Carolinas, LLC (DEC) (together, Duke) in the above-referenced dockets. However, CIGFUR reiterates and incorporates by reference herein the issues raised in its initial comments. In addition, CIGFUR respectfully offers the following reply comments, which are generally responsive to other parties' respective initial comments:

- Despite CIGFUR being explicitly named in Duke's Initial Comments as one of three stakeholders who have intervened in both the instant dockets as well as

the companion docket (2021-349-E) pending before the Public Service Commission of South Carolina, and thus serving as an example referenced by Duke of a stakeholder with an “interest in the Companies’ least cost energy transition to a cleaner energy portfolio across both States,”¹ CIGFUR is disappointed that as of the date of this filing, it has not been consulted regarding any stakeholder process(es) related to the Carbon Plan. Given the Commission’s directive to Duke to “conduct at least three stakeholder meetings ... by May 13, 2022,”² and given the impending deadline for Duke to file a proposed Carbon Plan on or before May 16, 2022,³ CIGFUR hopes Duke will reach out in the immediate future regarding a Carbon Plan stakeholder process in which CIGFUR can actively participate.

- Just like Duke’s investors “understandably desire clarity ... that the resources being financed are being planned to serve both States,”⁴ so too do Duke’s North Carolina retail ratepayers understandably desire clarity that the generation resources they will ultimately pay for through rates—plus a return—will be only those resources that constitute the least-cost resource mix to comply with the carbon reduction requirements set forth in House Bill 951, and only the portion of those costs properly and justifiably allocated to North Carolina’s retail ratepayers based on the jurisdictional cost of service methodology approved by the Commission.

¹ Duke’s Initial Comments at 5.

² Order Granting Extension of Time at 2, Docket No. E-100, Sub 179 (Nov. 29, 2021).

³ *Id.*

⁴ Duke’s Petition at 14.

- Consistent with the position articulated in CIGFUR’s own initial comments, CIGFUR agrees with the position articulated by the Carolina Utility Customers Association, Inc. (CUCA) that “[l]ike a host of similar regulatory issues, Duke’s decision to conduct bi-state operations is accompanied by the risk of inconsistent regulatory treatment between states—a risk borne by Duke’s shareholders, not the ratepayers of [either] state.”⁵
- As emphasized in CIGFUR’s own initial comments, CIGFUR further agrees with CUCA that “the issue of cost allocation is simply not ripe for decision by either Commission.”⁶
- CIGFUR agrees with the position of the North Carolina Sustainable Energy Association (NCSEA) that to the extent there are discrepancies between the North and South Carolina integrated resource planning (IRP) processes, respectively, Duke should be tasked with addressing such discrepancies. However, CIGFUR would elaborate on this issue to add that Duke’s shareholders—not Duke’s North or South Carolina ratepayers—should be tasked with addressing and shouldering 100% of the costs of any such discrepancies.
- CIGFUR further agrees with NCSEA that competitive market solutions should be explored and examined when evaluating and ultimately deciding the least-cost mix of resources to satisfy the carbon-reduction goals while also maintaining or improving upon “the adequacy and reliability of the existing

⁵ CUCA’s Initial Comments at 5.

⁶ *Id.* at 8.

grid,” as required by S.L. 2021-165 (House Bill 951). Pursuant to House Bill 951, 45% of new solar generation selected as part of the Carbon Plan resource mix “shall be supplied through the execution of power purchase agreements with third parties[.]” Part I, Section 1.(2)b. CIGFUR believes that large customers and clean energy buyers have an important role to play in the cost-effective procurement of new solar generation needed to comply with the carbon-reduction goals of House Bill 951 in the least-cost manner. Moreover, competitive solutions are important for containing costs and avoiding market distortions that arise when anti-competitive preferred supplier policies are permitted, either formally or informally.

WHEREFORE, CIGFUR respectfully requests that the Commission consider the foregoing reply comments in its deliberations in the above-referenced docket.

Respectfully submitted this the 10th day of January, 2022.

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CERTIFICATE OF SERVICE

The undersigned attorney for CIGFUR hereby certifies that she served the foregoing Reply Comments of CIGFUR II & III upon the parties to this proceeding, as listed on the service list available on the NCUC’s online docket system, by electronic mail.

This the 10th day of January, 2022.

/s/ Christina D. Cress
Christina D. Cress