

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1306

In the Matter of)	
)	DUKE ENERGY CAROLINAS,
Application of Duke Energy Carolinas, LLC for)	LLC 2023 CLEAN ENERGY &
Approval of Clean Energy and Energy Efficiency)	ENERGY EFFICIENCY
Portfolio Standard (CEPS) Compliance Report)	PORTFOLIO STANDARD
and Cost Recovery Rider Pursuant to N.C. Gen.)	COMPLIANCE REPORT
Stat. § 62-133.8 and Commission Rule R8-67)	
)	

**DUKE ENERGY CAROLINAS, LLC
CLEAN ENERGY AND ENERGY EFFICIENCY
PORTFOLIO STANDARD (“CEPS”)
COMPLIANCE REPORT**

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(A) **INTRODUCTION**

Duke Energy Carolinas, LLC (“Duke Energy Carolinas,” “DEC,” or the “Company”) submits its Clean Energy and Energy Efficiency Portfolio Standard (“CEPS”) Compliance Report (“Compliance Report”) in accordance with N.C. Gen. Stat. § 62-133.8 and Commission Rule R8-67(c). This Compliance Report provides the required information for 2023 calendar year reporting period.¹ As part of its CEPS Compliance Plan, filed in Docket No. E-100, Sub 195, Duke Energy Carolinas plans to provide services to native load priority wholesale customers that contract with the Company for services to meet the CEPS requirements, including delivery of clean energy resources and compliance planning and reporting. These native load priority wholesale customers – including distribution cooperatives and municipalities – may rely on Duke Energy Carolinas to provide this service in accordance with N.C. Gen. Stat. § 62-133.8(c)(2)e.

This Compliance Report provides the required information in aggregate for the Company and the following wholesale customers for whom the Company provided clean energy resources and compliance reporting services: Blue Ridge Electric Membership Corporation, Rutherford Electric Membership Corporation, Town of Dallas, Town of Forest City, and Town of Highlands (“Wholesale” or “Wholesale CEPS Customers”).

¹ Pursuant to NCUC Rule R8-67(c)(1), this Compliance Report reflects Duke Energy Carolinas’ efforts to meet the CEPS requirements for the previous calendar year.

(B) CEPS COMPLIANCE REPORT

I. RENEWABLE ENERGY CERTIFICATES

The table below reflects the renewable energy certificates (“RECs”) used to comply with N.C. Gen. Stat. § 62-133.8(d) for the year 2023.

[BEGIN CONFIDENTIAL]



Totals may not foot due to rounding.

[END CONFIDENTIAL]

II. ACTUAL 2023 TOTAL NORTH CAROLINA RETAIL SALES AND YEAR-END NUMBER OF ACCOUNTS, BY CUSTOMER CLASS

North Carolina Retail Sales (MWh)	2023
Duke Energy Carolinas	57,529,680
Wholesale	2,557,593
Total retail sales (MWh)	60,087,273

2023 Year-end Number of CEPS Accounts			
Customer class	DEC	Wholesale	Total
Residential	1,961,839	141,028	2,102,867
General	278,406	15,606	294,012
Industrial	4,801	494	5,295

III. AVOIDED COST RATES

Appendix 1 provides the current avoided cost rates and the avoided cost rates applicable to long-term power purchase agreements.

IV. ACTUAL TOTAL AND INCREMENTAL COSTS INCURRED IN 2023

CEPS compliance costs incurred for calendar year 2023 comprise the cost of energy purchases and the cost of purchases of various types of RECs, the cost of certain Company-owned solar generation facilities, and other reasonable and prudent costs incurred to meet the requirements of the CEPS statute. Annual Solar Rebate Program costs incurred pursuant to N.C. Gen. Stat. § 62-155 are recovered in the CEPS rider as directed in N.C. Gen. Stat. § 62-133.8(h)(1)d. Annual costs incurred for the Company's PowerPairSM Pilot Program are also recovered as part of the CEPS rider.

CEPS compliance costs incurred – calendar year 2023			
Actual Costs Incurred	Energy and REC Costs	Other	Total Costs
CEPS compliance – avoided cost	\$ 87,729,927	\$ 0	\$ 87,729,927
CEPS compliance – incremental cost	\$ 39,644,797	\$ 2,056,776	\$ 41,701,573 (a)
CEPS compliance – total cost	\$ 127,374,724	\$ 2,056,776	\$ 129,431,500
Solar Rebate Program and PowerPair SM Pilot Program costs	--	\$ 2,657,400	\$ 2,657,400 (b)
Incremental CEPS compliance costs and Solar Rebate Program and PowerPair SM Pilot Program costs included for CEPS rider recovery		(a) + (b) above	\$ 44,358,973

V. ACTUAL INCREMENTAL COSTS COMPARISON TO THE ANNUAL COST CAP AS OF THE PREVIOUS CALENDAR YEAR

Account Type	2022 Total Year-end Number of Accounts (1)	Annual Per-Account Cost Cap	Total Annual Cost Cap
Residential	2,070,354	\$27	\$55,899,558
General	292,081	\$150	\$43,812,150
Industrial	5,082	\$1,000	\$5,082,000
Total annual CEPS Compliance cost cap - 2023			\$104,793,708
Incremental CEPS Compliance costs incurred – 2023			(a) \$ 41,701,573

(1) Includes number of retail accounts for Duke Energy Carolinas and its Wholesale CEPS customers.

VI. STATUS OF COMPLIANCE WITH CEPS REQUIREMENTS

Pursuant to N.C. Gen. Stat. § 62-133.8(b), the CEPS requirement for calendar year 2023 is set at 12.5% of 2022 North Carolina (“NC”) retail sales for Duke Energy Carolinas’ retail customers. N.C. Gen. Stat. § 62-133.8(c) sets the CEPS requirement at 10% of 2022 NC retail sales for the Company’s Wholesale CEPS Customers. With Duke Energy Carolinas’ 2022 retail megawatt-hour sales of 59,059,117 and Wholesale’s retail megawatt-hour sales of 2,668,189, the Company’s total requirement for compliance year 2023 is 7,649,211 RECs. To comply with the combined CEPS obligation for Duke Energy Carolinas Retail and its Wholesale customers, the Company submitted 7,581,991 RECs for retirement along with 33,610 Senate Bill 886 (“SB886”) RECs, each of which counts for two poultry waste and one general requirement REC. Accordingly, the Company submitted for retirement the equivalent of 7,649,211 RECs. Details of the composition of RECs retired to meet the total CEPS compliance requirement are contained in Section I of this report.

Pursuant to N.C. Gen. Stat. § 62-133.8(d), for calendar year 2023, at least 0.20% of the total prior year NC retail sales shall be supplied by a combination of new solar electric facilities and new metered solar thermal energy facilities. As a result, 123,457 solar RECs were submitted for retirement to meet the solar set-aside requirement. An additional 1,699,053 solar RECs were submitted for retirement toward compliance with the general requirement (the total CEPS requirement net of the solar, poultry waste, and swine waste set-aside obligations).

On March 4, 2022 the Commission issued its *Order Modifying the Swine and Poultry Waste Set-Aside Requirements and Providing Other Relief* establishing the poultry waste set-aside requirement for calendar year 2023 at 900,000 MWhs. On December 20, 2022 the Commission issued its *Order Establishing 2022, 2023, and 2024 Poultry Waste Set-Aside Requirement Allocation* resetting each electric power supplier’s load ratio share of the annual aggregate poultry waste set-aside requirement. To satisfy its 2023 poultry set-aside requirement, the Company submitted for retirement 337,038 poultry waste RECs along with 33,610 SB 886 RECs, which count as 67,220 poultry waste set-aside RECs. Accordingly, the Company submitted the equivalent of 404,258 poultry RECs for compliance and met its 2023 poultry waste set-aside requirement.

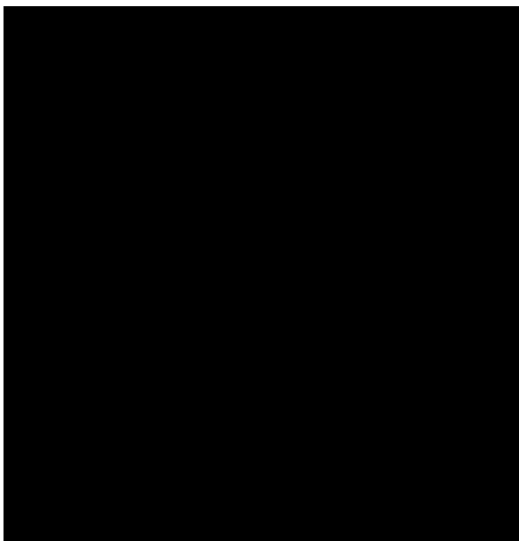
The swine waste set-aside requirement was modified in the Commission’s December 11, 2023, *Order Modifying Swine Waste Set-Aside Requirement and Granting Other Relief* (“2023 Delay Order”). In its 2023 Delay Order, the Commission modified the swine waste set-aside requirement for 2023 and each year thereafter for both electric public utilities and electric membership cooperatives and municipalities. The 2023 Delay Order set the

2023 swine waste set-aside at 0.05% of total NC retail sales for electric public utilities. The Commission's 2023 Delay Order further delayed the swine waste set-aside requirement for electric membership cooperatives and municipalities by excusing them from the swine waste set-aside for another year. To comply with the swine waste set-aside requirement applicable to DEC's NC retail sales, the Company submitted for retirement 29,530 swine RECs.

VII. IDENTIFICATION OF RECs CARRIED FORWARD

The table below reflects all RECs generated through year-end 2023, excluding those RECs that have already been retired to meet compliance, that the Company has banked for use in compliance in future years.

[BEGIN CONFIDENTIAL]



- (1) The quantity of Hydropower – Non-SEPA RECs carried forward includes production from renewable facilities owned and operated by Duke Energy Carolinas. As detailed in witness Presson's testimony, DEC cannot use these RECs for its own CEPS compliance purposes, as the hydroelectric facilities that produced these RECs are not new renewable energy facilities per the NCUC's June 17, 2009 *Order on Public Staff's Motion for Clarification* in Docket No. E-100, Sub 113.

[END CONFIDENTIAL]

VIII. DATES AND AMOUNTS OF ALL PAYMENTS MADE FOR RENEWABLE ENERGY CERTIFICATES

Confidential Appendix 2 provides the dates and amounts of payments made for RECs for calendar year 2023.

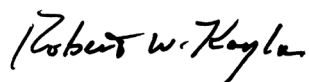
(C) METHODOLOGY FOR DETERMINING NUMBER OF CUSTOMERS AND CUSTOMER CAP

In its *Order Approving REPS Riders*, issued in Docket No. E-7, Sub 872 (December 15, 2009), the Commission approved the following method of determining the number of customer accounts as proposed by Duke Energy Carolinas. For purposes of defining which accounts will be assessed a CEPS charge, and determining account totals by class that will be included in calculating its annual cap on costs incurred to comply with CEPS requirements, the Company implemented the method described below. The Company defines “account” as an “agreement,” or “tariff rate,” between Duke Energy Carolinas and a customer to determine the monthly CEPS charge for each account, and to compare the charges per account for a twelve-month period to the applicable annual per-account cost cap established in N.C. Gen. Stat. § 62-133.8(h)(4). The same definition applies when compiling account totals by class, to which the annual per-account caps are applied to determine the overall cap for total annual compliance costs incurred established in N.C. Gen. Stat. § 62-133.8(h)(3). There are limited exceptions to this definition of account. The following service schedules are not considered accounts for purposes of the per-account charge because they represent small auxiliary service loads, and customers served under these schedules are billed a per-account charge under another residential, general service or industrial service agreement. The following agreements fall within these exceptions:

- Outdoor Lighting Service (Schedule OL)
- Street and Public Lighting Service (Schedule PL)
- Nonstandard Lighting (Schedule NL)
- Non-demand, nonresidential service, provided on Schedule SGS, at the same premises, with the same service address, and with the same account name as an agreement for which a monthly CEPS charge has been applied.

The Wholesale customers use a method for determining number of accounts for CEPS purposes that is generally consistent with that used by Duke Energy Carolinas, or the same as used by the customers to report annual electric sales and account information to the Energy Information Administration.

Respectfully submitted this 27th day of February, 2024.



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