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July 31, 2020

VIA ELECTRONIC FILING

Ms. Kimberly A. Campbell
Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, NC 27699-4300

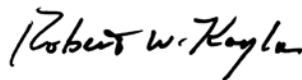
RE: Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's Reply
Comments on Avoidance of SISC Requirements
Docket No. E-100, Sub 158

Dear Ms. Campbell:

Pursuant to the Commission's order allowing comments on the solar integration services charge ("SISC") issued on May 12, 2020, and the subsequent extension of time granted on June 15, 2020, enclosed for filing are the Comments of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC on Avoidance of SISC Requirements in the above-referenced docket.

Please do not hesitate to contact me if you have any questions or need additional information.

Sincerely,



Robert W. Kaylor, P.A.

Enclosure

cc: Parties of Record

OFFICIAL COPY

Jul 31 2020

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-100, SUB 158

In the Matter of)	
Biennial Determination of Avoided Cost)	DUKE ENERGY CAROLINAS,
Rates for Electric Utility Purchases from)	LLC AND DUKE ENERGY
Qualifying Facilities – 2018)	PROGRESS, LLC REPLY
)	COMMENTS
)	

NOW COME Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP” and, collectively the “Companies”), pursuant to the Commission’s *Order Requesting Comments on Proposed Requirements for Avoidance of SISC*, issued May 12, 2020 and the Commission’s *Order Granting Extension of Time for Filing Initial and Reply Comments*, issued June 15, 2020 in the aforementioned docket, and submit their responses to the initial comments filed by the Public Staff, North Carolina Clean Energy Business Alliance (“NCCEBA”), North Carolina Sustainable Energy Association (“NCSEA”) and Southern Alliance for Clean Energy (“SACE”).

Background

In its October 17, 2019 *Supplemental Notice of Decision* in this docket, the Commission stated that it was appropriate for DEC and DEP to prospectively apply a solar integration services charge (“SISC”) to all new uncontrolled solar generators that commit to sell and deliver power into the DEC and DEP systems on or after November 1, 2018. The Commission further directed that DEC and DEP should not impose the charge on a solar Qualifying Facility (“QF”) that is a “controlled solar generator,”

meaning, generally, any solar QF that demonstrates that its facility is capable of operating, and contractually agrees to operate, by materially reducing or eliminating the need for additional ancillary service requirements incurred by the utility to incorporate this solar generation. Specifically, Ordering Paragraph No. 4 of the *Supplemental Notice of Decision* required DEC and DEP to file proposed guidelines for QFs to become “controlled solar generators” and thereby avoid the SISC. The Commission followed up this directive in its April 15, 2020 *Order Establishing Standard Rates and Contract Terms for Qualifying Facilities* in this docket. In Finding of Fact No. 38 of that order the Commission found:

38. It is appropriate to require [Duke Energy Carolinas, LLC (DEC), and Duke Energy Progress, LLC (DEP, and together with DEC, Duke),] to file with the Commission proposed guidelines for [qualifying facilities (QFs)] to become “controlled solar generators” and thereby avoid the integration services charge.

The Companies filed their Requirements for Avoidance of the SISC (“Requirements”) for approval with the Commission on November 18, 2019. Notably, these Requirements were and remain identical to the Requirements for Avoidance of SISC contained in Exhibit 11 to the Companies' Pro-Forma Competitive Procurement of Renewable Energy (“CPRE”) Program Tranche 2 Power Purchase Agreement (“PPA”). Such Requirements were discussed in detail during the Commission-directed and Independent Administrator (“IA”)-supervised CPRE stakeholder process for CPRE Tranche 2 and then made available for comment through the IA website. There were very few comments submitted in that process by CPRE market participants, but the Companies made a few limited changes to the Requirements based on such feedback and subsequently filed the CPRE PPA, with the Requirements, on October 15, 2019 in

Docket Nos. E-2, Sub 1159 and E-7, Sub 1156. During an additional comment period in Docket Nos. E-2, Sub 1159 and E-7, Sub 1156, no substantive modifications were recommended with respect to the Requirements. Finally, the Commission approved the CPRE PPA, including Exhibit 11, in January 2020, expressly finding that the Requirements were appropriate.

On July 10, 2020 the Public Staff filed its initial comments and on July 13, 2020 NCCEBA, NCSEA and SACE filed their initial comments. The Companies now respond to these initial comments as follows:

**INITIAL COMMENTS AND RECOMMENDATIONS OF NCCEBA, NCSEA,
SACE AND PUBLIC STAFF**

The Companies summarize the initial comments of NCCEBA and NCSEA as stating that the SISC requirements lack transparency, are unnecessarily burdensome and can be improved.

The Companies respond to the following NCCEBA, and NCSEA recommendations:

1. NCCEBA and NCSEA contend that the Companies' Solar Volatility Metric lacks transparency regarding the methodology the Companies utilized to determine the 6% and 12% setpoints. **DEC/DEP REPLY**: The Companies do not believe that they should make a filing on the methodology as discussions have already taken place between the Companies, NCCEBA and NCSEA on this issue.
2. The Companies should be required to recalculate the Solar Volatility Metric every two years and file an updated Metric on a biennial basis. **DEC/DEP**

REPLY: The Companies are prepared to make appropriate adjustments to ensure their customers do not bear the costs related to the volatility of solar QF power on their systems.

3. It is unnecessarily burdensome for the Companies to require the QF to perform SISC metering on its own in addition to paying for a separate revenue quality SISC Meter to be owned by the Companies. Rather than requiring the QF to perform SISC metering on its own and pay for a separate SISC Meter, the Companies should replace the Facility's current revenue meter with a meter that is capable of both revenue service and recording the five-minute output of the Energy Storage Device. **DEC/DEP REPLY**: The Companies agree that they will install a second meter as needed at no expense to QFs and will study the meter for a two-year period and report back to the Commission on the results of the study.
4. The Companies should be able to capture the 5-minute output data and calculate the monthly solar volatility without the QF being required to input the solar volatility meter calculations on an Excel spreadsheet and attest to the monthly solar volatility reduction. SISC accounting and billing lends itself much better to automation within Duke's systems, consistent with current metering, accounting, and billing processes. **DEP/DEP REPLY**: The Companies do not agree with NCCEBA and NCSEA on this issue as the Companies contend that QFs should be required to be actively engaged in ensuring monthly solar volatility reduction. In addition the Companies agree with the following initial comments filed by the Public Staff: "The Public

Staff notes that due to the installation of the SISC Meter, DEC and DEP will have the ability to automatically calculate the Solar Site Volatility Metric with no input from the developer; however, during discussions with Duke, it is clear that the utility sees value in working with the QF to calculate and report this data in the manner proposed. Specifically, Duke stated that the self-reporting feature of this process will improve transparency, help QFs understand how their Solar Site Volatility Metric is calculated, how they can operate their facility to reduce their volatility, and build trust between the utility and the QF community. The Public Staff believes these are commendable goals and is willing to accept the self-reporting mechanism at this time.”

5. The Companies should utilize the data that they collect for the QFs to prepare an analysis about solar variability in the DEP and DEC territories and in different segments of their transmission systems and file this data with the NCUC when they file the recalculated Solar Volatility Metric. **DEC/DEP REPLY:** As noted above, the Companies are prepared to make appropriate adjustments to ensure their customers do not bear the costs related to the volatility of solar QF power on their systems and agree that this data collected from controlled solar generators may be useful in this endeavor.

The Companies respond to SACE’s initial comments and recommendations as follows:

1. The Companies' requirements are burdensome, and the process proposed by the Companies with a severe penalty for late attestations is too complicated.

The Commission should allow QFs to avoid the charge through a one-time technical demonstration and contractual commitment. **DEC/DEP REPLY:**

The Companies contend that penalties are necessary. SACE's recommendations do not seem to comport with the requirement that the QF reduce or eliminate volatility if the QF only must demonstrate on one occasion that it can do so. Ratepayers should not have to bear the costs if a QF is excused from paying the SISC by demonstrating once that it is simply capable of doing so.

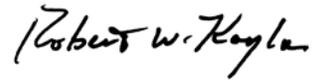
2. To the extent a monthly tracking of volatility is necessary, the Companies should track the QF's usage data, make it available to the QF, and alert the QF if it is approaching volatility thresholds. **DEC/DEP REPLY:** The Companies do not agree with SACE on this issue. As noted above in response 4 to NCCEBA and NCSEA, the Companies contend that QFs should be required to be actively engaged in ensuring monthly solar volatility reduction. As noted, the Companies see value in working with the QF to calculate and report this data in the manner proposed, and that the self-reporting feature of this process will improve transparency, help QFs understand how their Solar Site Volatility Metric is calculated, how they can operate their facility to reduce their volatility, and build trust between the utility and the QF community. Furthermore, the QF will be monitoring and operating the facility real-time to maximize the value of the project; in contrast, the Companies will monitor the QF's usage data after-the-fact to validate the QF's attestations and will not be studying this data in real-time.

The Companies respond to the Public Staff's recommendations as follows:

1. The Companies' avoidance thresholds are reasonable, but the Companies should notify the Commission and amend SISC thresholds if they determine that a significant number of solar QFs are avoiding the SISC without meaningfully reducing their volatility. **DEC/DEP REPLY:** The Companies agree with this Public Staff recommendation.
2. In future fuel proceedings pursuant to N.C. Gen. Stat. § 62-133.2, the Companies should specifically address the SISC avoidance process in pre-filed direct testimony, identify the specific facility (ies) and amount of SISC avoided in supporting exhibits, workpapers and report any audits of QFs seeking to avoid the SISC. **DEC/DEP REPLY:** The Companies agree with this Public Staff recommendation.

WHEREFORE, having fully responded to the initial comments and recommendations of the Public Staff and intervenors NCCEBA, NCSEA and SACE, Duke Energy Carolinas, LLC and Duke Energy Progress, LLC respectfully request the Commission to enter an order accepting their initial comments as amended by their acceptance of certain recommendations as previously set forth herein in this filing.

Respectfully submitted, this the 31st day of July 2020.



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*Attorney for Duke Energy Carolinas, LLC
and Duke Energy Progress, LLC*

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's Reply Comments on Avoidance of SISC Requirements, in Docket No. E-100, Sub 158, has been served by electronic mail, hand delivery, or by depositing a copy in the United States Mail, 1st Class Postage Prepaid, properly addressed to parties of record.

This the 31st day of July, 2020.



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