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December 20, 2021

VIA ELECTRONIC FILING

Shonta Dunston
Chief Clerk
North Carolina Utilities Commission
430 N. Salisbury Street
Raleigh, North Carolina 27603

Re: Docket No. EMP-118, Subs 0 & 1 – Joint Proposed Order of Timbermill Wind, LLC and the Public Staff

Dear Chief Clerk:

Enclosed for filing is the Joint Proposed Order of Timbermill Wind, LLC and the Public Staff in connection with the above-referenced dockets. An electronic copy is being emailed to briefs@ncuc.net. Please let us know if you have any questions.

Sincerely,

/s/ Katherine E. Ross

Enclosure

Cc: Robert Josey (*via email*)
Reita Coxtan (*via email*)
briefs@ncuc.net

CERTIFICATE OF SERVICE

I certify that a copy of Timbermill Wind, LLC's Joint Proposed Order with the Public Staff, in Docket No. EMP-118, Subs 0 & 1, has been served by electronic mail, hand delivery or by depositing a copy in the United States mail, postage prepaid to the parties of record.

This the 20th day of December, 2021.

/s/ Katherine E. Ross
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For the Using and Consuming Public:

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BY THE COMMISSION: On June 14, 2021, Timbermill Wind, LLC (Timbermill or Applicant), filed an application for a Certificate of Public Convenience and Necessity (CPCN), pursuant to N.C. Gen. Stat. § 62-110.1(a) and Commission Rule R8-63, for the construction of a wind energy facility with a capacity of up to 189 MW_{AC} (Facility) to be located in Chowan County in Docket No. EMP-118, Sub 0 (the CPCN Application). On the same date, Timbermill prefiled the direct testimony of Jimmy Merrick, Deepesh Rana, Ellen Balfrey, Emmanuel Wemakoy, and Jeremy Spaeth in support of the CPCN Application. Timbermill contemporaneously filed its registration as a New Renewable Energy Facility in accordance with Commission Rule R8-66 (Registration).

On June 21, 2021, Timbermill filed an application for a Certificate of Environmental Compatibility and Public Convenience and Necessity (CECPCN) pursuant to N.C.G.S. § 62-101 to construct an approximately 6-mile 230 kV transmission line (Transmission Line) to allow interconnection of the Facility to the existing 230 kV Winfall-Mackeys transmission line operated by Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (DENC) in Docket No. EMP-118, Sub 1 (CECPCN Application, and, together with the CPCN Application, the Applications). On the same date, Timbermill prefiled the direct testimony of Brie Anderson, Jimmy Merrick, Emmanuel Wemakoy, and Jeremy Spaeth in support of the CECPCN Application.

On June 22, 2021, the Commission issued an Order Scheduling Public Hearing, Requiring Public Notice, and Requiring Clearinghouse Review for the CECPCN Application.

On June 28, 2021, the Public Staff filed a Notice of Completeness stating that it had reviewed the CPCN Application as required by Commission Rule R8-63(d) and considered the CPCN Application to be complete. In addition, the Public Staff requested that the Commission issue a procedural order.

On June 29, 2021, Timbermill filed a supplement to its CPCN Application confirming that the interconnection costs referenced in Mr. Rana's prefiled direct testimony were included in the estimated construction costs identified in the CPCN Application.

On July 2, 2021, Timbermill made an information filing related to its CECPCN Application stating that the summary of the CECPCN Application had not run in the newspaper of general circulation in Chowan County on July 1, 2021, as scheduled, due to an inadvertent publication error by the newspaper. Timbermill stated that the summary had been published on the newspaper's website and that the newspaper would extend the physical publication by a week so that the summary would be published in the physical newspaper four times.

On July 22, 2021, the Commission issued an Order Consolidating Dockets, Scheduling Hearings, Requiring Filing of Testimony, Establishing Procedural Guidelines, and Requiring Public Notice (Procedural Order). The Procedural Order: (1) consolidated the CPCN Application and CECPCN Application dockets; (2) established a deadline for intervention in this matter of September 29, 2021; (3) required Timbermill to

file additional testimony and exhibits addressing the questions set forth in the order; (4) scheduled a public hearing on October 14, 2021, at 7:00 p.m. at the Chowan County Courthouse for the purpose of receiving public witness testimony regarding the proposed Facility and Transmission Line; (5) scheduled an evidentiary hearing on October 27, 2021, for the purpose of receiving expert witness testimony from the parties concerning both Applications; and (6) required Timbermill to publish public notice of the Applications once a week for four successive weeks.

On July 27, 2021, Patrick Flynn filed a letter with the Commission seeking to intervene in the proceedings on behalf of his wife and himself.

Beginning on July 27, 2021, more than 30 members of the public filed consumer statements of position. Consumer statements are filed in Docket No. EMP-118, Sub 0CS.

On July 30, 2021, Patrick Flynn filed additional comments about the proposed Facility.

Also on July 30, 2021, the North Carolina Department of Administration (NC DOA) filed comments regarding the CECPCN Application via the State Clearinghouse. NC DOA's filing stated that it had determined that no further State Clearinghouse review action on Timbermill's part was needed for compliance with the North Carolina Environmental Policy Act.

On August 11, 2021, NC DOA filed additional comments regarding the CECPCN Application via the State Clearinghouse. NC DOA's filing stated that the Department of Natural and Cultural Resources (DNCR) requested additional information.

Also on August 11, 2021, Timbermill filed a motion to deny Mr. Flynn's petition to intervene based on Commission Rules R1-19 and R1-22.

On August 25, 2021, Timbermill prefiled the supplemental testimony and exhibits of Jimmy Merrick to provide response to the additional testimony required by the Commission in its Procedural Order.

On August 26, 2021, NC DOA filed comments regarding the CPCN Application via the State Clearinghouse. NC DOA's filing stated that the DNCR requested additional information.

On September 21, 2021, Timbermill filed an updated site plan showing minor revisions to certain Facility components within the project area.

On September 29, 2021, the Public Staff filed the Testimony of Public Staff Witness Jeff T. Thomas. In his testimony, Mr. Thomas recommended, on behalf of the Public Staff, that the Commission grant both the CPCN and CECPCN, subject to three conditions, after the Applicant files a letter with the Commission stating that it has resolved the DNCR's concerns, with supporting documentation. The three conditions request that the Applicant notify the Commission of significant changes to cost estimates, the facility be constructed and operated in strict accordance with applicable laws and regulations, and the CPCN shall be subject to Commission oversight.

On September 30, 2021, Timbermill filed affidavits of publication associated with both Applications.

On October 4, 2021, Patrick Flynn filed a Petition for Investigation and Rulemaking of Timbermill Wind, LLC's Certificate of Environmental Compatibility and Public Convenience Application.

On October 8, 2021, the Commission issued an Order Acknowledging Filings as Public Comments, which denied the petition to intervene of Patrick and Belinda Flynn and accepted the filings as public comments.

On October 11, 2021, the Commission filed an Order Establishing Remote Procedures for Expert Witness Hearing.

On October 14, 2021, the Commission conducted a hearing in Edenton, North Carolina to receive public witness testimony. The following public witnesses appeared and gave testimony at this hearing: John Mitchener, Frank Sellers, Jean Harold Bunch, John Guard, Patrick Flynn, and Jeff Smith.

On October 15, 2021, Timbermill filed the prefiled direct testimony and exhibit of Hank Seltzer in substitution of the prefiled direct testimony of Brie Anderson.

Also on October 15, 2021, Timbermill filed a Motion to Cancel the Evidentiary Hearing. The Public Staff did not object to the filing.

On October 18, 2021, Timbermill filed a letter stating that it had secured amendments to the expired site control agreements and, as such, has site control over the entire project area.

On October 20, 2021, both Timbermill and the Public Staff filed written consents to hold the October 27, 2021 evidentiary hearing by remote means. Both parties also stated they did not intend to use any cross-examination exhibits at the hearing.

Also on October 20, 2021, the Commission issued an Order Denying Motion to Cancel Evidentiary Hearing.

On October 22, 2021, both Timbermill and the Public Staff filed statements that they did not intend to utilize any redirect examination exhibits at the upcoming evidentiary hearing.

On October 26, 2021, Timbermill and the Public Staff filed a joint motion for witnesses to be excused from appearance at the evidentiary hearing (Joint Motion).

On October 27, 2021, the matter came on for evidentiary hearing as ordered. The Commission granted the Joint Motion in part, excusing from appearance Timbermill witnesses Jeremy Spaeth, Emmanuel Wemakoy, and Hank Seltzer and accepting their prefiled testimony into the record. The Applicant presented the direct and supplemental testimony and exhibits of Jimmy Merrick, the direct testimony of Ellen Balfrey, and the direct testimony and exhibit of Deepesh Rana. The Public Staff presented the direct testimony and exhibit of Jeff T. Thomas.

On October 29, 2021, Timbermill filed a letter stating that it did not utilize any cross-examination or redirect examination exhibits at the evidentiary hearing.

On November 19, 2021, the transcript of the evidentiary hearing was issued.

FINDINGS OF FACT

1. Timbermill Wind, LLC is a Delaware limited liability company authorized to do business in the State of North Carolina. Timbermill is a wholly owned indirect subsidiary of Apex Clean Energy Holdings, LLC (Apex).

2. In compliance with N.C.G.S. § 62-110.1 and Commission Rule R8-63, the Applicant filed with the Commission an application for a CPCN authorizing the construction of the Facility to be built on approximately 6,300 acres in Chowan County east of Sandy Ridge Road, southwest of Center Hill Highway, and north of US Highway 17. Contemporaneous with the CPCN Application, Timbermill filed its registration as a

New Renewable Energy Facility pursuant to N.C.G.S. § 62-133.8 and Commission Rule R8-66.

3. In compliance with N.C.G.S. § 62-101 et seq. and Commission Rule R8-62, the Applicant filed with the Commission an application for a CECPCN authorizing the construction of the approximately 6-mile 230 kV Transmission Line to interconnect the Facility to the existing 230 kV Winfall-Mackeys transmission line operated by DENC.

4. The Application has met all requirements for publication of notice. Despite the newspaper's one-week delay in publication of the CECPCN Application summary in July, the public had adequate notice to enable effective participation in the proceedings.

5. Timbermill is financially and operationally able to undertake the construction and operation of the Facility.

6. The Facility is a wind energy facility and will be interconnected to the grid operated by DENC. Construction of the Facility is anticipated to begin in November 2022 and the expected commercial operation date for the Facility is as early as October 2023.

7. The Facility's anticipated net production capacity is approximately 465,000 MWh per year.

8. It is reasonable and appropriate to accept the registration of the Facility as a New Renewable Energy Facility pursuant to N.C.G.S. § 62-133.8 and Commission Rule R8-66.

9. On August 11, 2021 and August 26, 2021, NC DOA, through the State Clearinghouse, has requested additional information regarding the Facility, and further action is needed before the CPCN and CECPCN are granted.

10. The Facility will generate renewable energy certificates (RECs) that could be used by electric power suppliers to meet the requirements of the renewable energy and energy efficiency portfolio standards in North Carolina and the PJM region.

11. Timbermill has a fully executed Interconnection Service Agreement (ISA). Under the ISA, Timbermill is responsible for \$7,093,084 in interconnection costs. All of the interconnection costs will be borne by Timbermill and will not be reimbursed by PJM or DENC and will not be passed on by DENC to its ratepayers.

12. There are no Affected System network upgrade costs assigned to this Facility.

13. The ISA is currently in suspension, as allowed under the PJM Interconnection Procedures. Under the procedures, Timbermill may stay in suspension until May 2023 but anticipates requesting the ISA come out of suspension by May 2022. Timbermill maintains its queue position throughout suspension.

14. The Facility has a Levelized Cost of Transmission (LCOT) between \$0.73 and \$1.07,¹ which compares favorably to the LCOT average calculated by EIA (\$0.97) as well as the average LCOTs identified in the 2019 Lawrence Berkeley National Laboratory Interconnection Cost Study (LBNL Study) for wind in MISO (\$2.48/MWh) and PJM (\$0.30/MWh).

15. Timbermill has shown a need based on the projected demand in the PJM Region; the requirements for, and commitments by, investor-owned utilities to generate and purchase electricity from renewable resources such as wind energy generation; and

¹The LCOT calculated by Public Staff witness Thomas was \$0.73, and the two LCOTs calculated by Timbermill witness Rana were \$0.90 and \$1.07.

the demand by corporate and industrial customers for generation from renewable resources.

16. The Commission has carefully considered and weighed all evidence and arguments presented in this proceeding, and finds that Timbermill has shown that the CPCN Application is in the public interest and that public convenience and necessity require that the CPCN be issued once NC DOA, through the State Clearinghouse, files comments that it has received the additional information requested and NC DOA concludes that no further State Clearinghouse review action on Timbermill's part is needed for compliance with the North Carolina Environmental Policy Act. The CPCN shall include the following conditions, as recommended by the Public Staff: (i) the Applicant shall notify the Commission of any significant change (greater than 10%) in the cost estimates for the interconnection facilities, network upgrades, or affected system costs within 30 days of becoming aware of such change; (ii) the Facility shall be constructed and operated in strict accordance with applicable laws and regulations, including any environmental permitting requirements; and (iii) the CPCN shall be subject to Commission Rule R8-63(e) and all orders, rules and regulations as are now or may hereafter be lawfully made by the Commission.

17. Once NC DOA concludes that no further State Clearinghouse review action on Timbermill's part is needed for compliance with the North Carolina Environmental Policy Act, Timbermill will have met the requirements under N.C.G.S. § 62-105 for issuance of the CECPCN.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 1 – 4

These findings of fact are essentially informational, procedural, and jurisdictional in nature and are not in dispute. These findings are supported by the Applications, and the testimony of Timbermill witnesses Merrick and Balfrey.

A copy of the Certificate of Authority issued by the Secretary of State of North Carolina establishing the authority of Timbermill to do business in this State was filed in the docket on September 17, 2020, as an exhibit to the CPCN Application.

An examination of the Application and testimony and exhibits of Timbermill's witnesses confirm that the Applicant has complied with all filing requirements of the law and Commission rules associated with applying for a certificate to construct a merchant plant and a certificate to construct a transmission line in North Carolina.

State statutes require that the summary of a CECPCN application be published within 10 days of the filing of the application.² However, "inadvertent failure of service on or notice to any municipality, county, governmental agency, or other person described in this section may be cured by an order of the Commission designed to give that person adequate notice to enable effective participation in the proceeding."³ After Timbermill's informational filing notifying the Commission that the newspaper failed to begin publication of the approved Public Notice within 10 days of the CECPCN Application filing, the Commission issued the Procedural Order. The Procedural Order required that the Applicant publish the Public Notice attached to the Procedural Order in a newspaper having general circulation in Chowan County once a week for four successive weeks. The Public Notice covered both the CPCN Application and the

²N.C.G.S. § 62-102(c).

³N.C.G.S. § 62-102(d).

CEPCN Application. On September 30, 2021, the Applicant filed the Affidavits of Publication, showing that the Chowan Herald ran ads on its website and in the physical newspaper five times between July 1, 2021 and July 29, 2021. Therefore, the Commission concludes that the Applicant timely published the Public Notice.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 5

The evidence supporting this finding of fact is located in the CPCN Application and the testimony of Timbermill witnesses Merrick and Balfrey and Public Staff witness Thomas. This finding is not disputed by any party.

Timbermill is a wholly owned indirect subsidiary of Apex. Timbermill was organized to develop the Facility. Financial statements for Apex were provided, under seal, with Timbermill witness Balfrey's testimony as confidential CPCN Application Addendum 2. Apex has the capability to arrange adequate assurances, guarantees, financing, and insurance for Timbermill's development, construction, and operation.

According to Timbermill witness Balfrey's testimony, Apex provides experienced personnel and capital to develop and source financing for its project subsidiaries. Apex will arrange the financing of the Facility, which will include financing on Apex's balance sheet prior to construction and may include various lender facilities that can provide Apex with a surety bond or letter of credit. Apex may also obtain a construction loan closer to construction.

Timbermill witness Merrick testified regarding the managerial and technical capability of Apex. He testified that Apex is an experienced operator of renewable energy facilities. Apex and its affiliated companies currently operate 11 commercial wind farms across North America, totaling more than 2 GW of capacity. The Facility will

have on-site monitoring from the O&M office, and there will be a 24/7 remote operations facility.

Based on the foregoing, the Commission concludes that Apex's experience in the construction and operational control of renewable energy facilities demonstrates that Timbermill has access to the financial and operational capabilities necessary to successfully construct the Facility.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 6 – 8

The evidence supporting these findings of fact is located in the Applications, the testimony of Timbermill witness Merrick, and the testimony of Public Staff witness Thomas.

According to the Applications and the testimony of Timbermill witness Merrick, the Facility will be located on approximately 6,300 acres in Chowan County, North Carolina. A map of the proposed project area was included as an exhibit with the CPCN Application and a map of the Transmission Line corridor was included as an exhibit with the CECPCN Application.

The Transmission Line described in the CECPCN Application will be used to interconnect the Facility to the DENC Winfall–Mackeys transmission line adjacent to the site. As described in the Applications, underground collection lines will connect the turbines together and run to a Collector Substation. The approximately 6-mile Transmission Line will run from the Collector Substation to a new three-breaker ring bus switching station, which will be constructed and owned by DENC.

If a renewable energy facility is not registered with the Commission, then electric power suppliers cannot use RECs the facility earns to comply with their obligations in N.C.G.S. § 62-133.8. The registration process is set forth in Commission Rule R8-66.

The Commission concludes that Timbermill has complied with the Commission's rules for registration as a New Renewable Energy Facility. Timbermill shall annually file the information required by Commission Rule R8-66 on or before April 1 of each year. To the extent that Timbermill is not otherwise participating in a REC tracking system, it will be required to participate in the North Carolina Renewable Energy Tracking System (NC-RETS) REC tracking system in order to facilitate the issuance of RECs.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 9

The evidence supporting this finding of fact is located in the Application, the State Clearinghouse Comments filed between July 30, 2021 and August 26, 2021, Timbermill witness Merrick, and the testimony of Public Staff witness Thomas.

On July 30, 2021, the NC DOA, through the State Clearinghouse, filed a letter in Docket No. EMP-118, Sub 1. The letter included comments from multiple state agencies and stated that no further State Clearinghouse review action was needed for compliance with the North Carolina Environmental Policy Act. On August 11, 2021, NC DOA, through the State Clearinghouse, filed additional comments in EMP-118, Sub 1, requesting additional information about an archaeological survey of the Facility site. In its additional comments, NC DOA included a letter from DNCR recommending that the CECPCN not be issued until an archaeological survey report was submitted to DNCR for review. The same letter was filed in Docket No. EMP-118, Sub 0, on August 26, 2021. Timbermill is completing additional fieldwork and coordinating with the State Historic Preservation Office on the final archaeological report. Public Staff witness Thomas stated in his pre-filed direct testimony that the Public Staff recommends that the Commission issue the CPCN for the generating facility and the CECPCN for the associated Transmission Line only after the Applicant demonstrates that it has resolved

DNCR's concerns by filing a letter and supporting documentation with the Commission. At the evidentiary hearing, Public Staff witness Thomas clarified that the typical process is that the DNCR would notify the State Clearinghouse and the State Clearinghouse would file the letter rather than the Applicant.⁴ Therefore, the Commission concludes that the CPCN and CECPCN shall not be issued until the NC DOA, through the State Clearinghouse, files comments that it has received the additional information requested and NC DOA concludes that no further State Clearinghouse review action on Timbermill's part is needed for compliance with the North Carolina Environmental Policy Act.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 10 – 16

The evidence supporting these findings of fact is located in the CPCN Application, the testimony of Timbermill witnesses Merrick and Rana, and the testimony of Public Staff witness Thomas.

N.C.G.S. § 62-110.1(e) states “no certificate shall be granted unless the Commission has approved the estimated construction costs and made a finding that the construction will be consistent with the Commission’s plan for expansion of electric generating capacity.” Commission Rule R8-63(b)(3) also requires a merchant plant application to include a description of the need for the facility in the “state and/or region.” This requirement is an outgrowth of the 1991 Empire Power Company case in Docket No. SP-91, Sub 0, which requires an independent power producer (IPP), such as Timbermill, to obtain a contract or a written commitment from a utility to demonstrate need. In 2001, the Commission initiated a generic proceeding in Docket No. E-100, Sub 85, to consider changes in the certification requirements for merchant plants. As

⁴Tr. Vol. 2,112.

impetus for its Order, the Commission cited the Energy Policy Act of 1992, which encouraged independent power production and competition in the wholesale power market through the creation of exempt wholesale generators and the ability of the Federal Energy Regulatory Commission to issue wheeling orders requiring utilities to allow access to their transmission grids for wholesale power transactions.⁵ Further, the Commission cited FERC Order 2000 as “encouraging the formation of regional transmission organizations which would operate interconnected transmission systems, reduce the cost of transmitting power to more distant markets, and further enhance wholesale competition.”⁶ In the E-100, Sub 85, Order, the Commission ordered the Public Staff to file a proposal for certification requirements for merchant plants.⁷ In its proposal, the Public Staff recommended that the Commission address in its proceeding how the public convenience and necessity for an IPP would be demonstrated “when the facility is intended in whole or in part to serve:

...

- b. Load outside of North Carolina, on varying bases and for varying duration.”⁸

In its Order adopting the certification rule, the Commission stated “[i]t is the Commission’s intent to facilitate, and not to frustrate, merchant plant development. Given the present statutory framework, the Commission is not in a position to abandon any showing of need or to create a presumption of need. However, the Commission believes that a flexible standard for the showing of need is appropriate.”⁹

⁵Order *Initiating Further Proceedings*, Docket E-100, Sub 85, at 3 (issued on February 7, 2001).

⁶*Id.*

⁷*Id.*

⁸Public Staff’s Initial Comments, Docket No. E-100, Sub 85, at 8 (January 10, 2000).

⁹Order Adopting Rule, Docket No. E-100, Sub 85, at 7 (issued May 21, 2001).

The Commission has also found in previous merchant plant dockets that “it is appropriate for the Commission to consider the total construction costs of a facility, including the cost to interconnect and to construct any necessary transmission network upgrades, when determining the public convenience and necessity of a proposed new generating facility.”¹⁰ The Commission also found that “the use of the levelized cost of transmission (LCOT) provides a benchmark as to the reasonableness of the transmission network upgrade cost associated with interconnecting a proposed new generating facility.”¹¹ Further, the Commission stated, “the very reason the CPCN statute was enacted was to stop the costly overexpansion of facilities to serve areas that did not need them.”¹² Lastly, the Commission found that N.C.G.S. § 62-2 contains several policies that show the “legislature intends the Commission to encourage cost-efficient siting of generation facilities, and thus that the Commission has the authority to consider all costs borne as a result of that siting decision.”¹³

As described in the CPCN Application, PJM is a regional transmission organization (RTO) that coordinates the movement of wholesale electricity in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia. This region includes over 65 million people, and projections of load are increasing. The load growth projection in the PJM service area in Dominion Energy territory, including North Carolina, is expected to average between 1.2% and 1.4% per

¹⁰See Order Denying Certificate of Public Convenience and Necessity for Merchant Plant Generating Facility, *In the Matter of Application of Friesian Holdings, LLC for a Certificate of Convenience and Necessity to Construct a 70-MW Solar Facility in Scotland County, North Carolina*, Docket No. EMP-105 Sub 0, at 6 (issued June 11, 2020).

¹¹*Id.*

¹²*Id.* at 17. See also *High Rock Lake Ass’n*, 97 N.C. App. at 140-41, 245 S.E.2d at 790; *State ex rel. Utils. Comm’n v. Empire Power*, 112 N.C. App. 265, 280, 435 S.E.2d 553, 561 (1994).

¹³*Id.* at 17-18.

year over the next 10 years.¹⁴ The Facility's load profile reflects higher output in the wintertime, as well as at night and early morning.

The CPCN Application and testimony of Timbermill witness Merrick and the testimony of Public Staff witness Thomas support the proposition that the Facility can (1) help meet increases in peak energy requirements forecasted in DENC's most recent Integrated Resource Plan and (2) contribute to meeting increases in peak load growth forecasted for PJM.

The Facility will be registered as a New Renewable Energy Facility and will participate in NC-RETS for the generation of RECs. The RECs will be eligible to be sold to and, then, used by an electric power supplier to meet the requirements of the renewable energy and energy efficiency portfolio standards in North Carolina and the PJM region.

Timbermill has a fully executed ISA, which includes \$7,093,084 in estimated interconnection costs. These costs will be borne by Timbermill and will not be reimbursed by PJM or DENC; therefore, DENC ratepayers will not be responsible for those interconnection costs. The Facility's interconnection studies determined that the interconnection of the Facility and the Transmission Line will only require the Attachment Facilities and Direct Connection Network Upgrades associated with the new switching station and minimal relay upgrades at stations along the existing DENC transmission line. Further, no adjacent transmission operators assigned any affected system network upgrade costs to the Facility. The Facility's queue position is in PJM Cluster Z1, and the Facility's output was taken into consideration in the study of all later-

¹⁴<https://www.pjm.com/-/media/library/reports-notice/load-forecast/2020-load-report.ashx?la=en> at 37-42.

queued projects. It has a Levelized Cost of Transmission (LCOT) between \$0.73 and \$1.07,¹⁵ which compares favorably to the LCOT average calculated by EIA (\$0.97) as well as the average LCOTs identified in the 2019 Lawrence Berkeley National Laboratory Interconnection Cost Study (LBNL Study) for wind in MISO (\$2.48/MWh) and PJM (\$0.30/MWh).

When the Facility comes out of suspension, PJM, DENC, or both may engage in a limited sensitivity analysis, but the Facility will not be subject to restudy and will retain its queue position. The Facility's queue position and associated network upgrades are included in the baseline for all PJM studies of later queue positions. As a result, once the Facility exits suspension, it is highly unlikely that PJM or DENC will identify any additional, significant upgrade costs. In addition, the Facility will likely not be subject to new affected systems costs when it comes out of suspension.

As the history of Commission Rule R8-63(b)(3) described above makes clear, the statement of need requirement is a "flexible standard" which is consistent with the Commission's Order Adopting Rule in Docket No. E-100, Sub 85 issued on May 21, 2001. When considering the demonstration of need, the Commission must also weigh the costs of the Facility, whether and to what extent those costs may be borne by ratepayers, and the benefits provided to those incurring the costs in determining the need for the Facility. Based on the foregoing, the Commission concludes that the interconnection costs associated with the Facility are reasonable and commensurate with the benefits received by those paying the costs. Therefore, for all of the reasons explained in this Order, the Commission finds that the construction of the Facility is in

¹⁵The LCOT calculated by Public Staff witness Thomas was \$0.73, and the two LCOTs calculated by Timbermill witness Rana were \$0.90 and \$1.07.

the public interest and meets the public convenience and necessity as required by N.C.G.S. § 62-110.1. However, the certificate will be conditioned in the manner described below to ensure that the Commission is notified of any future material revisions in the cost estimates for the interconnection facilities and network upgrades, including network upgrades on affected systems.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 17

The evidence supporting this finding is located in the CECPCN Application, the testimony of Timbermill witnesses Merrick and Seltzer, and Public Staff witness Thomas.

Timbermill's CECPCN Application states that the Facility will include a 230 kV Transmission Line to transmit the electric output of the Facility to the point of interconnection with DENC's existing 230 kV transmission line in Chowan County. The Transmission Line is needed to interconnect the Facility to the existing DENC electrical grid.

A detailed environmental report was filed with the CECPCN Application. The environmental report satisfies the requirements of N.C.G.S. § 62-102 and Commission Rule R8-62.

For all of the reasons explained in this Order and subject to the conditions imposed herein, the Commission finds that once NC DOA, through the State Clearinghouse, files comments that it has received the additional information requested and NC DOA concludes that no further State Clearinghouse review action on Timbermill's part is needed for compliance with the North Carolina Environmental Policy Act, the construction of the Transmission Line needed to interconnect the Facility will be

in the public interest and justified by the environmental compatibility, public convenience, and necessity as required by N.C.G.S. § 62-101 *et. seq.*

IT IS THEREFORE, ORDERED as follows:

1. That after NC DOA, through the State Clearinghouse, files comments that it has received the additional information requested and NC DOA concludes that no further State Clearinghouse review action on Timbermill's part is needed for compliance with the North Carolina Environmental Policy Act, a CPCN should be granted to Timbermill for the construction of a wind energy facility of up to 189-MW_{AC} to be located in Chowan County, North Carolina. The CPCN, once granted, shall be subject to the following conditions:

(i) The Applicant shall notify the Commission of any significant change (greater than 10%) in the cost estimates for the interconnection facilities, network upgrades, or affected system costs within 30 days of becoming aware of such change;

(ii) The Facility shall be constructed and operated in strict accordance with applicable laws and regulations, including any environmental permitting requirements; and

(iii) The CPCN shall be subject to Commission Rule R8-63(e) and all orders, rules and regulations as are now or may hereafter be lawfully made by the Commission.

2. That the registration statement filed by Timbermill for its wind energy facility located in Chowan County, North Carolina, as a New Renewable Energy Facility shall be, and is hereby, accepted.

3. That Timbermill shall annually file the information required by Commission Rule R8-66 on or before April 1 of each year.

4. That a CECPCN should be granted to Timbermill for the construction of an approximately 6-mile 230 kV transmission line to interconnect the Facility to the existing 230 kV Winfall-Mackeys transmission line operated by DENC at the same time as the CPCN. The CECPCN shall be effective so long as the CPCN is effective.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2022.

NORTH CAROLINA UTILITIES COMMISSION

Joann R. Snyder, Deputy Clerk