

NORTH CAROLINA UTILITIES COMMISSION

**FILING REQUIRED PURSUANT TO
COMMISSION RULE R19-1**

**ANNUAL REPORT OF TRANSACTIONS OF
North Carolina Electric Membership Corporation,
AN ELECTRIC MEMBERSHIP CORPORATION,
WITH AFFILIATED REPORTABLE SEPARATE BUSINESS
ENTITIES**

EMC Certificate No. M-2 SUB 2024EMC

Twelve months ended December 31, 2023

**3400 Sumner Boulevard
Address**

<u>Raleigh</u>	<u>NC</u>	<u>27616</u>
City	State	Zip Code

**(919)-872-0800
Phone Number**

**Douglas R. Browne
Name of Contact Person**

**(919) 875-3166
Phone Number**

**doug.browne@ncemcs.com
Email Address**

**April 30, 2024
Date of Report**

**Please Return an Original and Six Copies To:
Chief Clerk's Office
N. C. Utilities Commission
4325 Mail Service Center
Raleigh, NC 27699-4325**

PART 1(): DETAIL INFORMATION BY REPORTABLE SEPARATE BUSINESS ENTITY

Please complete all subparts of Part 1 for each reportable separate business entity that the EMC lists in its Report of Investments in Reportable Separate Business Entities as “active,” identifying each reportable separate business entity by inserting an unique capital letter between the parentheses; e.g., 1(A) for the first reportable separate business entity, 1(B) for the second, etc.

Subpart 1(a)(i)

Please fill out the following summary information regarding the reportable separate business entity.

Item	Requested Information
Name of reportable separate business entity	NCEMC Solar One, LLC (the Company)
Detailed description of reportable separate business entity's business	The Company is a for-profit entity created to invest in certain solar projects for the benefit of NCEMC's cooperative members. At December 31, 2023, the Company had a partnership interest in certain solar project companies - Member EMC Solar Four, LLC, Member EMC Solar Five, LLC, Member EMC Solar Six, LLC, Member EMC Solar Seven, LLC, Hall Solar NCEMC, LLC, Robbins Solar NCEMC, LLC, Old Cedar Solar NCEMC, LLC, Ludie Brown Solar NCEMC, LLC, Freight Line Solar LLC, PG Solar LLC and Holly Swamp Solar LLC (collectively, the Project Companies). As of December 31, 2023, those project companies have completed construction of 21 solar projects with capacity totaling ~8 MW. The Project Companies sell electricity to 11 North Carolina electric cooperatives or to NCEMC. The NC cooperatives or NCEMC pay all the facility costs, including construction costs and ongoing operating costs, through a 20-year fixed fee purchased power agreement with the Project Companies.
Was the reportable separate business entity created by the EMC or was it a preexisting entity in which the EMC acquired an equity/ownership interest?	The Company was created by NCEMC in 2014.
Amount of EMC's equity/ownership interest at the most recent audited financial statement date	The Company is 100% owned by NCEMC.
Description of how EMC's equity/ownership interest is recorded on EMC's books	NCEMC's investment in the Company is recorded as an investment in associated organizations as of December 31, 2023.
Description of how EMC's equity/ownership interest is recorded in the audited financial statements filed pursuant to Reporting Requirement No. 1	The Company is consolidated with NCEMC for audited financial statement purposes.

Subpart 1(a)(ii)

For each of the following items, please include in the first column the dollar amount reported on the EMC's balance sheet at the most recent audited financial statement date. Please include in the second column a description of how each amount is recorded on the EMC's books and in the audited financial statements filed pursuant to Reporting Requirement No.1 of Commission Rule R19-1.

Item	Balance Sheet Amount	Description of Recording
Loans to or from reportable separate business entity	\$0	
Notes or accounts receivable from or payable to reportable separate business entity	\$0	
Other assets or liabilities related to reportable separate business entity	\$0 See Subpart 1 (a) (iii) below.	NCEMC's investment in the Company is recorded as an investment in associated organizations as of December 31, 2023. The Company is consolidated with NCEMC for audited financial statement purposes.

Subpart 1(a)(iii) – Summary Transaction Information

For each of the following categories, please include in the first column the total dollar amounts for the type of transaction between the EMC and the reportable separate business entity, flowing in each direction, which occurred during the year. Please include in the second column how the transactions were recorded on the EMC's books and in the audited financial statements.

Category	Transaction Amount and Type	Description of Recording
Personnel	\$0	
Services		NCEMC provided staffing services to NCEMC Solar One to support the administration of subsidiaries in 2023.
Facilities	\$0	
Equipment	\$0	
Interest	\$0	
Fees	\$0	
Other Tangible Property	\$0	
Intangible Property and Benefits	\$0	
Other: Partnership Investment	\$0	NCEMC's investment in the Company is recorded as an investment in associated organizations as of December 31, 2023. The Company is consolidated with NCEMC for audited financial statement purposes.

Subpart 1(a)(iv): Detailed Information on Transactions

For each category of transactions in Part 1, Subpart 1(a)(iii), please provide the following information regarding transactions listed that involve the reportable separate business entity's use of EMC resources. Please divide the relevant categories into subcategories and/or individual transactions as necessary to provide full and clear information.

Item	Requested Information
Name of category	Staffing Services
Description of subcategory, if appropriate	N/A
Description of individual transaction, if appropriate	NCEMC provided staffing services to NCEMC Solar One to support the administration of subsidiaries in 2023.
Transaction amount(s)	
Was compensation provided to EMC at a competitive price or at fully distributed cost?	Yes
The competitive price and fully distributed cost amounts used for comparison purposes to select the appropriate (highest) level of compensation	NCEMC determined that staff spent approximately 100 hours on each project under construction for the solar subsidiaries and charged for the hours worked. is a reasonable hourly rate for accounting, legal and back office support.
The methods and calculations used to determine competitive price and fully distributed cost, including the components of fully distributed cost (attach supporting documentation if necessary)	See above.

Item	Requested Information
Name of category	Other – Partnership Investment
Description of subcategory, if appropriate	N/A
Description of individual transaction, if appropriate	N/A
Transaction amount(s)	Total investment in the Project Companies totaled at December 31, 2023
Was compensation provided to EMC at a competitive price or at fully distributed cost?	N/A
The competitive price and fully distributed cost amounts used for comparison purposes to select the appropriate (highest) level of compensation	N/A
The methods and calculations used to determine competitive price and fully distributed cost, including the components of fully distributed cost (attach supporting documentation if necessary)	N/A

Subpart 1(a)(v): Advertising and Intangible Benefits

For each category listed in the following table, please provide the amount of compensation paid to the EMC by the reportable separate business entity and state whether the compensation provided to the EMC was at a competitive price or at fully distributed cost. Please indicate the competitive price and fully distributed cost amounts used for comparison purposes to select the appropriate (highest) level of compensation. Please list the methods and calculations used to determine competitive price and fully distributed cost, including the components of fully distributed cost (attach supporting documentation if necessary).

Category	Compensation Amount	Competitive Price or FDC?	Competitive Price and FDC Amounts	Methods, Calculations, and Components
<u>Joint</u> advertising, website development and operation, and/or other marketing efforts by the EMC and the reportable separate business entity	\$0	N/A	N/A	N/A
Advertising, website development and operation and/or other marketing efforts <u>by the EMC</u> that directly or indirectly support the business of the reportable separate business entity	\$0	N/A	N/A	N/A
Advertising, website development and operation, and/or other marketing efforts <u>by the reportable separate business entity</u> that make use of the EMC's name and/or logo, or that make use of an association with the EMC in any manner	\$0	N/A	N/A	N/A
Intangible benefits accruing to the reportable separate business entity by use of (and thus association with) EMC personnel, services, facilities, equipment, or other resources	\$0	N/A	N/A	N/A
Intangible benefits accruing to the reportable separate business entity by public knowledge of its affiliation with the EMC	\$0	N/A	N/A	N/A
The availability and/or use of EMC systems to make available and/or schedule the use of EMC personnel, services, facilities, equipment, or other resources for reportable separate business entity purposes	\$0	N/A	N/A	N/A
The availability of the EMC to backstand the business operations and credit of the reportable separate business entity	\$0	N/A	N/A	N/A

Subpart 1(a)(vi): Contracts

Please list all contracts between the EMC and the reportable separate business entity executed during the period covered by this report. Please attach copies of the contracts to the report.

Date of Contract	Title of Contract

Subpart 1(a)(vii): Transfers

Please provide a listing and description of any significant transfers of the following from the EMC to the reportable separate business entity. None

Item	Requested Information
Services	
Functions	
Departments	N/A
Employees	
Assets	
Liabilities	
Rights	
Obligations	

Part 2: SERVICE COMPANY

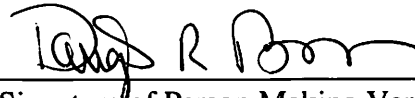
If an affiliated reportable separate business entity has been established to provide shared services to the EMC and/or one or more other reportable separate business entities, please provide the following information.

Item	Requested Information
Name of Service Company	N/A
Detailed description of the assignment/allocation methods used to determine charges to the EMC and each of the other reportable separate business entities	N/A

Part 3: VERIFICATION UNDER OATH REGARDING ACCURACY OF REPORT

(NOTE: THIS VERIFICATION SHALL BE COMPLETED BY EITHER THE CHIEF EXECUTIVE OFFICER, A SENIOR LEVEL FINANCIAL OFFICER, OR THE RESPONSIBLE ACCOUNTING OFFICER.)

I, Douglas R. Browne, state and attest that the attached Annual Report of Transactions With Affiliated Reportable Separate Business Entities is filed on behalf of North Carolina Electric Membership Corporation as required by the North Carolina Utilities Commission; that I have reviewed said Report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information provided therein; and that, to the best of my knowledge, information, and belief, all of the information contained therein is accurate and true, no material information or fact has been knowingly omitted or misstated therein, and all of the information contained in said Report has been prepared and presented in accordance with all applicable North Carolina General Statutes, Commission Rules, and Commission Orders.



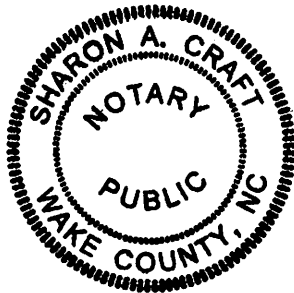
Signature of Person Making Verification

Vice President – Finance & Accounting
Job Title

4/22/2024

Date

Subscribed and sworn before me this the 22 day of Apr, 2024.




Notary Public

My Commission Expires: 3/24/25

NORTH CAROLINA UTILITIES COMMISSION

**FILING REQUIRED PURSUANT TO
COMMISSION RULE R19-1**

**ANNUAL REPORT OF INVESTMENTS OF
North Carolina Electric Membership Corporation,
AN ELECTRIC MEMBERSHIP CORPORATION,
IN REPORTABLE SEPARATE BUSINESS ENTITIES**

EMC Certificate No. M-2 SUB 2024EMC

Twelve months ended December 31, 2023

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Address**

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**Douglas R. Browne
Name of Contact Person**

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**doug.browen@ncemcs.com
Email Address**

**April 30, 2024
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PART 1: SUMMARY OF INVESTMENTS IN REPORTABLE SEPARATE BUSINESS ENTITY ACTIVITIES

Subpart 1(a): Information Regarding Reportable Separate Business Entities (RSBE) In Which EMC Has an Ownership Interest

Please provide the following information for each reportable separate business entity in which the EMC has an ownership interest. Attach additional pages if necessary.

Name of Reportable Separate Business Entity (RSBE)	Dollar Amount of EMC Equity/Ownership Investment	Identification of EMC Role in RSBE as Active or Passive	Percentage of EMC Ownership of RSBE
1. NCEMC Solar One, LLC		Active	100%
2. Member EMC Solar Seven, LLC	\$0 – Please see Note 1	Passive	Please see Note 1
3. Member EMC Solar Four, LLC	\$0 – Please see Note 1	Passive	Please see Note 1
4. Member EMC Solar Five, LLC	\$0 – Please see Note 1	Passive	Please see Note 1
5. Member EMC Solar Six, LLC	\$0 – Please see Note 1	Passive	Please see Note 1
6. Hall Solar NCEMC, LLC	\$0 – Please see Note 1	Passive	Please see Note 1
7. Robbins Solar NCEMC, LLC	\$0 – Please see Note 1	Passive	Please see Note 1
8. Old Cedar Solar NCEMC, LLC	\$0 – Please see Note 1	Passive	Please see Note 1
9. Ludie Brown Solar NCEMC, LLC	\$0 – Please see Note 1	Passive	Please see Note 1
10. Freight Line Solar LLC	\$0 – Please see Note 1	Passive	Please see Note 1
11. Holly Swamp Solar LLC	\$0 – Please see Note 1	Passive	Please see Note 1
12. PG Solar LLC	\$0 – Please see Note 1	Passive	Please see Note 1
13.			
14.			
15.			
16. Total			

Subpart 1(b): Reconciliation of Subpart 1(a) to Audited Financial Statements

Please provide the following information for the EMC.

1. Total on L18 in Subpart 1(a)	
2. Investment in Subsidiaries per audited financial statements filed pursuant to Rule R19-1	
3. Difference (L1 – L2)	\$0

If line 3 is not zero, please explain in detail the differences in the amounts reported on line 1 and Line 2.

Note 1

Small Scale Solar Projects

In April 2014, the NCEMC Board of Directors (BOD) authorized NCEMC's involvement in the development of small scale solar projects. NCEMC formed a taxable subsidiary, NCEMC Solar One, LLC (NSO), to participate with other taxable investors to form project companies to construct, own and operate small-scale (each approximately 100 kW) solar facilities in NC. Output from the facilities is sold to NC electric cooperatives which are also responsible for defraying all costs associated with project development and on-going operation. Since it is owned by taxable entities, the project company is able to take advantage of federal and NC renewable energy tax credits and reduce the overall cost of the solar facilities to the participants.

NSO and Federated Rural Electric Insurance Exchange (Federated), a national cooperative insurance company, partnered to form Project Companies. The Project Companies own and operate the solar facilities. The Project Companies paid for the construction costs of the facilities using the funds from NSO and Federated and then recover the cost of construction and the ongoing operating costs through 20-year fixed-price power purchase agreements (PPA) with the participating NC electric cooperatives.

Three previous Project Companies, Member EMC Solar One, LLC; Member EMC Solar Two, LLC; and Member EMC Solar Three, LLC have been dissolved and consolidated into NSO. Member EMC Solar Four, LLC is still operating as of December 31, 2023.

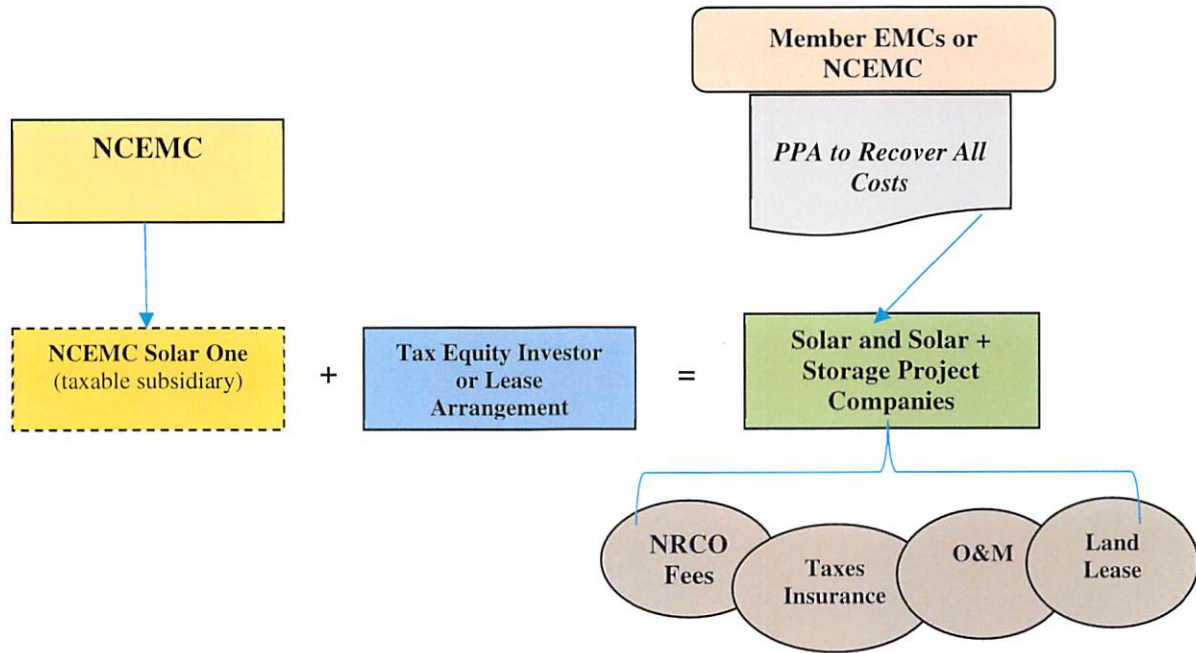
Solar Plus Storage Projects

In 2019, the NCEMC BOD authorized the development of solar plus storage projects totaling ~20MW. NSO formed several new project companies to facilitate construction of the solar plus storage projects – Member EMC Solar Five, LLC, Member EMC Solar Six, LLC, Member EMC Solar Seven, LLC, Old Cedar Solar NCEMC, LLC, Ludie Brown Solar NCEMC, LLC, Hall Solar NCEMC, LLC, Robbins Solar NCEMC, LLC, Freight Line Solar LLC, Holly Swamp Solar LLC and PG Solar LLC. These Project Companies will construct the facilities and then monetize the tax incentives by selling the projects to a financial institution capable of utilizing the tax attributes. The financial institution will then lease the projects back to the project companies, net of the tax benefits. In addition, the project companies will pay any and all ongoing operating costs. The project companies enter into PPAs to sell the power to NCEMC.

The project companies pay for the ongoing costs of each of the other projects such as operating, maintenance insurance, banking fees, property taxes, management fee and land lease expenses. All of these costs are billed to the project companies at fair-market prices by third-party vendors. The PPA rates with the NC electric cooperatives and NCEMC are intended to fully recover the total costs of the project, both initial construction on ongoing operations and maintenance.

The National Renewables Cooperative Organization (NRCO), a national cooperative energy services company, is responsible for the management and oversight of Member EMC Solar Four, LLC as well as the several solar plus storage project companies noted above. NRCO charges those project companies a management fee to cover the costs of administering the projects (accounting, tax returns, scheduling O&M, etc.).

A depiction of the relationship between NCEMC and the other entities is as follows:



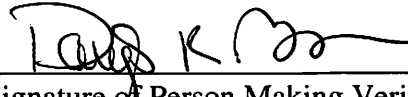
Key Points:

- NCEMC invests in NCEMC Solar One, LLC (NSO)
- NSO forms Project Companies
- The Project Companies contract with NRCO
- NRCO coordinates the construction of the solar and solar plus storage facilities
- The Project Companies enter into a PPA with the participating electric cooperatives or NCEMC for the solar plus storage projects
- Third parties bill the Project Companies for management fees, taxes, insurance and O&M and the Project Companies pay with the proceeds from the PPA
- The Project Companies pay the ongoing costs and distributes the residual earnings/cash to NSO and/or a tax equity investor

Part 2: VERIFICATION UNDER OATH REGARDING ACCURACY OF REPORT

(NOTE: THIS VERIFICATION SHALL BE COMPLETED BY EITHER THE CHIEF EXECUTIVE OFFICER, A SENIOR LEVEL FINANCIAL OFFICER, OR THE RESPONSIBLE ACCOUNTING OFFICER.)

I, Douglas R. Browne, state and attest that the attached Annual Report of Investments in Reportable Separate Business Entities is filed on behalf of North Carolina Electric Membership Corporation as required by the North Carolina Utilities Commission; that I have reviewed said Report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information provided therein; and that, to the best of my knowledge, information, and belief, all of the information contained therein is accurate and true, no material information or fact has been knowingly omitted or misstated therein, and all of the information contained in said Report has been prepared and presented in accordance with all applicable North Carolina General Statutes, Commission Rules, and Commission Orders.



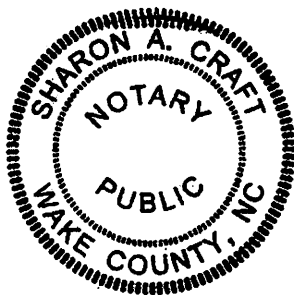
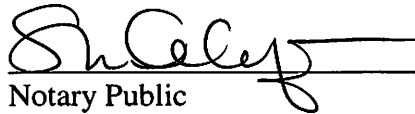
Signature of Person Making Verification

Vice President – Finance & Accounting
Job Title

4/22/2024

Date

Subscribed and sworn before me this the 22 day of Apr, 2024.

Notary Public

My Commission Expires: 3/24/25

VERIFICATION UNDER OATH REGARDING ACCURACY OF REPORT

(NOTE: THIS VERIFICATION SHALL BE COMPLETED BY EITHER THE CHIEF EXECUTIVE OFFICER, A SENIOR LEVEL FINANCIAL OFFICER, OR THE RESPONSIBLE ACCOUNTING OFFICER.)

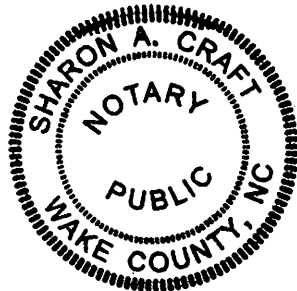
I, Douglas R. Browne, state and attest that the attached audited financial statements as of December 31, 2023, is filed on behalf of North Carolina Electric Membership Corporation as required by the North Carolina Utilities Commission; that I have reviewed said Statements and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information provided therein; and that, to the best of my knowledge, information, and belief, all of the information contained therein is accurate and true, no material information or fact has been knowingly omitted or misstated therein, and all of the information contained in said Statements has been prepared and presented in accordance with all applicable North Carolina General Statutes, Commission Rules, and Commission Orders.

Douglas R. Browne
Signature of Person Making Verification

Vice President – Finance & Accounting
Job Title

4/22/2024
Date

Subscribed and sworn before me this the 22 day of Apr, 2024.



Sharon A. Craft
Notary Public

My Commission Expires: 3/24/25