



Jack E. Jirak
Associate General Counsel

Mailing Address:
NCRH 20 / P.O. Box 1551
Raleigh, NC 27602

o: 919.546.3257
f: 919.546.2694

jack.jirak@duke-energy.com

August 14, 2020

VIA ELECTRONIC FILING

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

**RE: ESS Retrofit Interconnection Study Process Update
Docket No. E-100, Sub 101**

Dear Ms. Campbell:

In its April 28, 2020 Order Granting Waiver and Requiring Report (“Order”), the North Carolina Utilities Commission (“Commission”) approved Duke Energy Carolinas, LLC’s and Duke Energy Progress, LLC’s (collectively, “Duke” or the “Companies”) ESS Retrofit Study Process as described in the Companies’ January 17, 2020 Petition for Waiver and consistent with Duke’s statements of clarification made in its December 6, 2019 (“Petition”).

In its Order, the Commission further observed that “Duke, the Public Staff, NCSEA, and NCCEBA agree that it is appropriate to allow an existing Generating Facility to add storage for operation only during daylight hours at any time and outside of the ESS Retrofit Study Process.” Therefore, the Commission directed Duke “to file Attachment C, and any other necessary conforming language, as proposed changes to the NCIP on or before May 15, 2020.”

The ESS Retrofit Study Process for DC-connected storage was described in Attachment A to the Companies’ Petition. On Page 3 of Exhibit A, the Companies confirmed that “those facilities seeking to add ESS for discharge only during daylight hours do not require further review.” In terms of mechanics, the Company further explained that “[a]ny projects desiring to add ESS only for operation between 9:00 AM – 5:00 PM must submit an ESS Retrofit Process Application but are free to do so at any time without regard

OFFICIAL COPY

Aug 14 2020

to the enrollment window.”¹ Once the application (which was included in the Companies’ petition as Attachment A) has been reviewed and Duke has confirmed that all requirements have been met, the addition of the ESS would be approved and the applicable Interconnection Agreement amended using the language set forth in Attachment C (which was included in the Companies’ Petition), which amendment makes clear that the ESS has been released for grid export during the period of 9:00 – 5:00. Therefore, the Companies’ view is that no further documentation or changes to the NCIP are needed in order to accept applications for any DC-connected ESS that limits its output to the period of 9:00 – 5:00.

However, while the Companies’ Petition established the interconnection study process of ESS retrofits (whether through the full study process or based on any of the identified exemption criteria), the related power purchase agreement (“PPA”) issues remain unresolved (*e.g.*, the threshold question of whether ESS retrofits are permitted under the terms of the applicable PPA and, if so, the applicable rates). These unresolved PPA issues led to the Companies’ and NCCEBA’s joint motion for delay in the ESS retrofit study enrollment window. The joint motion explained that there are “important policy issues that remain unresolved related to the addition of energy storage to existing facilities, including crucially the appropriate avoided cost rates and terms that will be applied to energy storage additions.” Therefore, Duke and NCCEBA agreed that it was “premature to open the ESS Retrofit Study Process because Qualifying Facilities (“QFs”) are not yet able to fully assess the economics of such a decision.” The Commission approved the requested delay in its May 27, 2020 Order Suspending Enrollment Window of ESS Retrofit Study Process.

Those same unresolved issues that led to the suspension of the ESS Retrofit Study enrollment window are also applicable to any ESS retrofit proposed for operation during the hours of 9:00-5:00. That is, while a project seeking to add DC-connected storage for operation during the hours of 9:00 – 5:00 is technically exempted from the ESS Retrofit Study process, it has not yet been established whether such addition is permitted under the terms of the applicable PPA and, if so, at what rates. In other words, because the PPA issues have not yet been resolved, Duke does not expect that any such applications will be received nor does it make practical sense to accept such application when it has not yet been established if the retrofit is permitted under the PPA.

In the most recent avoided cost order in Docket No. E-100, Sub 158, the Commission directed Duke to commence an energy storage retrofit stakeholder process to address such PPA issues. Duke will be filing the required report on September 1, 2020, at

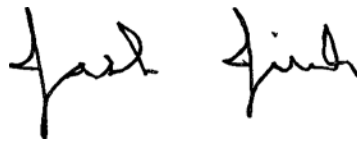
¹ The following additional exemption categories are also identified in Attachment A and are permitted to submit an ESS Application at any time: (1) solar generating facilities less than <250 kW, (2) non-solar (*i.e.* already 24hr generating facility), (3) Non-exporting / net energy metering.

which point the parties will await further direction from the Commission. Based on those discussions and, as will be discussed in more detail in the Companies' September 1 filing, Duke has identified certain technical metering constraints that have led to the need to focus in the short term on AC-connected ESS retrofits. As will also be explained in Duke's September 1 filing, this shift will necessitate further changes to the ESS Retrofit Study Process.

In summary, while the ESS Retrofit Application as submitted in the Companies' Petition is technically capable of accommodating DC-connected ESS Retrofit applications for Interconnection Customers that intend to operate only during the time of 9:00 – 5:00 without any further modifications to the NCIP, the related PPA issues must be resolved before any such applications can be meaningfully processed and, furthermore, there will likely be additional modifications needed to the ESS Retrofit study process in light of some of the conclusions reached during the ongoing stakeholder process.

Please do not hesitate to let me know if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Jack Jirak". The signature is written in a cursive style with a large initial "J" and "J".

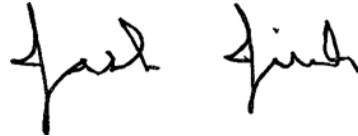
Jack E. Jirak

cc: Parties of Record

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's ESS Retrofit Interconnection Study Process Update, in Docket No. E-100, Sub 101, has been served by electronic mail, hand delivery or by depositing a copy in the United States mail, postage prepaid to parties of record.

This the 14th day of August, 2020.

A handwritten signature in black ink, appearing to read "Jack Jirak".

Jack E. Jirak
Associate General Counsel
Duke Energy Corporation
P.O. Box 1551/NCRH 20
Raleigh, North Carolina 27602
(919) 546-3257
Jack.jirak@duke-energy.com