

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-100, SUB 180

In the Matter of)	Petition to Intervene and
Investigation of Proposed Net Metering)	Initial Comments of the
Policy Changes)	North Carolina Electric
)	Membership Corporation

NOW COMES the North Carolina Electric Membership Corporation (“NCEMC”) and, pursuant to North Carolina Utilities Commission (“Commission”) Rule R1-19 and in accordance with the Commission’s January 10, 2022 *Order Requesting Comments*, (“Order”), files this Petition to Intervene.

I. Motion for Leave

NCEMC requests that it be permitted to participate in the above-referenced dockets and shows unto the Commission as follows:

1. NCEMC’s attorneys, to whom all communications and pleadings should be addressed are:

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2. NCEMC is a generation and transmission cooperative organized pursuant to Chapter 117 of the North Carolina General Statutes and is responsible for the power supply of its 25 member distribution cooperatives throughout the State of North Carolina. Those 25 members, in turn, supply electricity to more than one million homes, farms, and businesses in which more than 2.5 million North Carolinians live and work.

3. In the Order, the Commission requested comments in this docket addressing the November 29, 2021 Joint Application for Approval of Net Metering Tariffs in Docket Nos. E-7, Sub 1214, and E-2, Subs 1076 and 1219 by Duke Energy Carolinas, LLC (“DEC”), and Duke Energy Progress, LLC (“DEP”)(collectively, “Duke”), in which Duke proposed revised net energy metering tariffs (collectively, “NEM Tariffs”) for customer who submit applications on or after January 1, 2023.¹

4. In addition to generating its own power and energy, NCEMC and its members purchase power and energy, pursuant to wholesale contracts, from DEC, DEP, Virginia Electric and Power Company d/b/a Dominion Energy North Carolina (“Dominion”), and others to supply its members in 93 counties in North Carolina. NCEMC

¹ In addition to the dockets in which DEC and DEP made their joint filing, the Commission also served a copy of its Order on all parties to Docket No. E-100, Sub 83, In the Matter of Investigation of Net Metering Rule, and requested parties to that generic proceeding to file comments and reply comments in this proceeding.

and its member distribution cooperatives also take retail service from DEC and DEP at multiple locations.

5. NCEMC is one of Duke's largest wholesale customers, and changes to Duke's net energy metering tariffs and programs will have impacts to NCEMC and its members. NCEMC's participation in these dockets will help share the perspective of wholesale customers of the electric public utilities regarding whether the proposed modifications to net metering tariffs are consistent with N.C. Gen. Stat. § 62-126.4(b), enacted as part of Session Law 2017-192 (commonly referred to as "House Bill 589" or "H589"), which requires that:

The [net metering] rates shall be nondiscriminatory and established only after an investigation of the costs and benefits of customer-sited generation. The Commission shall establish net metering rates under all tariff designs that ensure that the net metering retail customer pays its full fixed cost of service. Such rates may include fixed monthly energy and demand charges.

6. Duke notes in its Joint Application that Section 5 of North Carolina Session Law 2021-165, (commonly referred to as "House Bill 951" or "H951"), also requires the Commission to adopt rules revising net metering rates. Duke states that the proposed NEM Tariffs are consistent with the spirit of H951 in that the revised design offers a "more sustainable path for continued growth of customer-sited, carbon-free power generation." Joint Application at 7. NCEMC was actively involved in the development of H951 and has a direct interest in seeing the policies and goals of the law implemented in a manner consistent with the intent of the General Assembly. The cooperatives were identified, along with municipalities, as key stakeholders to be involved in the implementation of H951

before the Commission by its legislative sponsors.² As such, the perspectives of NCEMC as a stakeholder in these matters will assist the Commission in ensuring that the legislative intent supporting H951 is met.

7. For the reasons stated above, NCEMC and its member cooperatives have direct, substantial, and pecuniary interests that could be materially affected by the Commission's actions in this proceeding. No other party can adequately represent NCEMC's interests in this proceeding.

8. NCEMC asks that the Commission make it a party to this proceeding and permit it to exercise all rights provided to intervenors under North Carolina law and this Commission's rules.

9. NCEMC agrees to accept electronic service of all filings in these Dockets.

II. Initial Comments of NCEMC

10. NCEMC does not take a position on the specific rates included in DEC or DEP's NEM Tariffs, the Memorandum of Understanding that was filed in support of the NEM Tariffs, or the related Smart Saver Solar Energy Efficiency Program filing in Docket Nos. E-2, Sub 1287, and E-7, Sub 1261. Instead, NCEMC wishes to make the following

² See statement by Sen. Paul Newton on October 5, 2021, before the Senate Committee on Agriculture, Energy, and Environment, in which Sen. Newton responded to the question "Are co-ops and munis [municipal power agencies] qualifying stakeholders under the bill?" by stating affirmatively that "Yes. So if this plan is being considered, and they want a voice, and they want to address the Utilities Commission about the proposed plan going forward, they are absolutely stakeholders. I don't want there to be any confusion about that." Audio available online at:

https://nccommittee.s3.amazonaws.com/20211005/Senate:%20%20Agriculture,%20Energy,%20and%20Environment%20--%20UPDATED/Auditorium%20LB_Senate%20%20Agriculture_1200PM_wucxdgnbdqf.mp3.

general observations regarding the revisions to the net metering rate design proposed by DEC and DEP in this proceeding that would be applicable to customer-sited, behind the meter (BTM) generation on their systems in North Carolina.³

11. Duke noted that its current net metering tariffs adopted in Docket No. E-100, Sub 83 rely upon a simple two-part rate design that includes a basic monthly fixed charge and fixed volumetric monthly energy charges. Duke noted that while such an approach is generally adequate for non-NEM customers, that model can break down for NEM customers, as billed energy usage may decrease significantly, but demand is not proportionally reduced. Joint Application at 9. This can result in increasing cost shifts over time, as experienced in states with very high penetration rates of net metered systems.⁴ Rather than socializing the revenue shortfall from NEM customers among all customers, the proposed NEM Tariffs seek to ensure that each NEM customer “pays its full fixed costs of service,” consistent with N.C.G.S. § 62-126.4, through better alignment of the NEM rates with the costs to serve the NEM customers.

12. Duke’s NEM Tariffs include several components that work together to minimize the risk of cross-subsidization, including the establishment of a monthly minimum bill, a grid access fee for capacity greater than 15 kW_{DC}, certain non-bypassable

³ NCEMC notes that its 25 member distribution cooperatives have adopted various rate designs and approaches to accommodate BTM generation, including net metering tariffs, net billing, and other mechanisms. Our not-for-profit member cooperatives strive to provide their members with safe, reliable, affordable power at fair rates that recover the cooperatives’ cost of providing service, and there are many ways to accomplish that goal, with each cooperative determining their approach based on local circumstances, members, board, and management.

⁴ See, e.g., California’s efforts to establish alternative ratemaking mechanisms for distributed resources. California Public Utilities Commission Proceeding R.20-08-020. Online at: <https://www.cpuc.ca.gov/nemrevisit>.

charges, the use of time-of-use (TOU) and critical peak pricing (CPP) rate schedules, and the netting and crediting of exported energy consistent within the TOU pricing periods to align the credits more closely with the rates in effect for that pricing period. NCEMC generally agrees with Duke that a combination of these approaches can provide a framework to more appropriately capture the benefits provided to the power system by BTM generation and provides tools and flexibility to better align the cost and benefits of serving those customers.

13. With regard to TOU and CPP rates, NCEMC notes that time-differentiated rates that are reflective of the value of energy that the electric supplier would otherwise generate or purchase to provide energy to the customer can help to align costs and also provide price signals to current NEM customers as well as future customers considering investing in BTM generation. The implementation of time-differentiated rates is a complex process so flexibility is key to establishing rates that effectively manage cost allocation issues between customers. NCEMC further notes that to the extent BTM generation is then paired with other devices such as energy storage or demand response mechanisms, whether by customer action or through utility programs, that increase the ability of customers to manage their energy usage, this pairing can further increase the value of the distributed energy resources to both the customer and the electric supplier in a more cost-effective fashion.

14. NCEMC further agrees with Duke's proposal to include a minimum monthly bill. This will assign distribution system costs and other costs that do not typically vary with customer incurring those charges, to ensure that those fixed costs are recovered

from all customers. In addition, non-bypassable charges to recover non-energy related expenses such as and cyber security costs can ensure that the allocation of these broader system costs are not disproportionately shifted to customers not participating in net metering.

15. In summary, as the amount of BTM generation continues to grow in North Carolina, the risks for cost misalignment between participating and non-participating customers will also grow, absent appropriate changes to the rates applicable to those customers. An electric power supplier needs to be able to ensure that the costs it incurs are properly allocated to customers consistent with cost causation principles in order to continue to provide safe, reliable, and affordable electric service for all its customers.

WHEREFORE, NCEMC respectfully requests that the Commission grants NCEMC's petition to intervene and accepts these comments.

Respectfully submitted this the 29th day of March 2022.

**NORTH CAROLINA ELECTRIC
MEMBERSHIP CORPORATION**

By: /s/ Timothy R. Dodge
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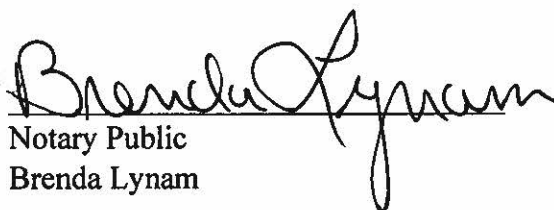
STATE OF NORTH CAROLINA**COUNTY OF WAKE**

Timothy R. Dodge swears and says under penalty of perjury:

1. He is Regulatory Counsel for North Carolina Electric Membership Corporation.
2. He has read the foregoing *Petition to Intervene and Initial Comments* and knows its contents.
3. The matters stated in this instrument are true of his knowledge, except as to those matters that are stated to be on information and belief, and, as to those matters, he believes them to be true.

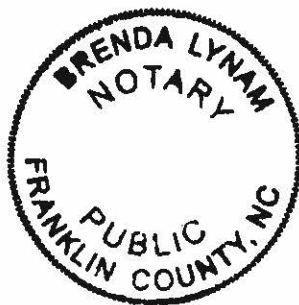

Timothy R. Dodge

Sworn to and subscribed before me
this the 29th day of March 2022.


Notary Public
Brenda Lynam

My Commission Expires: 11/18/2023

[SEAL]



CERTIFICATE OF SERVICE

It is hereby certified that the foregoing document has been served upon all parties of record by electronic mail, or depositing the same in the United States mail, postage prepaid.

This the 29th day of March 2022.

/s/ Timothy R. Dodge

Timothy R. Dodge