

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 1314
DOCKET NO. E-7, SUB 1289

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Petition of Duke Energy Progress, LLC,	)	THE UNITED STATES DEPARTMENT
and Duke Energy Carolinas, LLC,	)	OF DEFENSE AND ALL OTHER
Requesting Approval of Green Source	)	FEDERAL EXECUTIVE AGENCIES'
Advantage Choice Rider GSAC	)	REPLY COMMENTS

The Secretary of Defense, through duly authorized counsel and on behalf of the United States Department of Defense (DOD) and all other Federal Executive Agencies (FEA), and Pursuant to Commission Rule R-1-5-2 and the Commission's February 9, 2023 Order Requesting Comments, as amended by the Commission's March 28, 2023 Order Granting Extension, hereby submits Reply Comments in the above-referenced dockets. Specifically, DOD/FEA responds to the Initial Comments of Carolina Industrial Group for Fair Utility Rates I & II (CIGFUR), Clean Energy Buyer's Association (CEBA), Google, Public Staff, Carolina Utility Customers Association (CUCA), the North Carolina Attorney General's office (AGO), and the joint initial comments of the Southern Alliance for Clean Energy (SACE), the North Carolina Sustainable Energy Association (NCSEA), and the Carolinas Clean Energy Business Association (CCEBA) (collectively, environmental organizations).

I. The Commission Should Preserve the GSA Bridge Program and Remove the Per-Facility CAP

DOD/FEA continues to engage with Duke Energy Carolinas and Duke Energy Progress (the Duke Companies) to take advantage of the Green Source Advantage (GSA) Bridge program. Currently, the GSA Bridge program is set to expire the day the Commission issues an order

approving new customer renewable energy programs or twelve months after the Commission approved the GSA Bridge program.¹

CIGFUR recommends that the Commission preserve the GSA Bridge program so that an applicant is able to continue pursuing the application and enrollment process for the GSA Bridge Program if an application has been submitted before the effective date of a new Commission-approved customer renewable program.² DOD/FEA agrees. As CIGFUR notes, enabling applicants to continue to pursue the GSA Bridge program avoids a scenario wherein an applicant invests time and resources applying for the GSA Bridge Program only to have the timing of Commission approval of the new customer renewable programs in the instant dockets potentially disrupt such efforts and cause the customer to have to restart the process under different and new program terms.³

DOD/FEA has invested significant time, effort and resources into the GSA Bridge Program application. DoD has scoped, issued and reviewed responses to a Request for Information regarding the Duke GSA Bridge program and has subsequently expended significant resources to develop an RFP in order to procure CFE from the GSA Bridge program in the manner established by the Duke Companies and approved by the Commission.⁴ DOD/FEA respectfully request, therefore, that the Commission allow customer to continue to pursue the Bridge program beyond both the one year deadline and approval of the GSA Choice programs.

DOD/FEA also support CIGFUR's recommendation that the Commission remove the 80-MW per facility capacity limit and increase the 250-MW annual allocation GSA-C Facility PPA

¹ *Order Approving GSA Bridge Program*, Docket Nos. E-2 Sub 1306 and E-7 Sub 1277 (Nov. 4, 2022).

² CIGFUR Initial Comments at 2.

³ *Id.*

⁴ See Ex. A, Affidavit of Pamela Griffith.

capacity. Increasing the 250-MW allocation will reduce competition among customers for limited CFE MWs annually. Moreover, allowing customers to pursue individual projects over 80-MW will allow individual customers to seek out projects sized to their specific needs and to take advantage of economies of scale.

II. The Commission Should Require the Duke Companies to Accurately Track and Account for CFE

Google encourages the Commission to require the Duke Companies to develop tracking and reporting tools that will enable it to offer an hourly-matched CFE product.⁵ DOD/FEA support the development of tacking and accounting tools for an hourly-matched CFE product and also for the annual CFE product that it seeks to procure pursuant to the GSA Bridge Program. In fact, it is vital that the Duke Companies correctly track and account for CFE in order for DOD/FEA to calculate the CFE they can count towards the Executive Order No. 14057 and Implementing Instruction requirement.⁶

As stated in DOD/FEA Initial Comments, Federal agencies can use four sourcing strategies to procure CFE to meet the E.O. 14057 goal of 100% CFE on an annual basis by 2030.⁷ Those include grid-supplied CFE, purchased CFE, purchased EACs and onsite CFE. Importantly, grid-supplied CFE is CFE that is delivered as part of default electricity service or the electricity grid mix from a utility or electric service provider.⁸ Typically, electricity delivered as part of the utility's default electricity service, including CFE, is paid for by the utility's rate base. Purchased CFE, on the other hand, is electricity purchased from a qualifying

⁵ Google Initial Comments at 15.

⁶ DOD/FEA Initial Comments at 1-2.

⁷ *Id.* at 2.

⁸ *Id.* at 3.

CFE generation source with the associated EACs.⁹ The EACs procured as part of purchased CFE are then retired on behalf of the purchasing customer.

In order for electricity procured or produced to count toward net annual CFE progress, an agency must obtain and retire the associated EAC for all strategies identified in section 4.2.4, except grid-supplied CFE for which an EAC is not currently required.¹⁰ DOD/FEA seeks to meet the goal of 100% CFE by 2030 on an annual basis by layering purchased CFE procured through the GSA Bridge and Choice programs on top of the grid-supplied CFE that has already been paid for, and that will continue to be paid for through DOD/FEA's approved tariff rates.

The only way that DOD/FEA can correctly calculate the amount of CFE it has procured is if Duke separates its residual mix serving all customers from the megawatts of CFE purchased by customers through its voluntary programs. Therefore, the Duke Companies should back the MWs of CFE procured through the GSA Bridge and Choice programs out of its general mix serving all customers so that DOD/FEA or any other customer can distinguish between the CFE it procures through a voluntary program (purchased CFE) and the CFE it purchases as part of the Duke Companies' standard offer service. Without a clear delineation between grid-supplied CFE and purchased CFE, it will be difficult for DOD/FEA to correctly calculate the CFE they have procured towards their 2030 goal. As such, DOD/FEA requests that the Commission require the Duke Companies to develop clear accounting and reporting processes needed to determine and provide clear ownership of the RECs purchased through the GSA Bridge and Choice programs. DOD/FEA further requests the Commission require the Duke Companies to develop clear accounting and reporting processes necessary to determine the amount of CFE the Duke Companies serve all customers, and that no other customer can claim.

⁹ *Id.*

¹⁰ *Id.*

DOD/FEA also agrees with the Public Staff, CEBA, CUCA, the AGO and Environmental Organizations that the Commission should address concerns raised about regulatory surplus. The manner in which the Duke Companies have proposed to account for the CFE procured through its voluntary programs introduces ambiguity into whether voluntary procurement of CFE is in fact additional and impactful. DOD/FEA encourage the Duke Companies to work with intervenors to adopt tracking and accounting mechanisms that remove ambiguity about the value of these programs.

III. Alignment with E.O. 14057 Implementing Instructions

As noted in DOD/FEA Initial Comments, the Implementing Instructions for Executive Order No. 14057 outline four sourcing strategies for carbon pollution-free electricity (CFE) that FEAs can use to meet their 2030 targets, including grid-supplied CFE, onsite CFE, purchased CFE and purchased EACs.¹¹ In describing their concern with the lack of regulatory surplus in the GSA Choice programs, Environmental Organizations mischaracterize the nature of grid-supplied CFE and purchased CFE.

Environmental Organizations state:

When CFE purchased through a voluntary customer program is not surplus to regulatory requirements, that CFE constitutes “grid-supplied CFE” even if a customer paid a premium for it through a voluntary customer program, because the same amount of CFE would have been provided through the utility’s default service—supplied by the grid—regardless of the customer’s purchase. Accordingly, any federal facilities in the state should be expected to count electricity supplied through the voluntary customer programs as proposed, as “grid-supplied CFE,” making it ineligible to be counted again as “purchased” for the purpose of meeting the net annual CFE goal. As a result, it would not make sense for federal facilities to participate in the programs.¹²

¹¹ DOD/FEA Initial Comments at 2-3.

¹² Environmental organization Initial Comments at 11.

While DOD/FEA understand Environmental Organizations to be making the point that without additionality, no actual new CFE is being added to the grid beyond that already required to meet a legislative or regulatory requirement, their characterization of the CFE sourcing strategies is not consistent with DOD/FEA's Implementing Instructions.

Purchased CFE includes CFE that is contracted for by a customer, including through a utility tariff program such as GSA Choice. Power procured through GSA Choice and the accompanying Clean Energy Environmental Attributes (CEEAs) would be claimed by and attributed to the DOD/FEA customer making the purchase, so long as clear accounting and reporting processes provide clear title to the CEEA/CFE. Conversely, for grid-supplied CFE, the environmental attributes accrue to the entire rate base as it is procured as part of the public utility's standard offer service. Purchased CFE also requires an in-service date after September 30, 2021 whereas grid-supplied CFE has no in-service date requirement.

It is important that the record be kept clear on the distinctions between the four sourcing strategies outlined in the Implementing Instructions to avoid any confusion.

Dated this 23rd day of June, 2023.

Respectfully submitted,

/s/ Kyle J Smith

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CERTIFICATE OF SERVICE

I, Kyle J. Smith, hereby certify that The United States Department of Defense and all other Federal Executive Agencies' Reply Comments were served to the parties of record in this case by electronic mail on June 23, 2023.

/s/ Kyle J. Smith
Kyle J. Smith

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