

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-100, SUB 101

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Petition for Approval of Revisions to Generator Interconnection Standards) ORDER GRANTING
PETITION IN PART

BY THE COMMISSION: On August 19, 2021, the Commission issued an Order Implementing Queue Reform which provided the queue reform proposal filed on August 31, 2020, by Duke Energy Carolinas, LLC (DEP) and Duke Energy Progress, LLC (DEC, together, Duke), and approved by the Commission on September 15, 2020, with an effective date of August 20, 2021.

On August 17, 2021, Duke filed a Petition for Approval of Limited Modifications to the North Carolina Interconnection Procedures (NCIP) to Expand Transitional Cluster Study Eligibility (Petition). In the Petition, Duke stated that it plans to open the queue reform transition process on September 1, 2021. Duke's proposed modifications to the NCIP outlined in the Petition would allow an Interconnection Customer that is in the current interconnection queue as of the effective date of queue reform to be eligible to enter the Section 1.10.2 Transitional Cluster Study process if the Interconnection Customer (i) has been issued a certificate of public convenience and necessity (CPCN), or (ii) has submitted an offer into a new Resource Solicitation Process before the close of the 60-day Transitional Cluster enrollment window.

Regarding its first proposed modification, Duke stated that this modification addresses the concerns of Interconnection Customers that are unable to execute a notice of commitment form due to intendencies and delay in the interconnection queue. Duke further states that it believes an approved CPCN is a reasonable demonstration of readiness, even though the customer has not created a legally enforceable obligation by submitting the notice of commitment form.

For its second modification, Duke proposed to expand eligibility for the Transitional Cluster Study to include Interconnection Customers participating in a Resource Solicitation Process. Duke further states that this "may be beneficial depending on the timing of [Competitive Procurement of Renewable Energy] CPRE Tranche 3."

On August 30, 2021, the Commission issued an Order Requesting Comments on Petition.

On September 8, 2021, the Public Staff filed a letter in lieu of comments. In its letter, the Public Staff stated the proposed modifications in the Petition would allow an

additional 13 facilities to be eligible for the Transitional Cluster Study, two in the DEP territory and 11 in the DEC territory. The letter further stated that in discussions between the Public Staff and Duke, Duke indicated that the proposed modifications would facilitate the Competitive Procurement of Renewable Energy (CPRE) Tranche 3. The Public Staff stated that it does not object to the modifications requested by Duke in the Petition.

On September 8, 2021, Carolinas Clean Energy Business Association (CCEBA) also filed comments on the Petition. In its comments, CCEBA stated that it generally supported the Petition as well as the integration of CPRE Tranche 3 into the Transitional Cluster and proposed additional modifications to “more smoothly integrate Tranche 3 and the Transitional Cluster in a fair and equitable manner.” CCEBA proposed the following further modifications to eligibility for the Transactional Cluster:

1. Transitional Cluster Eligibility should be modified to allow a statement of commitment to enter Tranche 3 to suffice to show readiness for entry into the Transitional Cluster, rather than a completed application;
2. Should the Companies proceed with integrating Tranche 3 into the Transitional Cluster, then Transitional Cluster eligibility should be open not only “based on interconnection queue status as of August 20, 2021” but also to those projects that submit a statement of intention to participate in CPRE Tranche 3 and an Interconnection Request within a grace period after the decision to combine Tranche 3 and the Transition Cluster is approved;
3. Tranche 3 CPRE award decisions should be made concurrently with the Transitional Cluster Phase 1 reports, so that applicants will know that they will have offtake before entering into the financial guarantees required in Phase 2;
4. Contracts should be awarded under Tranche 3 before the end of Phase 2 so that Power Purchase Agreements can be executed before moving past Phase 2.

CCEBA further stated in its comments that the integration of CPRE Tranche 3 with the Transitional Cluster is “the most prudent and efficient approach” and that its proposed modifications “will not unduly delay the completion of either the Transitional Cluster or Tranche 3.”

On September 22, 2021, Duke filed reply comments regarding CCEBA’s proposed additional modifications. Quoting extensively from its 2021 CPRE Program Plan filed in Docket No. E-100, Sub 165, Duke noted that it had previously assumed that Tranche 3 would occur with the first Definitive Interconnection System Impact Study (DISIS) in 2022, and that integrating Tranche 3 into the Transitional Cluster process would take “substantial stakeholder consensus.” Regarding CCEBA’s proposed additional modifications, Duke asserted that these modifications are “substantively CPRE issues and do not require Commission action at this time and in this proceeding.”

Duke stated in its reply comments that the first of CCEBA's four proposed modifications, to allow a statement of commitment to enter Tranche 3 to suffice to show readiness, is reasonable but does not require modifications to the NCIP. Duke further stated that as part of the ongoing CPRE stakeholder meetings regarding Tranche 3, Duke has informed stakeholders that it is developing a notice of intent to bid form that would allow bidders into CPRE Tranche 3 to provide evidence of their intent to participate in a solicitation process.

Duke stated that the second modification requested by CCEBA for a grace period for new Interconnection Requests to be eligible for the Transitional Cluster is unreasonable and inconsistent with the queue reform proposals approved in North Carolina, South Carolina, and at the Federal Energy Regulatory Commission (FERC). Duke asserts that all three jurisdictions approved based on a "bright line" effective date. Duke further asserted that the Transitional Cluster was designed as an expedited process for projects in the queue that had not executed Interconnection Agreements as of the effective date of queue reform.

Duke stated CCEBA's third and fourth proposed modifications are not modifications of the NCIP, rather they are proposed modifications to the CPRE process.

The Public Staff also filed reply comments on CCEBA's proposed modifications on September 22, 2021. The Public Staff also noted that the integration of Tranche 3 with the Transitional Cluster will require substantial agreement among the parties on several issues, and without this agreement Tranche 3 would need to be delayed until after the Transition Cluster Study. The Public Staff further stated that the first of CCEBA's four modifications is reasonable and recommends that the Commission grant this modification. Regarding CCEBA's other proposed modifications, the Public Staff requested the Commission deny those modifications. The Public Staff further asserted that CCEBA's third and fourth proposed modifications should be considered in the dockets related to CPRE.

On October 5, 2021, CCEBA filed a Motion for Leave to File Supplemental Comments and filed supplemental comments on Duke's Petition. In its supplemental comments, CCEBA proposes an "alternative structure" for CPRE Tranche 3.

On October 8, 2021, Duke filed a letter in the docket in response to CCEBA's supplemental comments. In its letter Duke states that the modifications in the Petition would allow recent Interconnection Customers in the queue that have obtained a certificate of public convenience and necessity CPCN to participate in Transitional Cluster and while allowing Duke to "*potentially*" align CPRE Tranche 3 with the Transitional Cluster. Duke further states in the letter that CCEBA "authorized Duke Energy to state that CCEBA supports Commission action approving this CPCN-related aspect of the Duke Petition as reasonably expeditiously as possible to allow potentially impacted Interconnection Customers to meet the Transitional Cluster eligibility requirements in advance of the October 31 deadline."

As noted by both Duke and the Public Staff, the Commission agrees that the integration of Tranche 3 with the Transitional Cluster will take substantial stakeholder agreement. At this point, there is no evidence that this consensus has been achieved. N.C. Gen. Stat. § 62-110.7(b)(3) requires a public utility to submit a pro forma contract for Commission approval 30 days prior to each competitive procurement solicitation under the CPRE program. The Commission notes that there has been no filing of a pro forma contract for Tranche 3 as required under N.C. Gen. Stat. § 62-110.7(b)(3) as of the date of this Order.

As there appears to be no evidence that CPRE Tranche 3 will commence within the 60-day enrollment period for the Transitional Cluster, Duke's second proposed modification in its Petition and CCEBA's four proposed modifications to integrate Tranche 3 and Transitional Cluster are not ripe for consideration at this time.

The Commission finds that Duke's first proposed modification in Petition to allow an Interconnection Customer that is in the current interconnection queue as of the effective date of queue reform that has obtained a CPCN to be eligible for the Transitional Cluster Study is reasonable and not opposed by any party. The modification allows an Interconnection Customer to demonstrate readiness for the purposes of entering the Transitional Cluster Study.

Based on the filings and the record as a whole, the Commission finds good cause to grant Duke's first requested modification in its Petition to allow an Interconnection Customer that is in the current interconnection queue as of the effective date of queue reform that has obtained a CPCN to be eligible for the Transitional Cluster Study.

Further, the Commission finds that Duke's second proposed modification, and the four proposed modifications by CCEBA are denied at this time. The Commission will consider the integration of CPRE Tranche 3 with the Transitional Cluster if parties demonstrate that the stakeholder consensus necessary for the integration of CPRE Tranche 3 with the Transitional Cluster has been obtained.

IT IS, THEREFORE, SO ORDERED.

ISSUED BY ORDER OF THE COMMISSION.

This the 11th day of October, 2021.

NORTH CAROLINA UTILITIES COMMISSION



Lindsey A. Worley, Acting Deputy Clerk