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February 7, 2019

VIA ELECTRONIC FILING

Ms. M. Lynn Jarvis
Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

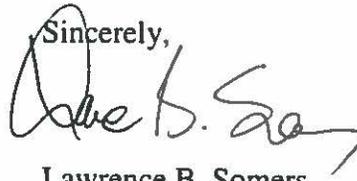
**RE: Joint Motion to Cancel Hearing and to Excuse Witnesses
Docket No. E-2, Sub 1185**

Dear Ms. Jarvis:

I enclose Duke Energy Progress, LLC (“DEP”), the Public Staff - North Carolina Utilities Commission, and North Carolina Sustainable Energy Association’s Joint Motion to Cancel Hearing and to Excuse Witnesses from Appearance at Hearing (“Joint Motion”), for filing in connection with the referenced matter.

Portions of page 4 of Attachment A to the Joint Motion are being filed under seal, and DEP respectfully requests that it be treated confidentially pursuant to N.C. Gen. Stat. § 132-1.2. This page contains the Company’s proprietary cost information. Public disclosure of this confidential information would allow competitors, vendors and other market participants to gain an undue advantage, which may ultimately result in harm to customers.

Thank you for your attention to this matter. If you have any questions, please let me know.

Sincerely,

Lawrence B. Somers

Enclosures

cc: Parties of Record
Dwight Allen, Esquire

OFFICIAL COPY

Feb 07 2019

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 1185

In the Matter of:)	
)	DUKE ENERGY PROGRESS, LLC,
Application of Duke Energy Progress, LLC)	THE PUBLIC STAFF AND
for A Certificate of Public Convenience and)	NCSEA'S JOINT MOTION TO
Necessity to Construct a Microgrid Solar and)	CANCEL HEARING AND TO
Battery Storage Facility in Madison County,)	EXCUSE WITNESSES FROM
North Carolina)	APPEARANCE AT HEARING
)	

NOW COME Duke Energy Progress, LLC (“DEP”), the Public Staff – North Carolina Utilities Commission (“Public Staff”), and North Carolina Sustainable Energy Association (“NCSEA”) (collectively, the “Parties”), through counsel, and jointly request that the North Carolina Utilities Commission (“Commission”) issue an order cancelling the hearing scheduled to begin on February 25, 2019 in the above-captioned matter and excusing all witnesses from testifying at that hearing. In support of this motion, the Parties show the following:

1. On October 8, 2018, DEP filed an application for a certificate of public convenience and necessity to construct the Hot Springs Microgrid Solar and Battery Storage Facility (the “Microgrid”) in Madison County, North Carolina, along with the direct testimony and exhibits of Jonathan A. Landy (the “Application”).
2. On October 31, 2018, the Commission issued an order finding the Application incomplete.
3. On November 13, 2018, DEP pre-filed the supplemental testimony and exhibits of witness Jonathan A. Landy.

4. On November 30, 2018, the Commission issued an order scheduling a public witness hearing on January 23, 2019 and an evidentiary hearing on February 25, 2019; requiring the filing of testimony on January 30, 2019 and rebuttal testimony on February 13, 2019; establishing discovery guidelines; and requiring public notice.

5. On January 16, 2019, the Commission issued an order cancelling the public witness hearing scheduled for January 23, 2019 due to the lack of significant protest regarding the proposed Microgrid and also due to the number of public statements filed in support of the Microgrid.

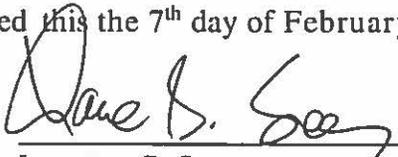
6. On January 30, 2019, the Public Staff filed the testimony of Jeff Thomas, who recommended that the Microgrid be treated as a pilot project and that a certificate be granted, subject to certain conditions.

7. Counsel for DEC and the Public Staff have discussed the proposed conditions and DEC has agreed to recommended conditions proposed by the Public Staff as set forth in Confidential Attachment A, "Reporting, Study, Cap and Other Conditions Agreed to by the Parties."

8. Counsel for all Parties have also agreed to waive cross-examination of all witnesses and to consent to the introduction of the Application and the Parties' testimony and exhibits into the record without the necessity for the appearance of such witnesses. Unless the Commission has questions for the witnesses, the Parties respectfully assert that there appears to be no need to conduct the hearing currently scheduled for February 25, 2019.

Accordingly, DEP, the Public Staff and NCSEA jointly request that the Commission enter an order to (1) cancel the hearing scheduled to begin in this proceeding on February 25, 2019 and (2) excuse the appearance of all witnesses. Further, DEP, the Public Staff and NCSEA request that the Commission accept into the record the Application and the pre-filed testimony and exhibits of all witnesses.

Respectfully submitted this the 7th day of February, 2019.



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ATTORNEY FOR NORTH CAROLINA SUSTAINABLE ENERGY ASSOCIATION

**E-2, SUB 1185 HOT SPRINGS MICROGRID
REPORTING, STUDY, CAP AND OTHER CONDITIONS
AGREED TO BY THE PARTIES**

Reporting

DEP shall be required to do the following:

1. Within six months of NCUC approval of this Application, formalize and provide its operational and learning goals in a transparent and comprehensive plan, showing how it will achieve such goals and what operational data from the Microgrid will be measured and recorded.
2. File with the Commission a status report on the progress of construction and actual project costs in the same format as for initial costs of construction six months after the date of the CPCN and at the completion of construction.
3. Annually report, update, and file with the Commission and provide to the Public Staff, confidentially, the results of its operational knowledge and learning goals to demonstrate the operational benefits of the Microgrid. At a minimum, this report should include:
 - a. A detailed event summary of all instances in which the Microgrid operated in island mode, whether in response to an outage on the Hot Springs distribution line or otherwise. This summary should include a discussion of how outage duration and frequency were affected by the Microgrid, and document any instances in which an outage was not able to be entirely mitigated due to the limited capacity of the energy storage system.

- b. An annual summary of Microgrid operations, including hourly data, with enough specificity to determine:
 - i. Where solar PV energy was directed (to grid or to battery), including the percentage of energy sent to each source;
 - ii. How the battery was charged (from the solar PV system or the grid), including the percentage of total energy from each source;
 - iii. How the battery was discharged, and for what purpose (islanding, ancillary services, etc.), including the total number of charge/discharge cycles, typical depth of discharge, hourly state of charge, and any other recorded characteristics.
- c. A discussion of how, if at all, the actual Microgrid operations deviated from projections made in this docket.
- d. A quantification of the total ancillary services provided to the grid by the Microgrid project (in both capacity and energy), including what types of services were provided (spinning reserve, regulation up or down, etc.) and whether these services displaced ancillary services traditionally provided by thermal plants.
- e. To the extent possible, an estimate of any savings realized from the energy storage system's ancillary services.
- f. A summary of how the Microgrid enhanced economic operations and how it was beneficial to DEP's operational knowledge (i.e., lessons from design engineers regarding programming the device or

maintenance personnel regarding operations and management costs; Microgrid behavior in light of bulk system dynamics, etc.).

- g. A description of how the battery system has degraded over time to include loss of: (1) storage capacity, (2) output capacity, and (3) ability to provide ancillary services.
- h. Costs of installed capital upgrades and retirements, in the same format as for initial costs of construction.
- i. Operations and maintenance costs, by FERC account and with descriptive footnotes explaining purpose (ongoing maintenance, specific repairs, etc.).

Study

DEP shall perform a study, either by contracting with a third party or as part of its integrated systems and optimization planning initiative, to estimate the ancillary service benefits battery storage can provide DEP's system, using sub-hourly modeling techniques similar to the Astrapé Solar Integration Cost Study in Docket No. E-100, Sub 158, and use the results to help quantify the success of the Microgrid. In addition, the results could be used in future battery storage proposals, providing more confidence that estimated benefits used to justify battery storage projects would actually be realized by DEP ratepayers. This study should aim to separately quantify and value the various ancillary services batteries can provide, such as spinning and frequency reserves. If possible, this study should analyze different energy storage technologies of varying durations to determine the most cost effective energy storage technology and duration for each type of

ancillary service provided. This study shall be completed by 15 months after commercial operation of the Microgrid commences.

Cap

The Commission finds DEP’s construction cost estimate to be reasonable. In addition, the Commission finds that there shall be a rebuttable presumption that any construction costs of the Microgrid exceeding [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] are unreasonably or imprudently incurred and shall not be recoverable from ratepayers. This amount is derived using DEP’s estimate of [BEGIN CONFIDENTIAL] [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[END CONFIDENTIAL]. The Company is not permitted to rebut this presumption and recover any construction costs for the Microgrid exceeding the cap except to the extent DEP demonstrates that the costs in excess of the cap were reasonably and prudently incurred by DEP as a result of an event, or events, directly impacting the timing or cost of construction of the Microgrid that was, or were (1) not reasonably foreseeable at the time the CPCN is approved; (2) unavoidable through the exercise of commercially reasonable efforts and diligence consistent with prudent industry practice, and (3) outside of the reasonable control of DEP (“Force Majeure Events”). For purposes of this recommendation, “Force Majeure Events”

shall include (1) extreme weather events (including named storms, tornadoes, earthquakes, floods, and forest fires), war, acts of terrorism, epidemics, natural disasters, and other Acts of God, (2) discovery of latent and unknown site conditions, and (3) changes in State or federal law through judicial, legislative, or executive/administrative action or interpretation implemented, enacted, adopted or otherwise ordered after the date this CPCN is approved. The cap set forth in this paragraph shall not apply to DEP's costs incurred to meet the reporting and ancillary service benefits study required as conditions of the CPCN.

Other Conditions

1. DEP shall construct and operate the Microgrid in strict accordance with all applicable laws and regulations, including the provisions of all permits issued by the North Carolina Department of Environmental Quality;
2. Issuance of the CPCN does not constitute approval of the final costs associated with the construction of the Microgrid for ratemaking purposes and this order is without prejudice to the right of any party to take issue with the ratemaking treatment of the final costs in a future proceeding; and,
3. DEP shall maintain, including vegetation management, the existing radial distribution feed into Hot Springs in a manner that under normal circumstances should produce SAIDI and SAIFI indices that are at least comparable to those of the overall DEP Western Region.

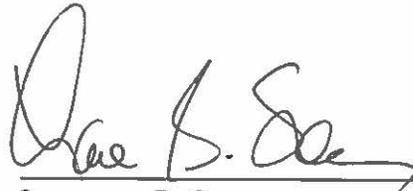
CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Proress, LLC, the Public Staff - North Carolina Utilities Commission, and North Carolina Sustainable Energy Association's Joint Motion to Cancel Hearing and to Excuse Witnesses from Appearance at Hearing, in Docket No. E-2, Sub 1185, has been served by electronic mail, hand delivery or by depositing a copy in the United States mail, postage prepaid to the following parties of record:

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This is the 7th day February, 2019.



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