

April 15, 2024

Ms. A. Shonta Dunston
Chief Clerk, North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, NC 27699-4300

VIA ELECTRONIC FILING

**Re: Duke Energy Progress, LLC, and Duke Energy Carolinas, LLC EE/DSM
Mechanism Review**

**Docket No. E-2, Sub 931
Docket No. E-7, Sub 1032**

Dear Ms. Dunston:

On behalf of Walmart Inc. ("Walmart"), this letter shall confirm that the undersigned will appear on behalf of Walmart at the Technical Conference scheduled for April 22, 2024, as directed by the Presiding Commissioner in the Commission's April 5, 2024, *Order Scheduling Technical Conference* ("April 5, 2024, Order").

In advance of the hearing, Walmart is providing a written response to Ordering Paragraph 1(b) of the April 5, 2024, Order, which requested that commercial and industrial ("C&I") parties¹ make a presentation on "whether, and if so, how, to what extent, and under what timeframe are the Proposed Mechanisms expected to reduce the number of non-residential DSM opt-outs moving forward."²

By way of background, on December 30, 2022, the Commission issued its Final Order in Docket No. E-100, Sub 179, Duke Energy Carolinas, LLC's ("DEC") and Duke Energy Progress, LLC's ("DEP") (collectively, "Duke" or "Companies") 2022 Carbon Plan proceeding ("2022 Carbon Plan Final Order"). In the 2022 Carbon Plan Final Order, the Commission emphasized the importance of demand-side management ("DSM") and energy efficiency ("EE") (collectively, DSM/EE) measures in satisfying the goals of HB 951, expressly ordering Duke "to focus on expanding the pool for [DSM/EE] savings by developing programs aimed at reducing the number of DSM/EE opt outs."³ In that same Order, the Commission further directed the Companies "to explore avenues to increase load reduction by implementing new DSM/EE programs, implementing EE and load reduction programs for wholesale customers, and reducing the number of non-residential customers that have opted out of the DSM/EE program."⁴

¹ Although Paragraph 3 of the April 5, 2024, Order references only CIGFUR and CUCA, the undersigned understands from consultation with Commission staff that the Commission did not intend to exclude Walmart from Ordering Paragraph 3.

² April 5, 2024, Order at Ordering Paras. 3 and 1(b).

³ Carbon Plan Final Order at 110.

⁴ *Id.* at Ordering Para. 28.

Since the issuance of the 2022 Carbon Plan Final Order, the Companies' focus has almost exclusively been on revising the Mechanisms governing proposed DSM/EE programs rather than on proposing new DSM programs. It has been Walmart's understanding that revising and obtaining approval of the Proposed Mechanisms was a necessary predicate to effectively incentivize and empower the Companies to propose DSM programs of interest to C&I customers. For this reason, Walmart has been an active participant in the stakeholder discussions that led to the filing of the Proposed Mechanisms. It is Walmart's expectation – and hope – that Commission adoption of the Proposed Mechanisms will enable the Companies to propose future DSM programs that would incentivize C&I customers to opt-in. In and of itself, however, Commission approval of the Proposed Mechanisms will not reduce the number of DSM opt-outs moving forward.

To be clear, whether and to what extent C&I customers will opt-in to utility-sponsored DSM (and thereby reduce the number of opt-outs) in the future will depend on the *specific* DSM program(s) proposed by the Companies and the cost of opting in to them. Because "opting-in" subjects a C&I customer to the DSM rider for a period of three-years, it is critical that DSM programs proposed by the Companies be economically viable. As Steve Chriss, Senior Director, Utility Partnerships at Walmart, noted during the prior Technical Conference held on December 18, 2023, economic viability means there is the potential – but not necessarily a guarantee – that a participating customer can make more through participation in the DSM program than it costs to opt-in.⁵ Again, Walmart cannot predict with any accuracy whether the DSM programs that the Companies may propose in the future will satisfy this economic viability threshold, or whether eligible C&I customers will elect to opt-in to those programs.

Engaging with C&I customers and incorporating their feedback can help to improve the likelihood that the Companies will develop and propose DSM Programs of interest to such customers. At present, the primary mechanism for collaborating and vetting potential DSM/EE programs is the Stakeholder Collaborative. Parties to this proceeding have previously expressed concerns about the extent to which the Stakeholder Collaborative hinders C&I participation in that process.⁶ As the Commission is aware, the Proposed Mechanisms alter the language applicable to the Stakeholder Collaborative process, by, among other things, creating (a) potential focused working groups in the Stakeholder Collaborative to delve further into specific issues, which could include programs specific to C&I customers; and (b) a process outside the Stakeholder Collaborative for parties – and their counsel – to provide feedback.⁷ While these revisions do not enable counsel to participate in the Stakeholder Process as certain C&I parties may have preferred, Walmart is hopeful that the agreed-upon changes to the Stakeholder Collaborative set forth in the Proposed Mechanism will enable the Companies to properly consider, vet, and propose DSM programs of interest to C&I customers. If there continues to be insufficient interest from C&I customers in Companies-sponsored DSM programs, then the Commission may want to consider additional changes to the Stakeholder Collaborative in the future.

As Walmart has expressed throughout this written response, the Companies have indicated that Commission approval of the Proposed Mechanisms is a condition precedent to the Companies

⁵ Technical Conference, December 18, 2023 (Comments by Steve Chriss), p. 145, line 11 to p. 146, line 19.

⁶ See e.g., CIGFUR's Response in Support of Public Staff's Motion for Procedural Relief and Request for Further Relief (Sept. 15, 2023), ¶ 14.

⁷ Companies' Reply Comments at Ex. A, at ¶ 46.

Ms. A. Shonta Dunston

April 15, 2024

Page 3

proposing attractive DSM programs for C&I customers. Approval of the Proposed Mechanisms will not, standing alone, reduce the number of C&I opt-outs; only attractive, financially viable DSM programs can achieve the Commission's goal of reducing the number of opt-outs. Walmart remains hopeful that the Companies will move expeditiously upon Commission approval of the Proposed Mechanisms to evaluate potential DSM programs for C&I customers.

Walmart appreciates the opportunity to participate in this docket and looks forward to addressing this topic and any questions the Commission may have at the upcoming Technical Conference.

If you have any questions regarding this filing, please contact me.

Respectfully submitted,



Carrie H. Grundmann (NC Bar No. 52711)

Counsel for Walmart Inc.

CHG/sds

Attachment

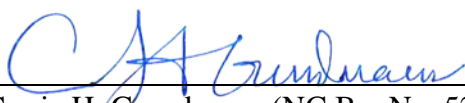
c: Certificate of Service

OFFICIAL COPY

Apr 15 2024

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing correspondence has been served this day upon the parties of record in this proceeding by electronic mail.



Carrie H. Grundmann (NC Bar No. 52711)

Dated: April 15, 2024

OFFICIAL COPY

Apr 15 2024