

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

**DOCKET NO. E-2, SUB 1340
DOCKET NO. E-7, SUB 1310**

In the Matter of Duke Energy Progress, LLC, and Duke Energy Carolinas, LLC, 2024 Solar Procurement Pursuant to Initial Carbon Plan)))))	Petition to Intervene and Initial Comments of the North Carolina Electric Membership Corporation
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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 February 8, 2024, *Order Initiating Proceeding and Requesting Expedited Comments* (“February 8 Order”) in the above-referenced dockets, files the following Petition to Intervene and Initial Comments.

I. MOTION FOR LEAVE TO INTERVENE

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 full or partial 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 addition to generating its own power and energy, NCEMC and its members purchase power and energy, pursuant to wholesale contracts, from Duke Energy Carolinas, LLC (“DEC”), Duke Energy Progress, LLC (“DEP”, and collectively with DEC, “Duke”), 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.¹ NCEMC and its member distribution cooperatives have over 300 wholesale power delivery

¹ NCEMC also shares joint ownership and operations of several facilities with Duke. NCEMC is part owner of the Catawba Nuclear Station located in York County, South Carolina. DEC operates and maintains the station. NCEMC’s ownership interests consist of 61.51% of Unit 1, approximately 700 megawatts (MW), and 30.75% in the common support facilities of the station. NCEMC’s ownership entitlement is bolstered by a reliability exchange between the Catawba Nuclear Station and DEC’s McGuire Nuclear Station located in Mecklenburg County, NC. NCEMC is also a part owner in the Lee combined cycle (CC) plant located in Anderson, South Carolina. NCEMC’s ownership interest consists of a 13.735% share of the 750-megawatt combined-cycle natural gas plant. DEC operates and maintains the plant, and NCEMC’s ownership entitlement is bolstered by a reliability exchange between Lee CC and DEC’s Dan River and Buck CC plants. Additionally, NCEMC owns and operates approximately 680 MW of combustion turbine (CT) generation at sites in Anson and Richmond Counties, NC, a portion of which is contractually obligated to Duke.

points across the State and also take retail service from DEC, DEP, and Dominion at multiple locations.

4. As background, NCEMC notes that the Commission on December 30, 2022, issued its *Order Adopting Initial Carbon Plan and Providing Direction for Future Planning* in Docket No. E-100, Sub 179 ("Carbon Plan Order"), in which the Commission adopted initial steps for Duke to take in furtherance of achieving the carbon dioxide emission reductions called for in N.C. Gen. Stat. § 62-110.9, as enacted into law through the passage of House Bill 951 (S.L. 2021-165, also referred to as "H951").

5. 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 legislative intent. While the carbon dioxide ("CO2") emissions reduction mandates in H951 do not apply to cooperatives and municipalities, they were identified as key stakeholders to be involved in the implementation of H951 before the Commission by its legislative sponsors.² The Commission has granted NCEMC's intervention in multiple dockets related to H951 implementation, including Docket No. E-100, Sub 174 (rulemaking to implement multi-year ratemaking and performance-based regulation), Docket No. E-100, Sub 179 (Duke's 2022 Carbon Plan filing), Docket No. E-100 Sub 190 (Duke's 2023 Carbon Plan filing), and Docket No. E-100, Sub 191 (Rulemaking to synchronize Carbon Plan and integrated resource planning into a combined, or "CPIRP"

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." Archive of transcript and audio available at North Carolina Legislative Library, Raleigh, North Carolina.

process). The perspectives of NCEMC as an intervenor in this proceeding is consistent with the expectations of the legislative sponsors of H951 and will continue to assist the Commission in ensuring that the legislative intent supporting H951 is met.

6. 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.

7. 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.

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

II. INITIAL COMMENTS OF NCEMC

1. In its February 8 Order, the NCUC requested comments regarding Duke's intent to eliminate the imputation of a 'shadow cost' to proposals that utilize or rely on Red Zone Expansion Plan ("RZEP") network upgrades in the 2024 Solar Procurement.³ In particular, the Commission requested comments on:

³ NCEMC notes that the Commission in its Carbon Plan Order recognized fourteen RZEP upgrades as necessary to interconnect sufficient volumes of solar to execute the Carbon Plan, and that the North Carolina Transmission Planning Collaborative ("NCTPC"), of which NCEMC is a member, has since approved the inclusion of the fourteen RZEP upgrades in its 2022 Local Transmission Plan. Since that time, Duke has identified additional transmission constraints as RZEP upgrades, and indicated the likelihood of significant additional brownfield and greenfield transmission network upgrades to accommodate the additional solar interconnections necessary for Duke to achieve Carbon Plan compliance. References to RZEP upgrades by

(1) whether and how imputing a “shadow cost” in the 2024 Solar Procurement RFP could increase procurement costs for customers and result in non-IRP selected resources’ taking advantage of the RZEP in a way that provides fewer benefits for retail/native load customers; and (2) whether and how imputing a “shadow cost” to RZEP-dependent proposals could result in non-CPIRP-selected Interconnection Customers obtaining the benefit of the RZEP transmission capacity ahead of the 2024 Solar Procurement proposals. (Order at p.3)

2. The inclusion of the shadow cost for bid evaluation purposes in the 2023 Solar Procurement RFP was developed in response to the Commission’s directive in the Carbon Plan Order for Duke to “prepare a mechanism for the 2023 Solar Procurement that evaluate bids for solar projects that depend on the RZEP that includes an appropriate cost for the RZEP projects.” (Carbon Plan Order at 118-119). Importantly, the Commission noted the evaluation of bids for any solar projects should be based on the project’s total costs, including all network upgrades (RZEP or otherwise). This statement was the result of extensive testimony in the Sub 179 proceeding and in the 2022 Solar Procurement proceeding in Docket Nos. E-2, Sub 1297 and E-7, Sub 1268 regarding the need for the RZEP upgrades to achieve the CO2 emissions reductions called for in H951 and the potential misalignment of upgrade costs between those projects that benefit from the upgrades and those that are assigned the costs.

3. NCEMC supports the Commission’s position that the evaluation of any bids submitted for Carbon Plan compliance should be based on the solar project’s total costs, including all network upgrades attributable to that project. In addition, NCEMC continues

NCEMC in these comments refer only to the original 2022 RZEP upgrades identified by the Commission and included by the NCTPC in the 2022 Local Transmission Plan. However, NCEMC notes that its concerns about ensuring appropriate consideration of network upgrade costs in the evaluation of projects that benefit from those upgrades, as well as in the allocation of those costs for cost recovery purposes, is applicable to all current and future RZEP upgrades identified as necessary to achieve Carbon Plan compliance.

to believe that, consistent with cost causation principles, the costs of policy-driven transmission projects should be allocated commensurate with the benefits realized. This includes the allocation of interconnection facilities and upgrade costs to interconnection customers under Duke's FERC-jurisdictional Joint Open Access Transmission Tariff, which provides that network upgrades funded by interconnection customers are eligible for crediting and reimbursement,⁴ as well as to state-jurisdictional interconnection customers under the North Carolina Interconnection Procedures ("NCIP") and South Carolina Generator Interconnection Procedures ("SCGIP"), under which the costs of network upgrades, unless the Utility elects to pay for the network upgrades, are to be borne by the interconnection customer(s) without crediting or reimbursement.⁵ To the extent the RZEP shadow price used in the solar procurements helps to provide a more accurate reflection of the total costs of the proposal, NCEMC supports the continued use of that mechanism in the evaluation of proposals.

[SIGNATURE APPEARS ON FOLLOWING PAGE]

⁴ See Section 10.4 of Attachment K (Large Generator Interconnection Procedures, or "LGIP") and Article 11 of the Large Generator Interconnection Agreement ("LGIA") of the Joint Open Access Tariff of Duke Energy Carolinas, LLC, Duke Energy Florida, LLC, and Duke Energy Progress, LLC, available at http://www.ferc.duke-energy.com/Tariffs/Joint_OATT.pdf.

⁵ See Section 4.4.4 of the North Carolina Interconnection Procedures ("NCIP") and Article 5 (Cost Responsibility for Network Upgrades) of the NCIP Interconnection Agreement, effective October 29, 2021; and Section 5.3.4 of Appendix Duke CS to the South Carolina Generator Interconnection Procedures ("SCGIP") and Article 5 (Cost Responsibility for Network Upgrades) of the SCGIP Interconnection Agreement, effective August 20, 2021).

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

Respectfully submitted this the 15th day of February 2024.


**NORTH CAROLINA ELECTRIC
MEMBERSHIP CORPORATION**

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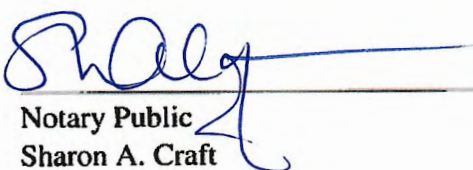
STATE OF NORTH CAROLINA**COUNTY OF WAKE**

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 15th day of February 2024.


Notary Public
Sharon A. Craft

My Commission Expires: 03/24/2025



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 15th day of February 2024.

/s/ Timothy R. Dodge

Timothy R. Dodge