

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 1318
DOCKET NO. EC-67, SUB 55

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)
Joint Application of Duke Energy Progress,)
LLC and North Carolina Electric)
Membership Corporation for a Certificate)
of Public Convenience and Necessity to)
Construct a 1,360 MW Natural Gas-Fueled)
Combined Cycle Electric Generating)
Facility in Person County, North Carolina)

**DIRECT TESTIMONY OF
AMADOU FALL
ON BEHALF OF NORTH
CAROLINA ELECTRIC
MEMBERSHIP CORPORATION**

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Amadou Fall. My business address is 3400 Sumner Boulevard,
4 Raleigh, North Carolina 27616.

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. Currently I am employed as the Senior Vice President, Power Supply Division and
7 Chief Operating Officer of North Carolina Electric Membership Corporation,
8 which I will refer to as "NCEMC." As the Chief Operating Officer at NCEMC
9 responsible for managing its Power Supply Division, my responsibilities include
10 supervision and oversight of NCEMC's resource planning, including the process
11 for evaluating power supply options to bring the greatest value to NCEMC's
12 members, and its transmission and power supply resource acquisition. I also am
13 responsible for managing system operations, planning and dispatch, including
14 installed generation and purchase power contracts, engineering services, grid
15 operations and planning, and edge of grid/distributed energy resources integration.
16 In addition to providing leadership and guidance for the Division, I also assist the
17 Executive Vice President and CEO concerning corporate strategy, planning, and
18 management effectiveness.

1 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**
2 **BACKGROUND, AND IDENTIFY ANY OTHER ACTIVITIES WHICH**
3 **YOU BELIEVE INFORM YOUR TESTIMONY IN THIS PROCEEDING?**

4 A. I hold a Bachelor of Sciences degree in Electrical Engineering from the New York
5 Institute of Technology and a Master of Science in Engineering Management from
6 Drexel University. I have spent the bulk of my career in the electric utility and
7 energy industry in various areas of utility operations and management, risk
8 management, energy trading, regulatory affairs, transmission services, power
9 scheduling, and marketing operations. Prior to joining NCEMC in 2021, I was
10 Chief Executive Officer at the National Renewables Cooperative Organization
11 (NRCO) from 2008 to 2021. I was also previously employed at ACES Power
12 Marketing, Exelon, Williams, and PPL Corporation.

13 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE NORTH**
14 **CAROLINA UTILITIES COMMISSION?**

15 A. Yes, I filed testimony on behalf of NCEMC in the 2022 Duke Carbon Plan
16 proceeding in Docket No. E-100, Sub 179.¹

17 **Q. PLEASE DESCRIBE THE PURPOSE OF YOUR TESTIMONY IN THIS**
18 **DOCKET.**

19 A. My testimony supports the Joint Application of Duke Energy Progress, LLC
20 (“DEP”) and NCEMC for a Certificate of Public Convenience and Necessity
21 (“CPCN” or “Certificate”) to construct an approximately 1,360 megawatt (“MW”)

¹ Direct Testimony of Amadou Fall on behalf of NCEMC in the initial Carbon Plan and Integrated Resource Plan (CPIRP”) proceeding in Docket No. E-100, Sub 179 (September 2, 2022).

1 advanced-class combined cycle natural gas-fired electric generating facility at
2 DEP's existing Roxboro Steam Station in Person County, North Carolina ("Person
3 County Energy Complex" or "the Proposed Facility"). As explained in more detail
4 below, NCEMC desires additional resources to serve the future loads of NCEMC's
5 member EMCs, and to optimize the value of NCEMC's power supply portfolio.
6 NCEMC has determined that a joint ownership interest in the Person County
7 Energy Complex with DEP is a cost-effective resource bringing value for NCEMC
8 members.

9 DEP will be the operator and majority owner of the Proposed Facility. As
10 the operator and majority owner of the Person County Energy Complex, DEP's
11 Application for a CPCN provides more detailed information regarding the Proposed
12 Facility, including site selection, the potential environmental impact, the positive
13 impact on DEP's generation and transmission systems, and conformity to State and
14 local laws and regulations. Further, DEP will demonstrate, from its perspective and
15 with NCEMC's support, that the public convenience and necessity requires
16 construction of the Proposed Facility.

17 **Q. FOR PURPOSES OF BACKGROUND, WHAT KIND OF ORGANIZATION**
18 **IS NCEMC AND WHAT ARE THE RELATIONSHIPS OF ITS MEMBERS**
19 **TO THE COMPANY?**

20 A. NCEMC is a generation and transmission cooperative. It provides wholesale power
21 and other services to 25 of the 26 electric cooperatives based in North Carolina that
22 provide retail electric service to member-consumers in the State. These member
23 cooperatives, commonly known as electric cooperatives but formally called electric

1 membership corporations, were created during the 1930's and 1940's to bring
2 electric power to areas that were deemed by others as too remote and uneconomical
3 to serve. These distribution cooperatives are independent, not-for-profit
4 membership corporations whose members are the retail consumers who buy power
5 from them. These member-consumers own their local distribution cooperative and
6 elect the Board of Directors that governs it.

7 NCEMC is also a not-for-profit electric membership corporation created
8 under Chapter 117 of the North Carolina General Statutes. It has 25 members, all
9 of which are North Carolina based distribution cooperatives providing retail electric
10 service to more than 2.5 million people at homes, farms, and businesses throughout
11 the State. In fact, our members provide electric service in 93 of the State's 100
12 counties through approximately 106,000 miles of distribution lines that extend
13 across almost 45 percent of North Carolina's land mass.

14 **Q. WOULD YOU BRIEFLY DESCRIBE THE PROCESS BY WHICH NCEMC**
15 **ACQUIRES POWER SUPPLY RESOURCES?**

16 A. The service territories of NCEMC's members are located within the control areas
17 and interconnected to the transmission systems of the three major investor-owned
18 utilities with operations in North Carolina: DEP; Duke Energy Carolinas, LLC
19 ("DEC"); and Virginia Electric Power Company, d/b/a as Dominion Energy North
20 Carolina ("Dominion"). NCEMC seeks to serve all of its members in the most cost-
21 effective manner possible using a balanced portfolio of owned generation and
22 purchase power contracts.

1 **Q. ARE THERE ANY OTHER OPERATIONAL CHARACTERISTICS**
2 **ABOUT NCEMC THAT IMPACT ITS PLANNING PROCESS OR POWER**
3 **SUPPLY OPTIONS?**

4 A. Yes. First, because of how NCEMC has evolved, the company is a transmission
5 dependent utility that owns no transmission lines or related transmission assets,
6 except for two short 230 kV lines that interconnect the Anson and Hamlet
7 combustion turbine plants to the DEP 230 kV transmission system. Instead, the
8 company purchases transmission services from DEP, DEC, and Dominion under
9 their respective Open Access Transmission Tariffs, and regularly intervenes and
10 participates in DEC and DEP transmission rate cases before the Federal Energy
11 Regulatory Commission (“FERC”). NCEMC purchases Network Service from
12 DEC, DEP, and Dominion, the terms of which are memorialized in the Network
13 Integration Transmission Service Agreements and the Network Operating
14 Agreements for each company. NCEMC also purchases Firm Point-to-Point
15 transmission service from other transmission providers, including PJM
16 Interconnection LLC (“PJM”) and Southern Company, to bring purchased power
17 resources from suppliers into NCEMC’s three supply areas.

18 **Q. DO THE CERTIFICATION REQUIREMENTS FOR NEW GENERATING**
19 **FACILITIES IN N.C. GEN. STAT. § 62-110.1 APPLY TO NCEMC?**

20 A. Yes. Like all public utilities or other persons seeking to construct a “facility for the
21 generation of electricity to be directly or indirectly used for the furnishing of public
22 utility service” under N.C.G.S. § 62-110.1(a), NCEMC must first obtain a
23 certificate from the Commission demonstrating that public convenience and

1 necessity requires, or will require, such construction. This requirement applies to
2 both DEP and NCEMC for their respective joint ownership portions of the
3 Proposed Facility. However, NCEMC is not subject to the integrated resource
4 planning requirements in N.C.G.S. § 62-110.1(c), or the carbon dioxide emissions
5 reduction requirements applicable to electric public utilities pursuant to N.C.G.S. §
6 62-110.9.

7 **Q. WHY DOES NCEMC WANT TO BE A JOINT OWNER OF THE PERSON**
8 **COUNTY ENERGY COMPLEX?**

9 A. NCEMC wishes to be a joint owner of the Person County Energy Complex because
10 joint ownership of this resource will allow NCEMC to maintain a diversified, cost
11 effective portfolio of resources to reliably and affordably meet the needs of its
12 member EMCs to address projected load growth and the expiration of certain
13 contract resources. Joint ownership of the Proposed Facility will enable NCEMC
14 to take advantage of the positive financial value the Proposed Facility represents
15 for its members and extend the anticipated “lifespan” of NCEMC’s power supply
16 portfolio, while also maintaining dispatchable resource adequacy and a risk-
17 appropriate alignment of owned versus contracted resources. NCEMC does not
18 project that joint ownership will impede its aspirational Brighter Future initiative
19 goal of achieving net zero carbon dioxide emissions by 2050.

1 **Q. PLEASE DESCRIBE THE ANALYSIS PERFORMED BY NCEMC IN**
2 **DETERMINING THAT A JOINT OWNERSHIP INTEREST IN THE**
3 **PROPOSED FACILITY WAS A COST EFFECTIVE MEANS OF**
4 **ADDRESSING NCEMC'S RESOURCE NEEDS.**

5 A. Like any load serving entity, NCEMC conducts periodic resource planning and
6 forecasts its need for resources well in advance of the requirement for such
7 resources. Upon the business consolidation of DEC and DEP at the holding
8 company level, NCEMC became the largest wholesale customer of the combined
9 entity.² Due to the nature of NCEMC's relationship with DEC and DEP, the parties
10 routinely discuss resource planning and explore opportunities of mutual benefit for
11 their customers and member-consumers. NCEMC's participation in the Person
12 County Energy Complex directly resulted from this collaborative resource planning
13 process. NCEMC was aware that DEP had concluded that the most reliable and
14 cost-effective option was to build a combined cycle natural gas fired facility, to be
15 constructed at the existing Roxboro Steam Station to take advantage of existing
16 transmission facilities and other needed infrastructure. To avoid redundancy, I will
17 defer to the testimony of DEP witnesses Daniel Donochod, Michael Quinto, and
18 Robert Smith, Jr., to provide a detailed discussion of that process in its portion of
19 the Application. NCEMC evaluated the planned project, using internal modeling,
20 and ultimately concluded that joint ownership of the Proposed Facility with DEP
21 would bring greater value to its members.

² *In the Matter of Application of Duke Energy Corporation and Progress Energy, Inc. to Engage in a Business Combination Transaction and to Address Regulatory Conditions and Codes of Conduct*, Docket Nos. E-2, Sub 998 and E-7, Sub 986.

1 **Q. PLEASE DESCRIBE THE NATURE OF NCEMC'S JOINT OWNERSHIP**
2 **INTEREST IN THE PERSON COUNTY ENERGY COMPLEX.**

3 A. Under the wholesale power supply contract between NCEMC and DEP, NCEMC
4 has the option to become a joint owner of certain power generation projects that
5 DEP may develop, construct, and own.³ After consideration of its resource needs
6 within the DEP and DEC control areas, and the resource options available to it,
7 NCEMC's Board of Directors on February 14, 2024, determined that it was in the
8 best interests of its members to seek to exercise the joint ownership option with
9 respect to the Person County Energy Complex, and on March 14, 2024, NCEMC
10 formally exercised the joint ownership option to participate as a joint owner of the
11 facility proposed to be constructed in this docket. NCEMC's ownership interest
12 will be approximately 225 MW or 16.547% based upon the expected nominal
13 capacity of 1,360 MW of the facility.

14 **Q. DO YOU ANTICIPATE THE PLANT WILL OPERATE TO SERVE THE**
15 **NEEDS OF THE REGION FOR ELECTRIC POWER?**

16 A. Yes. In addition to its use in serving load, NCEMC understands that the Proposed
17 Facility will operate as part of the regional grid and contribute to the overall
18 reliability of the grid for the region, as supported by the testimony of DEP witness
19 Donochod.

³ See Section 3.3 of the Eighth Amended and Restated Power Supply and Coordination Agreement between NCEMC and DEP, designated as DEP FERC Electric Rate Schedule No. 182 (January 1, 2022).

1 **Q. DO YOU BELIEVE THAT THE PROPOSED FACILITY CONTRIBUTES**
2 **TO THE OVERALL DIVERSITY OF RESOURCES ON THE GRID AND**
3 **WILL HELP MAINTAIN SYSTEM RELIABILITY?**

4 A. Yes, I believe so. DEC's and DEP's current and planned generation portfolios,
5 driven in part by their obligation to comply with the carbon emissions reduction
6 mandates established in N.C. Gen. Stat. § 62-110.9, includes a broad spectrum of
7 reliable and increasingly clean resources, many of which will play an important role
8 towards carbon reduction for decades to come. As dispatchable generating
9 resources such as coal decline in usage and intermittent resources such as wind and
10 solar become a larger portion of its generation mix to comply with the carbon
11 reduction goals, additional dispatchable measures, such as the Proposed Facility,
12 must be constructed and operated to ensure that Duke's system operators have
13 adequate reliability-enhancing options available to manage and respond to system
14 dynamics and a variety of operating conditions.

15 **Q. IF NCEMC WERE NOT A JOINT OWNER OF THE PROPOSED**
16 **FACILITY, WOULD NCEMC STILL SUPPORT A COMMISSION**
17 **CONCLUSION THAT THE PUBLIC CONVENIENCE AND NECESSITY**
18 **REQUIRES CONSTRUCTION OF THE FACILITY?**

19 A. Yes. NCEMC's members are considered native load customers of DEC and DEP,
20 and in the August 17, 2023, Carbon Plan IRP (as supplemented on January 31,
21 2024) filed in Docket No. E-100, Sub 190, DEC and DEP indicated their
22 assumption that all wholesale contracts would renew unless there was an indication

1 that the contract will not be renewed.⁴ As such, DEP’s modeling assumes that it
2 will serve NCEMC’s load whether or not NCEMC is joint owner of a resource
3 serving that load. Accordingly, given NCEMC's anticipated load needs, as well as
4 those expressed by DEP in this application, we believe that the public convenience
5 and necessity would support construction of the Proposed Facility regardless of
6 whether NCEMC is a joint owner.

7 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

8 **A. Yes.**

⁴ See Carolinas Resource Plan, Appendix B: DEC-DEP System Overview, at 24-25. Filed in North Carolina Utilities Commission Docket No. E-100, Sub 190 (August 17, 2023).