



July 13, 2023

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

**RE: Duke Energy Progress, LLC, and Duke Energy Carolinas, LLC,  
2023 Solar Procurement Pursuant to Initial Carbon Plan  
Docket Nos. E-2, Sub 1317; E-7 Sub 1290**

Dear Ms. Dunston,

On February 1, 2023, the North Carolina Utilities Commission (“Commission”) opened Docket Nos. E-2 Sub 1317 and E-7 Sub 1290 pursuant to Duke Energy Progress, LLC’s (“DEP”) and Duke Energy Carolinas, LLC’s (“DEC”, collectively “Duke Energy”) motion made on January 27, 2023, which was made in compliance with the Commission’s Order Adopting Initial Carbon Plan and Providing Direction for Future Planning (“Carbon Plan Order”) issued on December 30, 2022. Order Initiating Proceeding and Requesting Comments, E-100 Sub 179, E-2 Sub 1317, E-7 Sub 1290 (Feb. 1, 2023). On February 13, 2023, the Commission granted the North Carolina Sustainable Energy Association’s Petition to Intervene (“NCSEA”). On February 16, 2023, the Commission granted the Petition to Intervene of the Southern Alliance for Clean Energy (“SACE”), the Sierra Club, and the Natural Resources Defense Council (“NRDC”). The Commission issued an Order Establishing Procedures on April 21, 2023, inviting comment from intervenors in

these dockets. On April 28, 2023, NCSEA, SACE, the Sierra Club, and NRDC filed Joint Initial Comments. On May 31, 2023, the Commission issued its Second Order Establishing Procedures, requiring Duke Energy to file Final RFP and PPA documents by June 30, 2023, and allowing parties to file further comments by July 10, 2023 and reply comments by July 13, 2023. NCSEA, SACE, the Sierra Club, and NRDC (collectively, “Intervenors”) respectfully submit this letter in lieu of reply comments for consideration by the Commission.

After reviewing Duke Energy’s final RFP and PPA documents, duly filed on June 30, and the comments of the Public Staff and Carolinas Clean Energy Business Association (“CCEBA”) filed on July 10 and 11 respectively, the Intervenors have some outstanding concerns that merit further consideration from the Commission. While related, these concerns fall into three categories: transparency, risk allocation, and implications for resource and carbon reduction planning.

Both the Public Staff<sup>1</sup> and CCEBA<sup>2</sup> discuss the failure of Duke Energy’s 2022 Solar Procurement to contract for the targeted amount of solar resources.<sup>3</sup> In discussing the transparency required during this process, CCEBA states that “[t]he 2022 [Solar Procurement] has been the least transparent solar procurement in Duke’s history.”<sup>4</sup> In a market as dynamic as solar—much less solar plus storage (“SPS”)—accurate and timely information is essential not only to market participants, but also to the Commission in order to ensure that North Carolina ratepayers are protected

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<sup>1</sup> Comments of the Public Staff on the Proposed 2023 Solar Procurement Request for Proposals, Power Purchase Agreement, and Pre-Solicitation Report, E-2 Sub 1317, E-7 Sub 1290 (July 10, 2023), pp. 2, 6.

<sup>2</sup> Comments of CCEBA on Proposed 2023 RFP/PPA, E-2 Sub 1317, E-7 Sub 1290 (July 11, 2023), pp. 5-10.

<sup>3</sup> See Notice of Completion of 2022 SP Contracting Phase, E-2 Sub 1297, E-7, Sub 1268 (June 30, 2023).

<sup>4</sup> Comments of CCEBA, pg. 7.

and statutory goals can be achieved in a timely manner. Industry standards and best practices are constantly changing within the solar and storage industries. As Duke Energy continues to procure more of these resources on behalf of North Carolina ratepayers, it is important to be able to incorporate the learnings taken from one year into the next without undue delay. In order for this to be achieved, more transparency is needed than is currently provided for in Duke Energy's proposals. The Intervenor's are sensitive to confidentiality concerns related to such disclosures; however, these concerns have been successfully addressed in previous dockets<sup>5</sup> and thus are confident that they can be successfully addressed again here.

The Intervenor's are also concerned about the cumulative burden of risk allocated to potential developers within Duke Energy's 2023 RFP and PPA documents. As noted by CCEBA, "at nearly every opportunity, where a key question has arisen relating to significant contract risk, Duke has chosen to push that risk onto the energy seller."<sup>6</sup> While any individual decision may be justifiable, taken as a whole these decisions risk exacerbating issues experienced during previous solar procurements. Risk and cost are closely related, placing an inordinate amount of risk on potential developers may raise the cost of such resources for North Carolina ratepayers. The Intervenor's advocate for a balanced approach to risk and encourage the Commission to consider additional risk mitigation mechanisms, such as the Market Price Adjustment Mechanism proposed by CCEBA.<sup>7</sup>

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<sup>5</sup> See *id.* at pp. 7-10.

<sup>6</sup> *Id.* at pg. 4.

<sup>7</sup> *Id.* at pp. 5-7. Of note, by allowing for prices to be adjusted either up *or* down, such a mechanism would serve to lower risk by allowing prices to shift with prevailing market conditions while also capturing potential cost savings should conditions prove more favorable.

Finally, the Intervenors are concerned about the failure of Duke Energy to reach procurement targets across successive procurements and the implications of this for resource and carbon reduction planning. Transparency and risk allocation, as discussed above, are important elements of this. For instance, without more detailed information, the Public Staff was forced to speculate on the reasons for previous under-procurements<sup>8</sup> rather than being able to use specific data to suggest improvements. The Intervenors are concerned that Duke Energy's 2023 Solar Procurement documents do little to address these concerns and may in fact exacerbate them through the inclusion of new provisions such as the market depth adjustment (which arbitrarily requires a bid volume of three times the overall target amount for solar projects, and twice the overall target amount for SPS projects).<sup>9</sup> Moving forward, the Intervenors encourage the Commission to consider all solutions, as consistent with prior Orders, that may be implemented in order to ensure that—at a minimum—the capacities provided for within the Carbon Plan Order are achieved.

The Intervenors thank the Commission for its consideration of these matters. By copy of this letter, I am serving copies of the attached to all parties of record by electronic delivery. Please do not hesitate to contact me if any questions or concerns arise in connection with this filing.

Thank you,

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<sup>8</sup> Comments of the Public Staff, pp. 6-7.

<sup>9</sup> See 2023 Solar Resource Procurement Request for Proposals for Solar and Solar Paired with Storage Resources, E-2 Sub 1317, E-7 Sub 1290 (June 30, 2023), pp. 5, Appx. A-31; Comment of the Public Staff, pg. 5.

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Enclosures  
cc: Parties of Record

**CERTIFICATE OF SERVICE**

I hereby certify that all persons on the docket service list have been served true and accurate copies of the foregoing filing by hand delivery, first class mail deposited in the U.S. mail, postage pre-paid, or by email transmission with the party's consent.

This the 13<sup>th</sup> day of July, 2023.

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