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Sep 11 2023

September 11, 2023

VIA ELECTRONIC FILING

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

Re: Proposed Modifications to the Existing Commission-Approved Residential Smart \$aver Energy Efficiency Program; Docket No. E-2, Subs 936 and 1174

Dear Ms. Dunston:

Enclosed for filing with and approval by the North Carolina Utilities Commission (the "Commission") is Duke Energy Progress, LLC's ("DEP" or the "Company") proposed modifications to its existing Commission-approved Residential Smart \$aver Energy Efficiency Program ("Program" or "Smart \$aver EE"), an energy efficiency ("EE") program approved in accordance with Commission Rule R8-68. This Program, formerly known as the Home Energy Improvement Program, was originally approved by the Commission in its April 30, 2009, Order in Docket No. E-2, Sub 936.

The proposed tariff modifications to the existing Program are intended to expand Program availability to multi-family residential customers. Additionally, the Company will (i) modify incentives to align with Duke Energy Carolinas, LLC's ("DEC") Residential Smart \$aver Energy Efficiency Program¹ incentive structure, thereby encouraging increased participation, (ii) update the heating ventilation and air conditioning ("HVAC") measures so that eligible measures must be above the current federal baseline, which was updated on January 1, 2023, and (iii) require duct sealing to be part of the HVAC

¹A modified version of DEC's Residential Smart \$aver Energy Efficiency Program is being filed for approval in Docket No. E-7, Sub 1032 concurrently with DEP's request in this docket; however, in that case, the underlying proposed modifications do not include changes to the incentive amount.

replacement measure, where applicable.² Together, as evidenced by the cost-effectiveness scores below, these changes will drive increased EE/DSM savings, which benefit all customers.

As the Commission is aware, Smart \$aver EE is a long-standing and critical component of the Company's portfolio of EE programs. The Program encourages the installation of EE measures to reduce energy usage and assists customers with the installation of those measures. The Program was initially designed to encourage the installation of high efficiency HVAC, the largest single source of energy consumption in a residential customer's home. It has since been modified³ to target additional sources of energy consumption in a residential customer's home. The Program enables residential households in the DEP territory to make eligible home improvements that will result in further EE savings.

DEP believes the modifications proposed in this filing are necessary to continue to provide meaningful savings for participating customers under the Program. The Company has modeled the Program's updated cost effectiveness results arising from these modifications. Consistent with past practice, the Company is providing the Commission with cost-effectiveness scores for (i) the existing Program ("Existing Program"), which were filed with the Commission as Exhibit 7 to the direct testimony of Karen K. Holbrook on 6/14/2022 in Docket E-2, Sub 1294 with an estimated five year view, (ii) the modification only ("Modification Only"), and (iii) the existing Program as modified herein ("Existing Program + Modification"). The results are below:

Cost Effectiveness Test	Existing Program	Modification Only	Existing Program + Modification
Utility Cost Test (UCT)	1.53	1.31	1.37
Total Resource Cost Test (TRC)	0.74	0.84	.90
Rate Impact Measure Test (RIM)	0.65	0.62	.58
Participant Cost Test (PCT)	1.36	1.65	1.94

DEP requests the modified Residential Smart \$aver Energy Efficiency tariff become effective upon the earlier of (i) October 1, 2023, or (ii) the date on which the Commission approves the Program. The Company is also aware that under Commission

² No tariff changes are required to update the incentive structure, HVAC standards, or require duct sealing because the tariff is written in a way that provides the Company with flexibility to do so. The Company is providing these details to the Commission to ensure transparency and inform the Commission of the Company's ongoing EE/DSM improvements.

³ The Commission subsequently approved Program modifications in its February 27, 2019, *Order Approving Program Modifications* in Docket Nos. E-2, Subs 936 and 1174; and its September 11, 2017, *Order Approving Program Modifications* in Docket Nos. E-2, Subs 936.

Rule R8-68(d)(2) other parties have thirty days from the date of the filing in which to petition for intervention, protest, or file comments.

DEP respectfully requests that the Commission:

1. Approve the Residential Smart \$aver Energy Efficiency Program and tariff (provided on Attachment G) to become effective upon the earlier of (i) October 1, 2023, or (ii) the date on which the Commission approves the Program, until such time that the Commission orders otherwise.
2. Find that the Residential Smart \$aver Energy Efficiency Program continues to meet the requirements of a “new” EE program consistent with Rule R8-69.
3. Find that all costs incurred by DEP associated with the Residential Smart \$aver Energy Efficiency Program continue to be eligible for cost recovery through the annual Demand-Side Management and EE rider in accordance with Rule R8-69(b).
4. Approve the proposed utility incentives for continued inclusion in the annual DSM/EE rider in accordance with Rule R8-69.

The attached filing package contains a more detailed description of the Program, prepared in accordance with Rule R8-68(c)(2) and (3).

Please do not hesitate to contact me if you have any questions or need additional information.

Sincerely,



Marion “Will” Middleton, III

Appearing as counsel for Duke Energy Progress, LLC

N.C. State Bar No. 50877

Enclosure

cc: Parties of Record

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Progress, LLC's Proposed Modifications to the Existing Commission-Approved Residential Smart \$aver Energy Efficiency Program, filed in Docket No. E-2, Subs 936 and 1174, has been served on all parties of record either by electronic mail, hand delivery or by depositing a copy in the United States mail, postage prepaid.

This 11th day of September 2023.



Marion "Will" Middleton, III