

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-100, SUB 179  
DOCKET NO. E-100, SUB 190

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-100, SUB 179	)	
	)	
In the Matter of	)	
Duke Energy Progress, LLC, and Duke	)	
Energy Carolinas, LLC, 2022 Biennial	)	
Integrated Resource Plans and Carbon	)	
Plan	)	<b>AVANGRID RENEWABLES,</b>
	)	<b>LLC’S RESPONSE TO PUBLIC</b>
DOCKET NO. E-100, SUB 190	)	<b>STAFF’S MOTION REQUESTING</b>
	)	<b>ISSUANCE OF COMMISSION</b>
In the Matter of	)	<b>ORDER</b>
Biennial Consolidated Carbon Plan and	)	
Integrated Resource Plans of Duke	)	
Energy Carolinas, LLC, and Duke	)	
Energy Progress, LLC, Pursuant to	)	
N.C.G.S. § 62-110.9 and § 62-110.1(c)	)	

Pursuant to North Carolina Utilities Commission’s (“Commission”) April 22, 2024 *Order Requesting Comments on the Public Staff’s Motion Requesting Issuance of Commission Order* (“Order”), Avangrid Renewables, LLC (“Avangrid Renewables”), an intervenor in each of the above-captioned proceedings, provides the Commission with the following comments on the *Public Staff’s Motion Requesting Issuance of Commission Order* filed in the instant docket by the North Carolina – Public Staff (“Public Staff”) on April 17, 2024 (the “Motion”). Avangrid Renewables agrees with the recommendations of the Public Staff and urges the Commission to order and oversee the design of an efficient procurement process and issue a corresponding schedule that will enable completion of the

procurement process by the end of 2024. Avangrid Renewables will be eager and prepared to participate in any such procurement process.

### **BACKGROUND**

Avangrid Renewables, through its wholly owned subsidiary Kitty Hawk Wind, LLC (“Kitty Hawk Wind”), was issued lease area OCS-A 0508 by the Bureau of Ocean Energy Management (“BOEM”), which grants Kitty Hawk Wind the exclusive right to propose one or more offshore wind farms in the lease area located in federal waters off the coast of North Carolina (“Kitty Hawk”). Kitty Hawk is one of only three existing BOEM offshore wind energy areas (“WEAs”) located offshore of the Carolinas. Through its leasehold in Kitty Hawk, Avangrid Renewables is engaged in activities and business operations to develop offshore wind resources to provide energy supply to customers in North Carolina, including potentially within the service territories of Duke Energy Progress (“DEP”) and Duke Energy Carolinas (“DEC”) (DEP and DEC, collectively, “Duke”). Avangrid Renewables is an intervenor in the above-captioned proceedings.

In Commission Docket E-100, Sub 179 (the “Sub 179 Proceeding”), Avangrid Renewables requested in its post-hearing brief that the Commission direct a third-party conduct an actionable offshore wind study comparing the three offshore wind energy areas:

Avangrid Renewables finally requests the Commission order an independent third-party study of offshore wind to be conducted, with transparency, Commission oversight, and intervenor determined metrics, that such study be completed within six months of the entry of the final order in this proceeding, and that such study consider the Commission’s definition of ownership, requesting offer prices from lease area owners to make the study results actionable.

*Avangrid Renewables, LLC’s Post-Hearing Brief*, p. 26.

Likewise, Avangrid Renewables submitted a partial-proposed order with draft

language for the Commission to consider: ordering the third-party led study of the three WEAs off the coast of North Carolina.<sup>1</sup> In its December 30, 2022 *Order Adopting Initial Carbon Plan and Providing Direction in Future Planning* (“Sub 179 Order”), the Commission ultimately granted Avangrid Renewables request for an offshore wind energy study:

That Duke shall study and consider each of the three currently available WEAs off the coast of North Carolina, adopting steps in its evaluation process to protect against any potential affiliate bias, and report the findings of its evaluation of the WEAs to the Commission in its first CPIRP filing[.] Sub 179 Order, p. 133.

On September 1, 2023, Duke filed the *Direct Testimony of Clift Pompee, Steven Capps, and Ben Smith on behalf of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC* (“Long Lead Testimony”) as part of Duke’s testimony support of its 2023 Carbon Plan/Integrated Resource Plan (“CPIRP”) application and materials filed in E-100, Sub 190. An offshore wind energy study, ostensibly in service of the ordering language stated above from the Sub 179 Order and made with feedback from the offshore wind developers, was filed as Exhibit 1 to the Long Lead Testimony (the “Offshore Wind Study”).<sup>2</sup> The Offshore Wind Study, in pertinent part, included an RFI<sup>3</sup> Analysis section, an RFI Results section including tables showing: the different WEAs by project size and parcel; Levelized Cost of Energy (“LCOE”) for the WEAs without onshore transmission costs and assuming a 2031 in-service year; and LCOE for the WEAs with onshore transmission costs and assuming a 2031 in-service year. Offshore Wind Study, pp. 3-7. The

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<sup>1</sup> See, *Partial Proposed Order of Avangrid Renewables, LLC*, proposed ordering paragraphs 4-10.

<sup>2</sup> Portions of the Offshore Wind Study were filed under seal and the publicly available version redacts commercially sensitive information on behalf of the three WEA developers.

<sup>3</sup> The authors of the Offshore Wind Study did not define “RFI” in the document, though presumptively it was intended to mean “Request for Information”.

Offshore Wind Study, including in particular the RFI process, was facilitated by third-party administrator DNV Energy USA Inc. ("DNV") and took place between approximately February 28, 2022 and April 5, 2023 with the final inputs evaluation completed by DNV between April 17, 2023 and May 5, 2023. Offshore Wind Study, pp. 2-3.

In its initial CPIRP application, Duke did not make a specific request for offshore wind to be included as part of its preferred portfolio; however, newly discovered future demand in supplemental load forecast caused Duke to file, with Commission approval, a new petition with a new preferred, supplemental portfolio on January 31, 2024 (the "Supplemental Preferred Portfolio"). The Supplemental Preferred Portfolio requests, in pertinent part, that the Commission authorize initial steps towards a possible procurement of 2.4 GW offshore wind power. *Verified Amended Petition for Approval of 2023-2024 Carbon Plan and Integrated Resource Plans of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC* ("Amended CPIRP Petition"), p. 31.

Specifically, Duke's request in the Supplemental Preferred Portfolio sought "Commission approval to issue an Acquisition Request for Information ("ARFI") in early 2025 to further assess the cost of procuring up to 2,400 MW of offshore wind located off the North Carolina coast." Amended CPIRP Petition, p. 21. Duke requested the Commission grant its request for a two-year process for the ARFI to take place, concluding in 2026. Amended CPIRP Petition, p. 31. The Amended CPIRP Petition does not specifically mention the Offshore Wind Study.

#### **Public Staff's Motion and Avangrid Renewables' Support**

In the Motion, the Public Staff outlined the process of the Offshore Wind Study and how Duke has represented, generally, to the Public Staff that the Offshore Wind Study was

“sufficient for modeling” but “not sufficient for resource selection.” *See* Motion, p. 6.

The Motion states succinctly:

16. It is the Public Staff’s position that (1) Ordering Paragraph 26 of the 2022 Carbon Plan Order, in addition to the directives contained on page 102 of the 2022 Carbon Plan Order, as excerpted herein, requires the Companies to issue an ARFI or equivalent RFI as described by the Companies; and (2) the 2022 Carbon Plan Order does not require Duke to obtain further Commission approval before proceeding with the development and issuance of the ARFI.

17. It is imperative that Duke proceed with the development and issuance of the ARFI as soon as possible, rather than waiting until early 2025 following issuance of a final Commission order in the current CPIRP proceeding.

Avangrid Renewables supports the position of the Public Staff to expedite the commencement of the ARFI. In the Sub 179 Order the Commission required Duke to move forward with an information gathering exercise in the form of the Offshore Wind Study. As described in pages 1-4 of the Offshore Wind Study, all three offshore wind leaseholders participated and provided feedback to developing the Offshore Wind Study over the course of more than a year, and this work and the resulting Offshore Wind Study laid the groundwork required to advance towards procurement. Avangrid Renewables believes that this initial study enables a more expedited second round of engagement with, and information gathering from, developers through an ARFI or some other procurement process approved by the Commission. A well-designed process that incorporates feedback from all three developers, each of which can bring in unique experience and expertise on how to best structure the procurement, will enable efficient forward progress on projects.

Duke’s Supplemental Preferred Portfolio calls for Commission approval to develop 2.4 GW of offshore wind. Expediting the process that will lead towards site conveyance will reduce the risk that offshore wind project development off the coast of North Carolina

stalls, in turn reducing the risk of delays to when offshore wind can be brought online in North Carolina. An expedited timeline (as compared to Duke's proposal) is the best way to ensure that this needed resource will come online timely.

Therefore, Avangrid Renewables echoes the Public Staff and requests the Commission issue an order requiring Duke to move forward expeditiously with a procurement process for the WEAs.

### **North Carolina Precedent and Third-Party Administration**

Since House Bill 589 was made into law in 2017, North Carolina has developed processes for the procurement of non-utility sourced renewable energy and renewable energy projects. This includes the procurement process outlined in the Competitive Procurement for Renewable Energy ("CPRE") Program and edited in subsequent solar procurement programs. While the products are different – lease areas to develop utility-owned offshore wind versus the procurement of solar energy through long-term power-purchase agreements, for instance – the commercial concept is not so different. Duke and the developers need a process with regulatory oversight to move forward with the conveyance of offshore wind energy generation sites in order to allow Duke to take steps to develop those sites and provide offshore wind energy in time to meet the requirements of House Bill 951.

As such, Avangrid Renewables recommends the Commission consider, and Duke to emulate, the process in the CPRE and subsequent solar procurement programs. In particular, the utilization of a third-party, independent administrator to oversee the process, remove bias, and report to the Commission on the process. While granular details would still need to be worked out between Duke, the wind developers, and consumer advocates

to make sure the procurement or ARFI process is done efficiently and accurately to remove ratepayer risk, the general outline of the process can be gleaned from the solar procurements.

### **Timing**

In order to meet the interim 70% carbon emissions reduction requirement, Duke must move expeditiously wherever possible including, in particular, when the modeling outcomes signal a clear need. Here, offshore wind is the most scaled and mature of the proposed long-lead technologies needed to meet the carbon reduction requirements. Prompt procurement steps are required for offshore wind developers to gain clarity regarding their path to market in North Carolina and, as necessary, secure the significant financing required to support long-lead development and construction of these massive clean energy projects.

### **Conclusion**

For all the reasons set forth herein, Avangrid Renewables supports and echoes the request of the Public Staff to move forward expeditiously in the procurement process for offshore wind energy resources and further requests the Commission issue an order requiring the initial procurement process be completed by the end of 2024.

Respectfully submitted this 25th day of April, 2024.

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**CERTIFICATE OF SERVICE**

I certify that a copy of the foregoing document has been served by electronic mail, hand delivery, or by depositing a copy in the United States Mail, first-class postage prepaid, properly addressed to parties of record.

This the 25th day of April, 2024.

By: /s Benjamin W. Smith

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