BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-100, SUB 180

IN THE MATTER OF: Investigation of Proposed Net Metering Policy Changes	))))	**COMMENTS OF THE SOLAR ENERGY INDUSTRIES ASSOCIATION**

Pursuant to the North Carolina Utilities Commission's ("Commission") *Order Requesting Comments*, the Solar Energy Industries Association ("SEIA") appreciates the opportunity to comment in support of the proposal by Duke Energy Carolinas, LLC ("DEC") and Duke Energy Progress, LLC ("DEP") (collectively "Companies") to adopt the next evolution of customer-sited solar in North Carolina. SEIA has advocated for strong net metering policies across the country for multiple decades; policies that provide customers (i) the opportunity to reduce their consumption of electricity from the grid from behind-the-meter self-generation and (ii) to receive fair compensation for exported solar energy as well as other benefits that a customer-sited solar system might provide to the overall electric grid. After participating in many contentious and costly proceedings across the country, SEIA appreciates the thoughtfulness of the compromise agreed upon by multiple parties in this proceeding.

SEIA is aware that adjusting to any change from the *status quo* can come with growing pains for the solar market. SEIA also recognizes that the totality of the proposals put forward by the Companies (e.g., rate and netting changes **and** the accompanying solar incentive for participating in an energy efficiency program) could be a potential model for the future growth of customer-sited distributed energy programs of all types that recognize the total value of a distributed energy resource. While the structure of the compromise does introduce new rate components (e.g., minimum bill, non-bypassable charges, and a grid access fee for larger residential solar facilities), the compromise retains monthly netting and avoids draconian fixed charge increases. It is important to recognize that this compromise retains some aspects of successful net metering policies, such as easy-to-understand netting periods, while trading for more complex rate components. SEIA believes this is a first step towards broader and more innovative net metering policy.

Unlike a fixed charge increase, the minimum bill mechanism does not reduce the revenue expected to be collected through the volumetric rate. Because the minimum bill is a guard rail and does not guarantee revenue, a minimum bill does not dampen the price signal in volumetric rates; the price signal that supports customer decisions to install solar and/or engage in energy efficiency.

The proposed switch to a time-of-use rate also modifies the value proposition for customers using onsite solar to meet their electrical requirements, but it is important to remember that even existing applicable rates change over time and experience structural changes that impact the solar value proposition (e.g., increases to the basic facilities charge). Holding all things equal, however, it is clear to SEIA that these rate changes from the *status quo* will influence the way that solar is marketed and will likely reduce the average system size of solar facilities in the Companies' territories. Based on the lower off-peak rate, there is no doubt that the rate design changes will reduce the value of self-generation compared to *status quo* net metering. Looking at these changes in a vacuum without considering the availability of the upfront Smart $aver Solar incentive, SEIA would tend to agree with critics that the changes may slow growth of the nascent rooftop solar market in North Carolina. According to industry data collected by SIEA and Woods

MacKenzie, North Carolina's rooftop solar market has grown by between 15 and 38% year over year for the last three years.

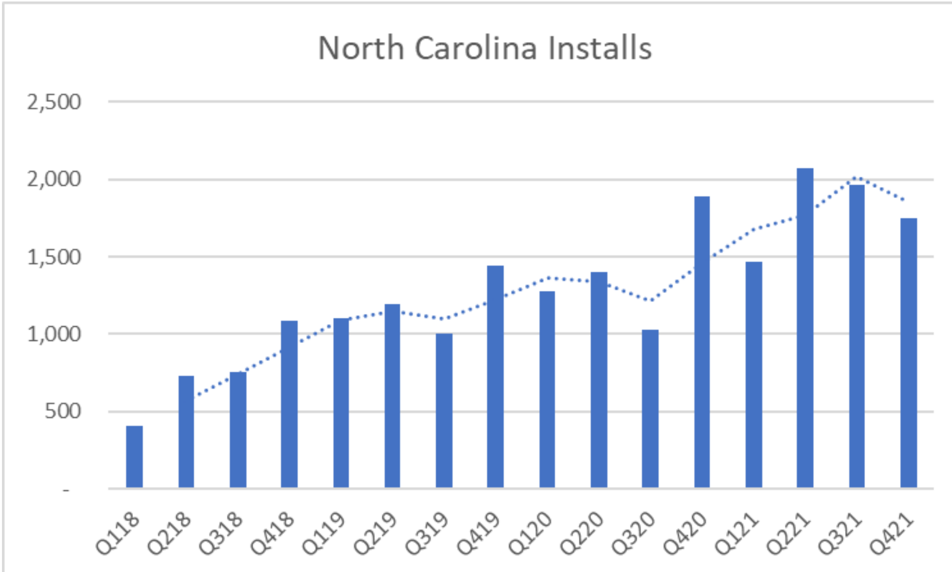

Figure 1 Quarterly Residential Rooftop Solar Installs

Absent any major rate changes or changes in solar investment tax credits, North Carolinians could reasonably expect similar growth into the future, supporting an ever-increasing amount of North Carolina's clean energy economy. However, these rate changes are not the whole story of the compromise.

From SEIA's vantage point, the availability of an upfront incentive for participating in energy efficiency and demand response is what makes this compromise work and what opens up the possibility of sustained growth for the rooftop solar market in North Carolina. The Companies' current solar rebates are usually oversubscribed on the first day they are offered or subject to a lottery, meaning that the rebate policy fails to create a product that installers and solar companies can incorporate into marketing strategies to prospective customers.

In contrast, the incentive for the Smart $aver Solar program is durable and openly available to all who meet eligibility requirements and are willing to participate. More importantly, the Smart $aver Solar incentive is cost-effective and provides demonstrable net savings to non-participating customers. Marketing around the rate changes and Smart $aver Solar program will clearly be different and more challenging than the simple *status quo* policy, but SEIA believes that the industry can learn to adopt and thrive under this new paradigm, achieving a durable overall framework to grow the customer-sited solar market well into the future.

While the initial Smart $aver Solar policy leverages all-electric solar customers to target winter peak demand, it is easy to envisage future programs that include an upfront incentive for installing solar + battery storage to provide similar winter peak demand reductions through injections into the grid, or compensation for grid supportive inverter functionality, or even aggregated distributed generation energy markets. Such programs would expand the ability to reduce winter peak demand from all-electric homes to, potentially, all single-family homes.

SEIA views pairing net metering reform with demand-response and under an energy efficiency framework (for behind-the-meter consumption) as the innovative foundation of many future customer programs that will also increase load flexibility, directly offset carbon emissions from the Companies' in-state generation fleet, and provide customers more control over their monthly electric bills. In this light, the combined proposal is a win-win as a customer-empowering policy that produces net benefits for all ratepayers and provides a pathway for sustainable growth of the rooftop solar industry.

For these reasons, SEIA requests that the Commission approve the Companies' net metering proposal in this docket, with the caveat that a sustainable market in North Carolina depends on approval of this innovative compromise package as a whole.

Respectfully submitted this 29th day of March, 2022.

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the Comments of the Solar Energy Industries Association as filed today in Docket No. E-100, Sub 180 has been served on all parties of record on the official service list by electronic mail transmission, where parties have consented to electronic service, or by deposit in the U.S. Mail, first class, postage prepaid, on this day, March 29, 2022.

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