

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-7, SUB 1032

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application of Duke Energy Carolinas,)	DUKE ENERGY CAROLINAS,
LLC, for Approval of Modifications to the)	LLC'S REPLY COMMENTS
PowerShare® Nonresidential Load)	
Curtailment Program)	
)	

Duke Energy Carolinas, LLC ("DEC" or the "Company"), pursuant to North Carolina Utilities Commission (the "Commission") Rule R8-68(d)(2) and the Commission's Order Granting Extension of Time to File Response, dated November 21, 2023, submits these comments in response to initial comments on the Company's Proposed Modifications to the PowerShare® Nonresidential Load Curtailment Program (collectively, the "Program Modification") filed by (i) the Carolina Industrial Group for Fair Utility Rates III ("CIGFUR III") and (ii) Public Staff – North Carolina Utilities Commission ("Public Staff").¹

The Public Staff's comments requested that the Commission approve the requested Program Modification. Specifically, the Public Staff explained that the Program Modification "has the potential to increase participation in the Program, is in the public interest, and should be approved as a 'new' DSM Program pursuant to Commission Rule R8-68."²

CIGFUR III, however, raises certain limited issues that require clarification

¹ No other party submitted comments.

² Public Staff Letter re: PowerShare Modification at 2.

and response. The Company addresses these issues below.

I. THE COMPANY DISCUSSED THE PROGRAM MODIFICATION WITH CIGFUR III ON NUMEROUS OCCASIONS OVER THE COURSE OF MANY MONTHS.

CIGFUR III implies that the Company did not discuss the Program Modification with CIGFUR III prior to filing and notes that it “would have been helpful” if the Company provided this filing to CIGFUR III in advance so that CIGFUR III could “provide feedback.” These statements omit important context and risk mischaracterizing the Company’s interactions with CIGFUR III to date.

As CIGFUR III itself acknowledged, the Company incorporated feedback provided by CIGFUR III into the Program Modification. CIGFUR III notes that this feedback was provided to the Company in numerous settings—including the Comprehensive Rate Design Study, along with “various other stakeholder processes and channels.”³

Not only did the Company engage CIGFUR III with respect to the Program Modification in multiple settings, it also did so at an early stage in the modification’s development. In addition to conversations with individual CIGFUR III members, the Company engaged with CIGFUR III on numerous occasions regarding potential modifications to PowerShare®, including four separate occasions in August 2022. On September 21, 2022, at the Carolinas Collaborative (the advisory group created in 2009 to provide the Company feedback on new program ideas), the Company introduced a new potential modification to PowerShare®. The concept presented was designed to provide

³ CIGFUR III Comments at 2.

value to the Company and appeal to CIGFUR III members based on earlier feedback provided by CIGFUR III. The Company later shared the proposed modification with the Carolinas Collaborative as an upcoming program filing on July 12, 2023, and again on September 7, 2023.⁴

In addition to these discussions and presentations to the Collaborative, the Company engaged CIGFUR III and its members through several other conversations regarding the potential modification, and the Company has remained available throughout the development process to field any comments or questions CIGFUR III had regarding such modification. Although it is not the Company's practice to routinely provide draft filings to customers or stakeholders for feedback and edits, CIGFUR III has long been aware of the proposed modification.

Throughout these discussions—which began at least 16 months ago—the Company has endeavored to incorporate CIGFUR III's feedback as much as possible. However, the Company's obligation is to design a cost effective program that benefits its system and customers at large. The Program Modification proposed by the Company and supported by the Public Staff fulfills that obligation. The Company looks forward to further engagement with CIGFUR III, other Collaborative members, and interested parties and will continue to provide updates to the Collaborative on new and existing programs.

II. CIGFUR III'S RECOMMENDATION TO PROVIDE A TIERED PROGRAM STRUCTURE IS (I) OUTSIDE THE SCOPE OF THE PROGRAM

⁴ Although details of the Program Modification proposed in this docket may differ from certain of the earlier modifications discussed with CIGFUR III, the overall concept remains the same—a non-emergency, day-ahead notification option under PowerShare®.

MODIFICATION AND (II) WOULD NOT PRODUCE ADDITIONAL BENEFITS TO THE SYSTEM.

CIGFUR III recommends that, to maximize customer participation, the Company should revise its PowerShare® program to provide a tiered program structure, with different levels of bill credits corresponding to varying response times to reflect the differential value provided to the system. At the outset, the Company notes that this recommendation is unrelated to an analysis of the actual modification before the Commission. The Company did not propose a tiered structure, no other party recommended a tiered structure, and CIGFUR III's comments provide no substantive details (notification periods, credit levels, etc.) regarding a tiered structure.

Notwithstanding these facts, the Company did evaluate such a structure and ultimately chose not to propose it to the Commission because there are currently no significant system benefits to the structure envisioned by CIGFUR III—a fact that the Company previously explained to CIGFUR III. For a tiered structure to provide any value to the Company, it would require much shorter notification times (i.e., 10 minutes or less, which would require automated responses to achieve) and also a commitment from participants to much more frequent curtailment. The shorter notification windows are too short for most customers, and customers are typically averse to more frequent curtailment.

However, once the DSM/EE Mechanism⁵ review is complete, the Company will revisit CIGFUR III's recommendation to determine whether a tiered

⁵ The DSM/EE Mechanism review is the subject of Docket No. E-100 Sub 179.

program structure would achieve cost-effectiveness under the updated DSM/EE Mechanism. The Company will share the results of the review with CIGFUR III and more broadly with stakeholders in a future Collaborative meeting.

III. OFFERING THE NON-EMERGENCY OPTION SEPARATELY FROM THE EMERGENCY OPTION WOULD BE DETRIMENTAL TO THE OVERALL PROGRAM'S COST-EFFECTIVENESS.

In its comments, CIGFUR III recommends that, to enable different kinds of customers with unique load profiles to participate, the Company's non-emergency Program Modification should operate independently of the emergency curtailment option under the PowerShare® program. However, the Company does not believe that an appreciable market exists to support the new non-emergency offer without pairing it with the emergency offering because the incentives would not outweigh the opt-in costs. This means that customers would not have the appropriate incentives to participate, and the potential system benefits arising from the Program Modification would be eliminated.

Finally, CIGFUR III also argues that its recommendation will “ensure that only those customers who are truly ready, able, and willing to respond in an emergency situation will volunteer to participate in emergency demand response programs.”⁶ However, the current program offering has guardrails in place to ensure that customers only participate in the program if they are ready, able, and willing to respond to curtailment instructions. For example, the program has penalties in place for non-curtailment when called upon. If participants do not perform when called upon, they are assessed penalties and may be dropped

⁶ CIGFUR III Comments at 4.

from the program. Offering an entirely separate program to satisfy CIGFUR III is unnecessary and untenable from a cost-effectiveness standpoint at this time.

IV. CONCLUSION

In short, the Company engaged with CIGFUR III on multiple occasions and gave it multiple opportunities for input on the proposed modification. Moreover, the recommendations made by CIGFUR III in its comments would neither provide value to the Company nor incentivize new customers to participate in the program. The Company appreciates the opportunity to provide these reply comments and respectfully requests that the Commission approve the Company's proposed modification as set forth in its Application.

WHEREFORE, DEC respectfully requests that the Commission deny CIGFUR III's requests and approve the Company's proposed Program Modification.

Respectfully submitted, this the 11th day of December, 2023.

DUKE ENERGY CAROLINAS, LLC

s/ Marion "Will" Middleton, III
Marion "Will" Middleton, III
NC Bar No. 50877
BAKER, DONELSON, BEARMAN,
CALDWELL & BERKOWITZ, PC
2235 Gateway Access Point, Suite 220
Raleigh, North Carolina 27607
Telephone: (984) 844-7900
wmiddleton@bakerdonelson.com

*Attorney for Duke Energy Carolinas,
LLC*