

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 1297
DOCKET NO. E-7, SUB 1268

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Duke Energy Progress, LLC, and Duke)	ORDER REQUIRING ANSWERS TO
Energy Carolinas, LLC, 2022 Solar)	COMMISSION QUESTIONS AND
Procurement Pursuant to Session)	ESTABLISHING ADDITIONAL
Law 2021-165, Section 2(c))	PROCEDURAL DEADLINES

BY THE COMMISSION: Session Law 2021-165 (S.L. 2021-165) directs the Commission to develop a Carbon Plan that takes reasonable steps to reduce carbon dioxide emissions in this State from electric generating facilities owned or operated by Duke Energy Progress, LLC (DEP), and Duke Energy Carolinas, LLC (DEC, together with DEP, Duke) by 70% from 2005 levels by 2030 and to achieve carbon neutrality by 2050.

Section 2(c) of Session Law 2021-165 further authorizes the Commission to:

direct the procurement of solar energy facilities in 2022 by the electric public utilities if, after stakeholder participation and review of preliminary analysis developed in preparation of the initial Carbon Plan, the Commission finds that such solar energy facilities will be needed in accordance with the criteria and requirements set forth in Section 1 of this act to achieve the authorized carbon reduction goals.

On March 11, 2022, the Commission established this docket for the purpose of considering whether a 2022 solar procurement is warranted consistent with the provision of S.L. 2021-165, Section 2(c).

On March 14, 2022, Duke filed a petition seeking Commission authorization of a system-wide solar procurement seeking a minimum of 700 megawatts (MW) of utility-owned and third-party solar energy resources sited in both North Carolina and South Carolina (Petition). Pertinent to this order, Duke requests expedited Commission authorization of their Petition.¹ Duke's Petition further identifies the following pertinent milestones and target dates in their Petition:

¹ Duke previously indicated their intent to request that the Commission issue an order authorizing a 2022 solar procurement pursuant to S.L. 2021-165, Section 2(c) by May 13, 2022, which falls prior to Duke's deadline to file their initial Carbon Plan. See DEC & DEP's 2022 Solar Procurement Stakeholder Engagement Mtg. 3 Update & Plans for Procurement Plan Filing, NCUC Docket No. E-100, Sub 179 (March 8, 2022).

2022 SP Plan Milestone	Target Date
Onboarding of Independent Evaluator and RFP Development; Post draft RFP documents and pro formas; RFP Stakeholder Mtg 1; Open Comment period on RFP documents for Market Participant feedback	4/1 - 4/30/2022
Incorporate comments, RFP Stakeholder Mtg 2, post final RFP documents/pro formas	5/1 - 5/30/2022
Carbon Plan Filing Identifies 2022 SP Target Volume	5/16/2022
2022 SP RFP filed with NCUC; IE Pre-Issuance RFP Report filed with NCUC	5/30/2022
2022 SP RFP bid window	5/31 - 7/15/2022

The Petition further states Duke's desire to align a Commission-authorized 2022 solar procurement with the upcoming 2022 Definitive Interconnection System Impact Study (DISIS) Cluster. Dates pertinent to DISIS are:

DISIS Milestone	Target Date
DISIS Request Window	1/1 - 7/1/2022
Customer Engagement Window	7/1 - 8/30/2022
Definitive Interconnection System Impact Cluster Study Process	Begins 8/31/2022

Through various orders, the Commission has recognized the interventions of the Carolina Industrial Group for Fair Utility Rates II (CIGFUR II) and the Carolina Industrial Group for Fair Utility Rates III (CIGFUR III, and together with CIGFUR II, CIGFUR); the North Carolina Sustainable Energy Association (NCSEA); the Carolina Utility Customers Association, Inc. (CUCA); Walmart Inc. (Walmart); the Clean Power Suppliers Association (CPSA); the North Carolina Electric Membership Corporation (NCEMC); the Southern Alliance for Clean Energy (SACE), the Sierra Club, and the Natural Resources Defense Council (NRDC and collectively, SACE et al.); and the Carolinas Clean Energy Business Association (CCEBA). Further the interventions of the Public Staff and the Attorney General's Office are recognized by statute.

On March 28, 2022, the Commission received comments on Duke's Petition from CIGFUR, AGO, SACE et al., Walmart, NCSEA, CUCA, Public Staff, and, jointly, CPSA and CCEBA; and on April 6, 2022, Duke filed their reply comments in support of the Petition.

The Commission has carefully reviewed the Petition, comments of intervenors, and Duke's reply comments and has questions, which are set forth in the Appendix hereto. Accordingly, the Commission finds good cause to require Duke to file verified responses to the questions set forth in the Appendix on or before Friday, April 29, 2022. Further, any other interested party may also file comments in response to the Commission's questions on or before Friday, April 29, 2022. Finally, all parties may file responsive comments on or before Friday, May 6, 2022.

Further, in order to make a fully informed decision, the Commission will delay its decision on whether to launch the RFP until after the initial Carbon Plan is filed on or about May 16, so as to afford the Commission time to review the Petition and the initial Carbon Plan for consistency. The Commission intends to issue a final order on the Petition on or before May 31, 2022, barring the unforeseen. Based on the Commission's review of the milestones and target dates for the proposed solar procurement and the DISIS, the Commission's target order date does not appear to prevent Duke from conducting a 2022 solar procurement in alignment with the 2022 DISIS.

IT IS, THEREFORE, SO ORDERED.

ISSUED BY ORDER OF THE COMMISSION.

This the 25th day of April, 2022.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in dark ink, appearing to read "Joann R. Snyder", is written over a light gray circular stamp.

Joann R. Snyder, Deputy Clerk

Chair Charlotte A. Mitchell and Commissioner Kimberly W. Duffley did not participate.

QUESTIONS

1. Explain why Duke proposes to exclude bids for solar + storage from the 2022 procurement. Provide an explanation for why solar + storage bids are not recommended for utility-owned resources as well as for third-party PPAs.
2. Describe how the Carbon Plan Solar Reference Cost will be determined.
3. Is “administratively determined avoided cost” analogous to the avoided cost method established by the Commission pursuant to N.C. Gen. Stat. § 62-156, with rates derived by using Duke’s most recent data and assumptions?
4. How will the Carbon Plan Solar Reference Cost compare to the “administratively determined avoided cost”?
5. How does the Carbon Plan Solar Reference Cost compare to or comply with the least cost mandate contained in S.L. 2021-165?
6. Does the proposed 2022 solar procurement potentially allow for PURPA qualifying facilities to be compensated at a rate that is in excess of the rates calculated using the avoided cost method established by the Commission pursuant to N.C.G.S. § 62-156? If so, why should the Commission permit PURPA qualifying facilities to be compensated in excess of avoided cost rates?
7. How will the services of the proposed Independent Evaluator compare to those of the Independent Administrator of the Competitive Procurement of Renewable Energy Program pursuant to N.C.G.S. § 62-110.8? What will be the main differences?
8. Will ratepayers be responsible for any Independent Evaluator’s fees that exceed program fees collected from solar procurement bidders? Describe cost containment measures to be implemented with regard to the Independent Evaluator’s fees.
9. What solutions have the stakeholders discussed to mitigate the concerns described in Paragraph No. 13 of the Public Staff’s initial comments, particularly in light of the rate disparity between DEC and DEP raised in footnote 5?
10. Explain further how the “Volume Adjustment Mechanism” described in Paragraph No. 9 of the Public Staff’s initial comments will “provide some ratepayer protection and offer some assurance that the 2022 Solar RFP adheres to the Carbon Plan’s least cost pathway.” What other cost-containment measures have been considered?

11. What workarounds or alternatives are available to the issue described in Paragraph No. 15 of the Public Staff's initial comments – that the Commission may have difficulty enforcing a limited termination right in the event that transmission upgrade costs increase above a specified threshold relative to the DISIS upgrade costs without impacting projects both participating in the 2022 Solar RFP and those not participating in the 2022 Solar RFP?