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Nov 05 2018

November 5, 2018

Via Electronic Filing

Ms. M. Lynn Jarvis, Chief Clerk
North Carolina Utilities Commission
Dobbs Building
430 North Salisbury Street
Raleigh, North Carolina 27603

**Re: Docket No. E-100, Sub 150
Docket No. E-2, Sub 1159
Docket No. E-7, Sub 1156
Letter in Response to Commission Request for Comments**

Dear Ms. Jarvis,

On October 5, 2018, the North Carolina Utilities Commission (“Commission”) issued its *Order Approving Interim Modifications to North Carolina Interconnection Procedures for Tranche 1 of CPRE RFP* (“Order”) approving modifications to the North Carolina Interconnection Procedures to support Duke Energy Carolinas, LLC’s (“DEC”) and Duke Energy Progress, LLC’s (“DEP” and, together with DEC, the “Companies”) planned grouping study proposal for purposes of implementing the Competitive Procurement of Renewable Energy Program (“CPRE Program”) Tranche 1 request for proposals (“RFP”). The Order also identified the Commission’s interest in further considering the issue of cost allocation of grid upgrades for future CPRE tranches and directed interested parties to submit comments as to whether revisions to the CPRE Program rules and the Companies’ CPRE RFP guidelines regarding the allocation of grid upgrades for future tranches should be pursued immediately via a round of submittals, or in the future following the completion of Tranche 1.

The Companies hereby affirm that they continue to believe that the Commission should allow the Companies to proceed with Tranche 1 and then consider any necessary revisions to the CPRE Program rules regarding the treatment and allocation of grid upgrade costs for future tranches within the CPRE Program after Tranche 1 is completed. In the interim, the Companies will work with the Independent Administrator, Accion

Group, LLC (“IA”) to identify “lessons learned” from Tranche 1 to be shared with the Commission and interested parties.

As the Commission is aware, the CPRE Tranche 1 RFP solicitation period closed on October 9, 2018. The IA received proposals from numerous interested renewable energy facilities. Pursuant to the CPRE Program evaluation process established by the CPRE Program rule, the IA is currently completing the “Step 1” evaluation process, during which the IA is independently evaluating and ranking bids based on price and other factors. Pursuant to the CPRE Program rule, the IA will next provide the most competitively ranked bids—the “Competitive Tier”—to the Companies’ T&D (transmission and distribution) Evaluation Sub-Team to complete the “Step 2” grid upgrades evaluation. The Step 1 evaluation process is currently scheduled to be completed on December 3, 2018, with the Step 2 evaluation of the Competitive Tier to be completed and winning market participants notified on or about March 25, 2019.

The Companies and the IA have agreed to provide the Commission with information regarding the status and results of the ongoing Tranche 1 RFP, as detailed in the Companies’ *Post-Oral Argument Responses to Commission Questions*, filed September 28, 2018, in Docket No. E-100, Sub 101. These interim reports will be filed with the Commission in the following timeframes:

- (1) Later of mid-November or five (5) business days of date on which DEP/DEC Proposal Team submits any Asset Acquisition Proposals – With respect to all bids received, provide the total number of bids, total MW broken down between DEP and DEC, and an overview of generation types received.
- (2) December 2018 – With respect to the Competitive Tier, provide the total number of bids, total MW broken down between DEP and DEC, and an overview of generation types in the Competitive Tier.
- (3) Mid-March 2019 – Overview of the then-available results of the Step 2 evaluation results, including overview of any potential contingencies (if available).
- (4) April / May 2019 – Final report on Tranche 1 RFP in accordance with the Commission’s June 25, 2018 order issued in Docket Nos. E-2, Sub 1159 and E-7, Sub 1156 (no later than 10 days after conclusion of contracting period for Tranche 1).

The Companies submit that the experience and lessons learned through completing the Tranche 1 RFP will assist the Commission, the Companies, and interested stakeholders in assessing whether changes to the Commission’s CPRE rules or the Companies’ plans for future CPRE RFPs should be made. Furthermore, any change made in the middle of the Tranche 1 process to the manner in which the costs of grid upgrades (if any) are to be recovered will likely result in delays in completion of Tranche 1 and potentially additional complexities to the evaluation process (*e.g.*, where bids are required to be re-ranked differently than would have been the case due to market participant pricing decisions).

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Accordingly, the Companies respectfully request the Commission defer consideration of whether the current CPRE RFP approach to allocating the cost of grid upgrades is reasonable and furthers the overall objectives of the CPRE Program, including whether revisions to the CPRE rule are appropriate for future CPRE tranches, until after completion of Tranche 1 in spring 2019.

Please feel free to contact me with any questions. Thank you for your assistance in this matter.

Very truly yours,

/s/E. Brett Breitschwerdt

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing *Letter in Response to Commission Request for Comments*, filed in Docket Nos. E-100 Sub 150, E-2 Sub 1159, and E-7 Sub 1156, were served electronically or via U.S. mail, first-class postage prepaid, upon all parties of record.

This the 5th day of November, 2018.

/s/E. Brett Breitschwerdt

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