

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-2, SUB 931  
DOCKET NO. E-7, SUB 1032

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 931	)	
	)	
In the Matter of	)	
Application by Carolina Power & Light Company,	)	
d/b/a Progress Energy Carolinas, Inc., for	)	
Approval of Demand-Side Management and	)	
Energy Efficiency Cost Recovery Rider Pursuant	)	
to G.S. 62-133.9 and Commission Rule R8-69	)	ORDER SCHEDULING
	)	TECHNICAL CONFERENCE
DOCKET NO. E-7, SUB 1032	)	
	)	
In the Matter of	)	
Application of Duke Energy Carolinas, LLC,	)	
for Approval of New Cost Recovery Mechanism	)	
and Portfolio of Demand-Side Management and	)	
Energy Efficiency Programs	)	

BY THE PRESIDING COMMISSIONER: In its Order Adopting Initial Carbon Plan and Providing Direction for Future Planning issued on December 30, 2022, in Docket No. E-100 Sub 179 the Commission directed Duke Energy Progress, LLC (DEP) and Duke Energy Carolinas, LLC (DEC, collectively Duke or the Companies) to initiate a review of their Commission-approved mechanisms for cost recovery for their demand-side management (DSM) and energy efficiency (EE) measures (the Mechanisms).

On April 27, 2023, Duke filed a letter in the above-captioned dockets initiating the Commission-directed review of the Mechanisms.

On October 30, 2023, the Commission issued the Order Granting Public Staff's Motion for Procedural Relief and Scheduling Technical Conference (Procedural Order), which, among other things, directed the parties to file comments on a number of issues, set a schedule for filing comments and reply comments, and scheduled a technical conference. One of the issues on which the parties were directed to comment involved encouraging greater participation in DSM/EE programs by industrial and large commercial customers:

How to most effectively encourage industrial and commercial participation in EE/DSM programs, given that the right of industrial and large commercial customers to opt-out of ratepayer-funded EE/DSM measures is codified at N.C.G.S. § 62-133.9(f) and whether to change the threshold for a “large commercial customer” under Rule R8-69 that can opt-out[.]

Procedural Order at 7.

On December 18, 2023, the Commission held a technical conference, receiving presentations from the parties on the existing Mechanisms and on the work of the DSM/EE Mechanism Review stakeholder process.

Initial comments on the Mechanisms were filed on January 26, 2024, by Duke; Public Staff – North Carolina Utilities Commission (Public Staff); the North Carolina Attorney General’s Office (AGO); the Carolina Industrial Group for Fair Utility Rates II (CIGFUR II) and the Carolina Industrial Group for Fair Utility Rates III (CIGFUR III) (together with CIGFUR II, CIGFUR); jointly by the Southern Alliance for Clean Energy, Natural Resources Defense Council, South Carolina Coastal Conservation League, Sierra Club, North Carolina Justice Center, North Carolina Housing Coalition, and the North Carolina Sustainable Energy Association (collectively, Efficiency Advocates); Walmart Inc. (Walmart); and Carolina Utility Customers Association, Inc. (CUCA).

On April 1, 2024, Duke and the Public Staff filed reply comments. Duke reported that it had organized nine formal stakeholder meetings, along with other stakeholder discussions and meetings. As a result, Duke reported that—aside from two issues—all parties either supported or did not oppose the revised DSM/EE mechanisms for DEC and DEP that Duke filed along with its reply comments (the Proposed Mechanisms). The Public Staff objects to the addition of the Active Load Management Program definition and the Active Load Management Incentive. The AGO disagrees with the structure of the portfolio performance incentive (PPI). Duke’s filing states that the Efficiency Advocates unconditionally support the Proposed Mechanisms filed as attachments to Duke’s reply comments. In lieu of reply comments, Walmart filed a letter stating that it supports the proposed changes.

The parties are to be commended for their dedication to reaching consensus on the numerous issues encompassed in the review of the Mechanisms. Given the detailed and complex nature of the Proposed Mechanisms, the Presiding Commissioner finds that that a technical conference will assist the Commission in efficiently and expeditiously assessing the impacts of the new Proposed Mechanisms and in examining the remaining contested issues before ruling on the Proposed Mechanisms.

In particular, a presentation from the parties as to the system benefit and revenue impacts of the Proposed Mechanisms will assist the Commission in determining whether the Proposed Mechanisms will result in just and reasonable rates and will serve the public interest. The analysis provided in the reply comments of the Public Staff on page 4, regarding the impact of using the Production Tax Credit as a value to estimate a carbon-free

benefits adder, and on pages 21-22 regarding the impacts of a seven-tier PPI was illuminating, but unfortunately only represents the viewpoint of one party on the impact of two elements of the Proposed Mechanisms. The Commission understands that the formulas are complex and involve many inputs, but the Commission requires sufficient detail to allow it to understand the relative magnitude of impacts of the new changes that would be introduced by authorizing the Proposed Mechanisms, using concrete examples based on existing programs where possible and describing the formulas that would be used.

Additionally, in this and other dockets, the Commission has emphasized the importance of increasing participation by industrial and commercial customers in the Companies' DSM/EE programs. In their comments and reply comments the Companies expressed hope that approval of the Companies' proposals would allow the Companies to offer higher incentives for DSM/EE programs and measures, thus making these programs more attractive to industrial and commercial customers. Duke Reply Comments at 20. A technical conference will allow the Commission to better understand whether and to what extent the Proposed Mechanisms are realistically expected to increase participation by those customer groups.

IT IS, THEREFORE, ORDERED as follows:

1. That a technical conference shall be held on Monday, April 22, 2024, starting at 2:00 p.m., in Commission Hearing Room 2115, Dobbs Building, 430 North Salisbury Street, Raleigh, North Carolina for the purpose of receiving presentations from the parties on the following topics:

a. Provide a demonstrative example or examples illustrating the impact of the uncontested issues in the Proposed Mechanisms on the calculation of the DSM/EE riders, comparing the expected impacts of the Proposed Mechanisms on rates under the Vintage 2024 DSM/EE programs presented in the 2023 DSM/EE rider proceedings using the current Mechanisms for either DEC or DEP as follows:

- i) Portfolio Performance Incentive (Measure Life Adjustment Factor) – Show the change in total PPI amount if the lowest (.95) or highest (1.05) multiplier were used, assuming no other changes;
- ii) Program Return Incentive – Show the approximate impact on the revenue requirement by dropping the percentage from 10.6% to 9.5%, with no other changes;
- iii) Updating system input benefits - Compare the avoided cost currently used with the expected range of avoided energy cost values (including the CEPV adder) if the Proposed Mechanism were used. Describe the formula that will be used to calculate the new avoided cost input;

- iv) As-found baseline - Using As-Found baseline usage to calculate savings, present the Commission with any analysis for programs that was done to arrive at the conclusion that this would have a significant impact on savings if the As-Found baseline were not used. If no analysis was performed, provide an illustrative example calculation that shows the approximate rider impact of this change for at least one program, showing what the impact on the rider would have been for this change assuming no changes from the Vintage 2024 cost inputs.
- v) Recovery of Net Lost Revenues – Still using vintage 2024, even though this change does not go into effect until 2026, illustrate the impact of the proposed recovery of net loss revenue provision, all other things remaining unchanged, on the rider revenue requirements for the MyHER program.

b. Whether, and if so, how, to what extent, and under what timeframe are the Proposed Mechanisms expected to reduce the number of non-residential DSM opt-outs moving forward;

c. The Public Staff's objection to the Proposed Mechanism provisions related to Active Load Management; and

d. The AGO's objection to the proposed tiered PPI structure;

2. That the parties supporting the Proposed Mechanisms shall coordinate their presentations to make the most efficient use of time and that it is not necessary for each party supporting the Proposed Mechanisms to make a presentation;

3. That representatives from either or both of CIGFUR and CUCA should make a presentation on the topic set forth in paragraph 1(b);

4. That the parties to this proceeding shall file with the Commission a list of the individuals who will appear at the technical conference and the subjects on which they will speak, on or before April 15, 2024;

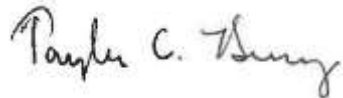
5. Any written presentation materials should be emailed to [briefs@ncuc.gov](mailto:briefs@ncuc.gov) (in .ppt format if the party intends to present them on screen during the conference) no later than 12:00 p.m. on Friday, April 19, 2024 and should be filed in the above-referenced docket promptly after the technical conference; and

6. That the Commissioners shall have an opportunity to ask questions, but the parties will not be given an opportunity to question one another.

ISSUED BY ORDER OF THE COMMISSION

This the 5th day of April, 2024.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in dark ink, appearing to read "Taylor C. Berry". The signature is written in a cursive, flowing style.

Taylor C. Berry, Deputy Clerk