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**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

**DOCKET NO. E-100, SUB 121**

**FILED**  
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Clerk's Office  
N.C. Utilities Commission

**BEFORE THE NORTH CAROLINA UTILITIES COMMISSION**

In the Matter of  
Implementing a Tracking System for  
Renewable Energy Certificates  
Pursuant to Session Law 2007-397

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**ADDITIONAL COMMENTS OF  
ELECTRICITIES OF NORTH  
CAROLINA, INC.**

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**NOW COMES** ElectriCities of North Carolina, Inc. ("ElectriCities"), through its attorneys, Poyner Spruill LLP, and, acting for and on behalf of the municipalities that sell electric power to retail electric power customers in the State of North Carolina, submits these comments in response to Section 6 of the Order Establishing Process for Defining REC Tracking System Requirements and Selecting a Provider issued by the North Carolina Utilities Commission ("Commission") on September 4, 2008 (the "Order"). In Section 6 of the Order, the Commission stated that parties wishing to provide comments regarding the criteria that should be used by the Commission in evaluating applications submitted by potential REC tracking system providers should file those comments by November 14, 2008.

Since the entry of the Order, ElectriCities' representatives have participated with other stakeholders in meetings with Commission Staff and other parties and interested persons and, during those meetings, have stated ElectriCities' primary positions concerning the implementation of a REC tracking system ("NC-RETS"); namely, that NC-RETS must be

designed such that it is cost-effective, user-friendly, and uncomplicated. During those stakeholder meetings, the Commission Staff and certain other members of the stakeholder group have advocated that NC-RETS be “comprehensive” in a manner that not only tracks the ownership of RECs but also tracks the generation of all renewable resources in North Carolina and the compliance by all electric power suppliers with the requirements of the Renewable Energy and Energy Efficiency Portfolio Standards legislation enacted into law on August 20, 2007, as Session Law 2007-397 (the “REPS Legislation”). ElectriCities is of the opinion that, to be cost-effective, user-friendly and uncomplicated, NC-RETS need not necessarily track the generation of all renewable resources in North Carolina nor compliance by all electric power suppliers with the REPS Legislation because such a system would be expensive, unnecessary and needlessly complicated. Nevertheless, ElectriCities’ supports a NC-RETS system in which (i) there is not a separate fee to enter on NC-RETS a REC generated by energy consumption reductions derived from energy efficiency measures<sup>1</sup> or a “REC equivalent” representing energy consumption reductions derived from demand side management measures or allocations of hydroelectric power to municipalities from the Southeastern Power Administration (“SEPA”)<sup>2</sup>;

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<sup>1</sup> The definition of “renewable energy certificate” in N.C.G.S. § 62-133.8(a)(6) provides that a REC may be generated as a result of energy consumption reductions derived from the implementation of energy efficiency measures; however, as stated by the Commission in Issue 31 of its Order Adopting Final Rules, dated February 28, 2008, in Docket No. E-100, Sub 113, such RECs may not be purchased by any electric power suppliers for compliance with the REPS Legislation and, accordingly, would only be entered on NC-RETS in order to track or publish such consumption reductions. It is ElectriCities’ position that its members should not be charged a fee to create a REC that has no value other than tracking consumption reductions.

<sup>2</sup> The definition of “renewable energy certificate” in N.C.G.S. § 62-133.8(a)(6) does not provide for the creation of a REC as a result of demand side management measures or in connection with SEPA allocations, both of which are REPS Legislation compliance methods available only to municipalities and electric membership corporations. Thus, in order to track a municipality’s compliance with the REPS Legislation on NC-RETS through energy consumption reductions derived from demand side management measures (N.C.G.S. § 62-133.8(c)(2)(b)) or its SEPA allocations (N.C.G.S. § 62-133.8(c)(2)(c)), the Commission Staff has stated that NC-RETS must provide for the creation of “REC equivalents” to cover such compliance methods. Such REC equivalents, of course, serve no purpose other than to track certain compliance measures specific only to electric membership corporations and municipalities. Since the extent of such compliance methods is required to be included in the annual Compliance Reports of municipalities and electric membership corporations, it is ElectriCities’ position that its members should not be charged a fee to enter a “REC equivalent” in NC-RETS

(ii) there is a fee either to enter RECs on NC-RETS or a fee to retire RECs from NC-RETS, but not both because the imposition of both fees would neither be cost efficient nor necessary; (iii) additional information related to the source or origination of a REC generated by energy consumption reductions derived from energy efficiency measures, or of a REC equivalent generated by energy consumption reductions derived from demand side measurement measures, should not be required by NC-RETS because ElectriCities believes such information would be duplicative of information filed as part of each electric power supplier's annual Compliance Report and would complicate NC-RETS and add unnecessary time and expense to the NC-RETS reporting or registration process; and (iv) the compliance reporting rules in Commission Rule R8-67(c) are revised to incorporate and reflect the implementation of NC-RETS; for instance, with the implementation of NC-RETS, the information and affidavit required by Commission Rule R8-67(c)(1)(viii) to be included in an annual Compliance Report concerning RECs used for compliance during the previous calendar year should only be required at the time RECs are entered in NC-RETS and that the annual Compliance Report need only identify the RECs that are entered in the NC-RETS.<sup>3</sup>

In sum, it is the position of ElectriCities that the Commission, in evaluating applications submitted by potential NC-RETS providers, should focus on engaging a provider that is committed to implementing a NC-RETS that is consistent with the above and cost-effective, user-friendly, and uncomplicated. In addition, ElectriCities restates its position that members of (ii) the stakeholder group should be included in the process of reviewing the submitted applications because they can evaluate and comment on the day-to-day practical administration of NC-RETS and the sufficiency of the applicant's proposal in consideration of the same. By

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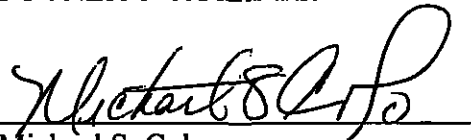
<sup>3</sup> After the plans for NC-RETS are finalized by the Commission, ElectriCities intends to submit a motion in Docket No. E-100, Sub 113 to request that the Commission consider amending Rule R8-67 accordingly.

allowing the stakeholder group to participate in the review of the applications and selection of the provider, the Commission and electric power suppliers may avoid unnecessary confusion and inefficiencies in the day-to-day practical administration of NC-RETS prior to its implementation.

Respectfully submitted this the 2nd day of December, 2008.

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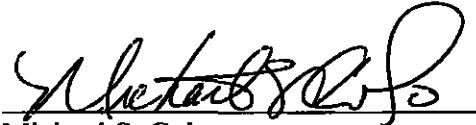
**CERTIFICATE OF SERVICE**

It is hereby certified that the foregoing document has been served upon all parties of record by depositing copies thereof in the United States mail, first class postage prepaid.

This the 2nd day of December, 2008.

POYNER SPRUILL LLP

By:

A handwritten signature in black ink, appearing to read "Michael S. Colo", written over a horizontal line.

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