

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-100, SUB 167

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Biennial Determination of Avoided Cost)	ORDER GRANTING
Rates for Electric Utility Purchases from)	CONTINUANCE AND
Qualifying Facilities – 2020)	ESTABLISHING REPORTING
)	REQUIREMENTS

BY THE COMMISSION: On August 13, 2020, the Commission issued an Order Establishing Biennial Proceeding, Requiring Data, and Scheduling Public Hearing commending the 2020 biennial proceeding for determining each utility’s avoided costs with respect to rates for purchases from qualifying facilities pursuant to the provisions of Section 210 of the Public Utility Regulatory Policies Act of 1978 (PURPA) and the Federal Energy Regulatory Commission (FERC) regulations implementing those provisions, and N.C. Gen. Stat. § 62-156 (Scheduling Order).

The Scheduling Order noted that the Commission’s April 15, 2020 Order Establishing Standard Rates and Contract Terms for Qualifying Facilities issued in Docket No. E-100, Sub 158, the 2018 biennial avoided cost proceeding (Sub 158), the Commission set forth a number of additional issues to be addressed by the utilities in their initial filings in this proceeding, including:

- real-time pricing tariffs;
- cost increments and decrements to the publicly available combustion turbine cost estimates;
- the use of other reliability indices, specifically the Equivalent Unplanned Outage Rate (EUOR) metric, to support development of the performance adjustment factor (PAF);
- the extent of backflow at substations;
- the potential for qualifying facilities to provide ancillary services and appropriate compensation; and
- the results of an independent technical review of the Astrapé Study solar integration services charge (SISC) methodology.

In the Sub 158 Order, the Commission also directed Duke to conduct a virtual stakeholder process to address issues related to the addition of energy storage at existing QFs and to report to the Commission in Sub 158 on the results of the stakeholder process by September 1, 2020. Further, in its July 21, 2020 Order Denying Motion for Reconsideration in Sub 158, the Commission ordered Duke to file its resource adequacy studies, together with any additional detail and support for the study inputs and outputs,

and the Nexant energy efficiency and demand-side management market potential studies in this avoided cost proceeding.

On October 20, 2020, Duke Energy Carolinas, LLC (DEC), Duke Energy Progress, LLC (DEP, and together with DEC, Duke), Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (DENC), (collectively the Movants) filed a Notification of Intended Compliance with N.C. Gen. Stat. § 62-156(b), Request for Continuance of Compliance with Certain 2020 Filing Requirements and Request to Prospectively Modify Timing of Biennial Proceedings, which sets forth the following:

- (1) Notifies the Commission of the intention of Duke and DENC to comply with N.C. Gen. Stat § 62-156(b) by filing “streamlined” 2020 avoided cost filings that will update the inputs in their avoided cost energy rates and avoided capacity rates based on the methodological guidelines and requirements approved in the Sub 158 Order.
- (2) Requests a continuance of the additional issues to be addressed by the utilities as outlined in the Sub 158 Order (Sub 158 Additional Issues) until November 1, 2021.
- (3) Requests to modify the timing of the biennial avoided cost proceeding, by starting the next full biennial proceeding next year in 2021 and shifting all future proceedings to odd calendar years.

The Movants shared the Motion with interested parties and state in the motion that the Public Staff, the North Carolina Sustainable Energy Association (NCSEA), the North Carolina Clean Energy Business Alliance (NCCEBA), and the Southern Alliance for Clean Energy (SACE) do not oppose the first proposal of the Movants to conduct a streamlined 2020 avoided cost proceeding. The Movants further state that the Public Staff supports the second proposal to continue the Sub 158 Additional Issues; NCSEA, NCCEBA, and SACE conditionally support the second proposal if Duke commits to certain stakeholder engagement. The Movants state that the Public Staff agrees in further discussion regarding the modification of future biennial proceedings.

The Commission notes that its April 15, 2020 Order directs the Movants to address the Sub 158 Additional Issues in the next biennial avoided cost proceeding. The language of the Sub 158 Order was not equivocal in directing the Movants to take certain action. The Commission issued its Scheduling Order in this docket on August 13, 2020, setting forth the timeframe for this proceeding, which is the avoided cost proceeding subsequent to the Sub 158 proceeding, providing all parties with notice of when the Commission expected the Movants to address the Sub 158 Additional Issues.

The Commission notes that the Movants elected to inform the Commission 13 days before the expected filing that they were unable to address the Sub 158 Additional Issues and requested a continuance of the requirements. If the Movants believed that the Sub 158 Additional Issues could not be resolved in the 201 days between the Sub 158 Order and

the November 2, 2020 filing date, a proper time to inform the Commission of this issue is not less than two weeks before the filing deadline.

Despite the Commission's disappointment in the Movants' failure to inform the Commission of their difficulty in meeting the timing requirements set forth in the Sub 158 Order, the Commission anticipates "thoughtful, justified, and robust responses" to the Sub 158 Additional Issues from the Movants. Based on the motion and the record, the Commission finds cause to grant Movants request to conduct a streamlined proceeding for the 2020 avoided cost proceeding and to delay the Sub 158 Additional Issues until November 1, 2021.

In providing an additional 365 days to address the Sub 158 Additional Issues, the Commission expects the Movants to make significant effort to address all of the Sub 158 Additional Issues, resolving these issues or otherwise achieving consensus with interested stakeholders before the commencement of the next biennial avoided cost proceeding. Specifically, with respect to the independent technical review of the Astrapé Study solar SISC methodology, the Commission accepts Duke's commitment to transparency, to providing an update once the technical review committee is selected, and to scheduling a stakeholder meeting in Summer 2021 to discuss the report of the technical review committee and results from the technical review committee's work. Additionally, the Commission expects and encourages the Movants and interested parties to use this additional time to reach consensus to the maximum extent possible on all of the issues to be presented to the Commission in the November 1, 2021 filing.

In order that the Commission remain informed as to Movants' progress, the Commission directs the Movants to file by December 7, 2020, a proposal, including a timeline, of how the Movants intend to address each unresolved item. After the initial report is filed, the Movants are directed to file updates at least every 45 days thereafter informing the Commission of their progress.

IT IS, THEREFORE, ORDERED as follows:

1. That the Commission acknowledges the intention of DEC, DEP, and DENC to comply with N.C. Gen. Stat § 62-156(b) by filing "streamlined" 2020 avoided cost filings that will update the inputs in their avoided cost energy rates and avoided capacity rates based on the methodological guidelines and requirements approved in the Sub 158 Order, as outlined in their October 20, 2020 filing;
2. That DEC, DEP, and DENC shall address the Sub 158 Additional Issues by November 1, 2021;
3. That on or before December 7, 2020, DEC, DEP, and DENC shall file a list of the Sub 158 Additional Issues, and a timeline for how they intend to address the issues by November 1, 2021;

4. That DEC, DEP, and DENC shall file updates on their progress on the Sub 158 Additional Issues at least every 45 days after the December 15, 2020 filing until the issues are fully addressed; and

5. That considering the expedited nature of this proceeding the parties to the docket are encouraged to strictly adhere to the schedule set forth in the Scheduling Order.

ISSUED BY ORDER OF THE COMMISSION.

This the 30th day of October, 2020.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in cursive script, appearing to read "Janice H. Fulmore".

Janice H. Fulmore, Deputy Clerk