STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

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

In the Matter of		
Duke Energy Carolinas, LLC, and	)	
Duke Energy Progress, LLC 2022	)	INITIAL COMMENTS OF CUCA
Procurement Pursuant to Session	)	
Law 2021-165, Section 2(c)	)	

The Carolina Utility Customers Association, Inc. ("CUCA"), by and through counsel, respectfully submits these comments pursuant to the Commission's *Order Opening Separate Dockets and Establishing Procedural Deadlines* ("Order') issued in the above-captioned docket on March 11, 2022.

BACKGROUND

In its Order, the Commission seeks comment on the Petition filed by Duke Energy Carolinas, LLC ("DEC") and Duke Energy Progress, LLC ("DEP") (collectively, "Duke") for authorization of a 2022 solar procurement program pursuant to Section 2.(c) of North Carolina Session Law 2021-165 ("HB 951").

Section 2.(c) of HB 951 provides as follows:

> SECTION 2.(c) The Commission is authorized 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.

Pursuant to this authorization, Duke proposes to commence a system-wide solar procurement ("2022 SP") request for proposal ("RFP") targeting a minimum of 700 megawatts ("MW") of utility-owned and third-party solar energy resources in North Carolina and South Carolina "to serve customers' future energy needs as part of the Companies' 2022 Carolinas Carbon Plan and in furtherance of Duke's integrated Carolinas energy transition." Petition, at 1.

INITIAL COMMENTS

CUCA submits the following comments for the Commission's consideration.

I. CUCA is in alignment with CIGFUR's initial comments.

CUCA has had the opportunity to review the Initial Comments of the Carolina Industrial Group for Fair Utility Rates II and III (together, "CIGFUR") and is in agreement with those comments. In particular, CUCA supports consideration of CIGFUR's recommendation that the Commission (1) instruct Duke to set aside a portion of the 2022 SP capacity for new Commercial & Industrial customer-renewable programs and (2) allow a new, temporary customer-renewal program to bridge the gap between the existing Green Source Advantage Program and the development of future customer-renewable programs that are responsive to customer needs and concerns.

II. Further information should be provided concerning the assumptions and justification underlying the proposal.

Due to various timing issues, the Petition is not in complete alignment with the authorization set forth in Section 2.(c) of HB 951 in that it seeks establishment of a procurement program prior to a determination of need as determined by the Carbon Plan. Specifically, Section 2.(c) authorizes the establishment of a procurement program if "*after . . . 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 [HB 951] to achieve the authorized carbon reduction goals." S.L. § 2021-165, § 2.(c) (emphasis added).

Recognizing that its Petition presents a cart-before-the-horse proposition, Duke seeks authorization for procurement of the "minimum target volume" based on examination of its 2020 IRP portfolio filings and its assessment that "the proposed 700 MW initial minimum target volume of new solar energy resources in 2022 is [] expected to be needed under all reasonable and feasible future scenarios to meet HB 951's 2030 planning goals." Petition at 7. Duke further explains that it is necessary to proceed in advance of a final determination under the Carbon Plan to sync with the upcoming 2022 Definitive Interconnection System Impact Study ("DISIS") Cluster so as not to be delayed until the 2023 DISIS.

CUCA accepts these justifications at face value, including Duke's assessment that the resources are "expected to be needed under all reasonable and feasible future scenarios to meet HB 951's 2030 planning goals." CUCA fully anticipates that solar procurement will be a component of any Carbon Plan; but, as the Commission is aware from monitoring the stakeholder process in connection with the Carbon Plan, intervenors are hamstrung in assessing how the proposed procurement might align with the Carbon Plan in light of the fact that, as of today, there is no Carbon Plan and Duke has provided minimal insight into its vision for the Carbon Plan. Of central importance here, it is not clear from Duke's filing how the 700 MW procurement target was derived from the 2020 IRPs or other planning assessments conducted by Duke.

Given this, CUCA recommends that the Commission require Duke to share information sufficient to satisfy the requirements of Section 2.(c) of HB 951 concerning the basis for and assumptions surrounding the recommendation presented. Relatedly, should the Commission proceed on the basis of the present record, the any order should include appropriate "off ramps" for the proposed 2022 SP to ensure that any such procurement is in full alignment with the Carbon Plan.

III. CUCA asks that the 2022 Solar Procurement process incent, and result in, least-cost solar generation.

With regards to potential system upgrade costs, Duke proposes a procurement process pursuant to which bidders will not be required to fund system upgrade costs:

> [T]he Companies are requiring the initial Controllable PPA Track bids be made assuming that the Companies are funding the System Upgrades and that the Companies will include the System Upgrade costs in the evaluation of projects to select the least cost portfolio. Market participants will develop Proposals that include only the generating facility and interconnection facilities costs, while the Companies will separately plan to recover any System Upgrade costs through future adjustments to general cost of service to be reviewed and approved by the Commission in future general rate case proceedings

Petition, at 27.

As the Commission is well aware, and as Duke acknowledges, such upgrade costs can be substantial. While Duke will provide "grid locational guidance" to market participants to identify areas experiencing network congestion, it is not clear that such high-level guidance is sufficient to maximize the location of cost-efficient projects. Nor is it certain that, if bidding contemplates that ratepayers will pay for all such upgrades, projects will be sufficiently incented to avoid areas where the most expensive upgrades will be required. In other words, what is missing from this proposal is a design that fully incents bidders to design projects which are at least cost overall—including all costs.

As the Commission considers a potential 2022 SP, CUCA encourages the Commission to tie procurement decisions to overall impact on ratepayers and to facilitate measures by which prospective bidders can be best informed of potential upgrade costs pertaining to project location and design.

CONCLUSION

CUCA thanks the Commission for considering its comments regarding the proposed 2022 Solar Procurement.

Respectfully submitted, this 28th day of March, 2022.

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Certificate of Service

I hereby certify that a copy of the foregoing *Comments of CUCA* has been served this day upon the parties of record in this proceeding by electronic mail.

This the 28th day of March, 2022.

BROOKS, PIERCE, McLENDON,
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/s/ Craig D. Schauer