



From: NC Conservation Network et al.
To: NC Utilities Commission
Subject: Carbon Plan Process, Docket E-100 Sub 179

Dear Chair Mitchell & Commissioners,

We write as non-intervening participants in the Carbon Plan stakeholder and public hearing processes. With thanks to the Commission for their oversight of that process and efforts at public engagement to date, we offer the following suggestions for ensuring that the remainder of the process effectively solicits and incorporates the input of citizens and ratepayers across the state, particularly low to moderate income ratepayers who bear a heavy energy burden.

1. The Commission should conduct additional public processes to solicit input from environmental justice communities, given the insufficiency of the utility-led process to date.

The Commission heard directly at the Wilmington Public Hearing on July 12th how insufficient Duke Energy's outreach to environmental justice stakeholders was during the Carbon Plan stakeholder process this spring. One small invite-only meeting in early May of this year, without sufficient time for representatives to offer input into the draft plan before it was submitted, is particularly frustrating. It is exactly because stakeholders from these communities have not traditionally had access to Commission processes, and thus require ample notice and time to provide input, that the Commission should itself conduct outreach to EJ communities or, in alternative, issue specific instructions to the utility for how to properly do so.

This is why, in our letter to the Commission this January, we urged the appointment of an independent third party facilitator rather than relying on the utility and its contractors to manage the stakeholder process.

We urge the Commission to heed Governor Cooper's Executive Order 246 earlier this year which directed all Cabinet agencies to, "incorporate environmental justice and equity considerations and benefits".¹ Specifically, we urge the Commission to retain consultants with experience working with historically disadvantaged communities to conduct virtual or in-person hearings specifically targeted at these same communities in order to incorporate their feedback into the Carbon Plan this fall.

A review of best practices in utility-led stakeholder engagement suggests that such a consultant would:

- a. Identify communities that have experienced environmental and economic injustice using available tools such as the EJScreen map produced by the Environmental Protection Agency.
- b. Speak directly to community members, advocates, and other nonprofit organizations that support them to understand the burden that greenhouse gas emissions and energy infrastructure has placed on these communities in the past and the possibilities that carbon reduction and clean energy can provide.

¹ Governor Roy Cooper, Executive Order 246, Jan 2, 2022, page 3

- c. Be clear and honest about the scope of the feedback and how community input will factor into decision making in the future.
- d. Produce a report for the Commission that details community feedback and provides meaningful policy recommendations that address the feedback.

2. The Commission should hold an additional public hearing this fall, either remotely or in the Triangle.

Due to high interest at the Durham Carbon Plan Public hearing on July 11th, citizens wishing to testify were turned away from the courthouse where the hearing was held. We appreciate that the Commission may not have anticipated the level of interest the Carbon Plan has generated and we urge the Commission to, in October or November of this year, hold another hearing, either in-person in the Triangle at a higher capacity venue, or remotely with priority given to greater Triangle-area residents.

3. Invest in Least Cost and Least Financial Risk Options

We urge the commission to adopt a “least cost and least financial risk” approach to this first Carbon Plan which maximizes investment in capital intensive zero-emission technologies like wind, solar and batteries and minimizes ratepayer exposure to fuel cost shocks.² Alternative Carbon Plans put forward, being less fuel intensive than Duke Energy’s proposed gas-heavy draft plans, will lessen pass-through fuel costs, which are borne entirely by ratepayers, and so decrease the risk of ratepayer bill shock in a global environment of fuel price instability.³

We must not lock in investments in the next two years which will make achieving the 2050 deadline near impossible given the utility’s own statement that new gas plants built this decade would only be able to co-fire up to 15% hydrogen, and that only in the 2040s.⁴ Given the thirty plus year lifespan proposed by the utility for these facilities, it is inconsistent to expect that we will achieve the 2050 net-zero target while building a series of methane-burning facilities which the utility plans to depreciate past that date.

Similarly, reliance on unproven technologies such as hydrogen and small modular reactors to achieve H951’s 2050 net-zero target puts the state at greater risk of failing to meet our statutory mandates. The commission can minimize near and long term risk by focusing on investing in transmission to unlock proven, low-cost zero-emission technologies like wind, solar and storage, which now have the added benefit of a decade of federal tax credits to lower costs. We must accept that on a thirty year planning horizon, any idea of “least cost” is necessarily imprecise, and that our short term decisions should be those which decrease our long-term risk of failure to achieve least cost and carbon reduction mandates.

4. Energy Burden is a Problem the Commission Must Address In the Carbon Plan and Beyond

Many of those speaking at public hearings to date have flagged concerns about energy burden, that is the percentage of their total expenses which energy bills already comprise, while also expressing their concern with climate change and the importance of North Carolina transitioning to a clean energy grid. Indeed, speakers expressed their frustration at bearing both the economic, climate and pollution-related burdens of Duke Energy’s investments in fossil generation.

² Monast, Jonas, Precautionary Ratemaking (August 3, 2021). UCLA Law Review, Forthcoming, Available at SSRN: <https://ssrn.com/abstract=3898844>

³ 30 day gas price volatility in early 2022 was 179% vs a five year average of 47%. EIA Short Term Energy Outlook, July 12, 2022 <https://www.eia.gov/outlooks/steo/report/natgas.php>

⁴ Duke Energy Carolinas Carbon Plan, May 15, 2022 Appendix O, “[Low Carbon Fuels and Hydrogen](#)”, page 3. “Hydrogen blending is represented with a starting point of approximately 3% in 2035 and ramps up in several steps to approximately 15% in the early 2040s and holding steady thereafter (both numbers representing hydrogen/natural gas volume ratio). This blend is applied to all gas assets existing or added before 2040.”

We submit that energy burden is an issue of concern to the public, the Commission and the signatories of this letter which transcends the Carbon Plan and we urge the Commission to address the issue of energy burden not only in the Carbon Plan, but also in all other relevant dockets. The fact that many North Carolinians bear too heavy an energy burden is not an excuse for avoiding the investments to transition to a clean energy grid and achieve the targets required by H951.

5. The Commission Must Develop Its Own Carbon Plan and Should Not Accept for Planning Purposes Any of Duke Energy's Draft Plan Scenarios.

We urge that the Commission heed the statutory directive that they, not the utility, "develop" a Carbon Plan for the state. Under no circumstances should the Commission "accept for planning purposes" any of the proposed scenarios from Duke Energy all of which rely heavily on new natural gas and unproven technologies which add unnecessary risk to meeting North Carolina's carbon reduction goals.

Given problems with the utility's own modeling pointed out by other parties,⁵ the Commission should conduct its own modeling of Carbon Plan scenarios rather than simply accepting those of the utility or any other intervenor. With the new Encompass modeling system, the Commission has the chance to make its own determinations of appropriate generation and transmission cost assumptions and to base them on publicly available data to ensure that all parties are operating from a shared understanding. At a minimum, even if the Commission does not write its own Carbon Plan from whole cloth, it should put on equal footing the analysis of all parties who ran their own Encompass scenarios, rather than relying on those scenarios the utility elected to add to its original four.

We thank the Commission for their attention to these matters and their continued work to ensure that this first iteration of the Carbon Plan process incorporates input from the many North Carolinians impacted by this historic opportunity to shift our energy generation system toward a cleaner, more equitable future.

Sincerely,

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5 Several parties' analysis showed that Duke manually altered its EnCompass modeling software economic optimization outputs when the model recommended battery storage over new gas. [NCSEA et al.](#) say Duke "chose to restrain generation choices and even override EnCompass's selections by 'forcing' it to make certain resource choices." AG Josh Stein says Duke "used a number of problematic modeling inputs and made unjustified changes to the modeling results." Tech Customers confirm Duke "hardcoded several asset selections into its modeling."