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May 4, 2021

VIA ELECTRONIC FILING

Ms. Kimberley A. Campbell
Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, NC 27699-4300

**RE: Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's
Notification about Reporting of Net Metering RECs
Docket Nos. E-7, Subs 1113 and 1246 and E-2, Sub 1106**

Dear Ms. Campbell:

The purpose of this letter is to advise the North Carolina Utilities Commission (“Commission”) that Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP”), collectively “The Companies,” have discovered an error in the amount of Renewable Energy Certificates (“RECs”) from net metering facilities that each respective Company has been reporting to the North Carolina Renewable Energy Tracking System (“NC-RETS”).

Under the current Net Metering for Renewable Energy Facilities Riders offered by DEC (Rider NM) and DEP (Rider NM-4B), a net metering customer receiving electric service under a schedule other than a time-of-use schedule with demand rates (“NMNTD”) shall provide any RECs to DEC and DEP at no cost.

Per North Carolina Utilities Commission *Order Approving Rider and Granting Waiver Request* dated June 5, 2018 in Docket Nos. E-2, Sub 1106 and E-7, Sub 1113 (“NMNTD Order”), DEC and DEP are permitted to estimate the electric power generated by residential and nonresidential inverter-based solar PV systems on a NMNTD rate schedule with a nameplate capacity of 20 kW or less (residential) and 1,000 kW or less (non-residential) using generally accepted analytical tools. The NMNTD Order allows DEC and DEP to forego metering each generator individually and to use a scalable conversion factor based on the PVWatts™ Solar Calculator developed by the National Renewable Energy Laboratory (“NREL”) for estimating the generation from NMNTD customers’ solar facilities, as permitted in Commission Rule R8-67(g)(2).

DEC and DEP have complied with the NMNTD Order and have estimated the annual generation from NMNTD customers’ solar facilities using the scalable conversion factor of 1.2 RECs per kilowatt DC, starting June 5, 2016, two years from the date of the NMNTD Order, or the date which the facility came online, whichever is later. DEC and

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DEP have reported the total amount of estimated generation produced by the NMNTD facilities under the Riders directly into NC-RETS in a separately identified generation project, ‘DE Carolinas Net Metering – NMNTD’ and ‘DE Progress Net Metering – NMNTD.’

The Companies have also provided a list of participating customers, including location and kW capacity of their installations, pulled from the Companies’ billing and interconnection data systems, to NC-RETS monthly, as required by the NMNTD Order. To comply with this requirement, the Companies developed an automated report that runs on the first day of each month, capturing all connected NMNTD customers as of the last day of the prior month. One of the requirements for identifying customers to be included in this report was to filter by customers where “Service Agreement Price Name does not contain TOUD.” The Companies thought this filter would eliminate all non-TOU demand customers and therefore only include customers for which the Companies have the rights to the RECs generated by their facilities. However, the Companies have recently learned that some TOU demand rate schedules have been inadvertently included in the monthly reports, as well as in the calculation of RECs reported to NC-RETS annually. Upon this realization, the Companies extensively researched the historical reports to determine the number of RECs that belong to the TOU demand customers and were incorrectly included in DEC’s and DEP’s totals previously provided to NC-RETS. This raises the possibility that these RECs that belong to TOU demand customers may have been double counted, if those TOU demand customers have registered those RECs in other registries or claimed them in corporate advertisements. The proposed solution outlined below will remove any potentially double-counted RECs from the Companies’ inventories. The Companies have revised the criteria for the automated report to ensure all TOU demand rate schedules are excluded from the report going forward.

From June 5, 2016 through December 31, 2020, DEC reported a total of 269,455 net metering RECs to NC-RETS, of which 67,815 actually belong to TOU Demand customers, leaving a total of 201,640 RECs that belong to DEC. DEC has already retired, or selected for retirement, 243,671 net metering RECs for 2018-2020 REPS compliance, which means that DEC needs to retire an additional 42,031 RECs now in order to account for the difference. DEC had enough surplus general RECs in 2018 and 2019 to cover the RECs at issue. To make these corrections, DEC asks that the Commission direct the NC-RETS Administrator to adjust the following accounts:

- Transfer 42,031 DE Carolinas Net Metering – NMNTD RECs that were selected for retirement for DEC’s 2020 compliance currently in sub-account Pending-2446 to the NC-RETS administrator account.
- Transfer 25,784 DE Carolinas Net Metering – NMNTD RECs from sub-account Active-320 to the NC-RETS administrator account.
- Retire all 67,815 DE Carolinas Net Metering – NMNTD RECs transferred to the NC-RETS administrator account to remove them from the system.

DEC will then select for retirement an additional 42,031 RECs in its inventory to meet its 2020 REPS Compliance Requirements and will move them into sub-account Pending-2446.

From June 5, 2016 through December 31, 2020, DEP reported a total of 210,268 net metering RECs to NC-RETS, of which 63,301 actually belong to TOU Demand customers, leaving a total of 146,967 RECs that belong to DEP. DEP has only retired 13,758 of these RECs for 2019 compliance and therefore no changes are needed to DEP's prior REC retirements. To correct the historical production of net metering RECs, DEP asks that the Commission direct the NC-RETS Administrator to adjust the following accounts:

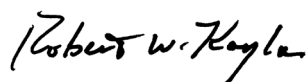
- Transfer 20,884¹ vintage 2017 DE Progress Net Metering – NMNTD RECs from sub-account Active 192 to the NC-RETS administrator account.
- Transfer 13,281 vintage 2018 DE Progress Net Metering – NMNTD RECs from sub-account Active 192 to the NC-RETS administrator account.
- Transfer 13,966 vintage 2019 DE Progress Net Metering – NMNTD RECs from sub-account Active 192 to the NC-RETS administrator account.
- Transfer 15,170 vintage 2020 DE Progress Net Metering – NMNTD RECs from sub-account Active 192 to the NC-RETS administrator account.
- Retire all 63,301 DE Progress Net Metering – NMNTD RECs transferred to the NC-RETS administrator account to remove them from the system.

The REC numbers detailed above are summarized in Table 1 in Appendix A of this letter.

In order to make the changes requested above, DEC and DEP ask the Commission for a waiver of Section 5.4 of the NC-RETS Operating Procedures, which allows for an account holder to apply for a prior period adjustment to adjust the meter data submitted to create RECs within a year of the generation of the energy that is associated with the REC.

Thank you for your attention in this matter. If you have any questions, please let me know.

Sincerely,



Robert W. Kaylor, P.A.

cc: Robert Josey, Staff Attorney

¹ DEP retired 7,599 incorrectly issued vintage 2016 RECs for 2019 compliance. To make up for these RECs, DEP will transfer 20,884 vintage 2017 RECs to the NC-RETS administrator account, 7,599 for the incorrectly issued 2016 RECs + 13,285 incorrectly issued vintage 2017 RECs.

DEC, DEP Net Metering REC Summary

DEC

	<u>June - Dec</u> <u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Total 2016-2020 RECs</u>
NM RECs originally reported to NC-RETS	17,774	35,345	44,647	68,174	103,515	269,455
<i>TOUD RECs that should have been excluded</i>	6,756	12,212	13,023	16,481	19,343	67,815
Corrected Number of NM RECs	11,018	23,133	31,624	51,693	84,172	201,640
	Retired for 2018 compliance	Retired for 2019 compliance	Retired for 2019 compliance	Retired for 2020 compliance		Total DEC NM RECs already retired for REPS compliance
RECs already retired for compliance	17,774	35,345	44,647	68,174	77,731	243,671
RECs remaining in inventory	-	-	-	-	25,784	
						Additional DEC RECs that need to be retired to account for updated NM RECs (42,031)

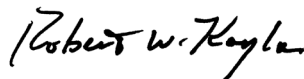
DEP

	<u>June - Dec</u> <u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Total 2016-2020 RECs</u>
NM RECs originally reported to NC-RETS	13,758	26,783	34,222	54,668	80,837	210,268
<i>TOUD RECs that should have been excluded</i>	7,599	13,285	13,281	13,966	15,170	63,301
Corrected Number of NM RECs	6,159	13,498	20,941	40,702	65,667	146,967
	Retired for 2019 compliance					Total DEP NM RECs already retired for REPS compliance
RECs already retired for compliance	13,758	-	-	-	-	13,758
RECs remaining in inventory	-	26,783	34,222	54,668	80,837	
						Updated Number of DEP NM RECs in Inventory 133,209

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's Notification about Reporting of Net Metering RECs, in Docket Nos. E-7, Subs 1113 and 1246 and E-2, Sub 1106, has been served by electronic mail (e-mail), hand delivery or by depositing a copy in the United States Mail, first class postage prepaid, properly addressed to the parties of record.

This the 4th day of May, 2021.



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