

April 26, 2024

Via Electronic Filing

Ms. Shonta Dunston
Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

Re: *Joint Response to Stipulation*

DOCKET NO. E-2, SUB 1314
DOCKET NO. E-7, SUB 1289
In the Matter of
Petition of Duke Energy Progress, LLC,
and Duke Energy Carolinas, LLC,
Requesting Approval of Green Source
Advantage Choice Program and
Rider GSAC

DOCKET NO. E-2, SUB 1315
DOCKET NO. E-7, SUB 1288
In the Matter of
Petition of Duke Energy Progress, LLC,
and Duke Energy Carolinas, LLC,
Requesting Approval of Clean Energy
Impact Program

Dear Chair Mitchell and Commission Members:

Pursuant to the North Carolina Utilities Commission's (NCUC or Commission) Order Requesting Comments on Agreement and Stipulation of Settlement Resolving Contested Issues and Recommending Approval of Modified Programs, issued April 17, 2024 in the above-captioned dockets (collectively, GSAC and CEI Dockets), the Southern Alliance for Clean Energy (SACE) and the North Carolina Sustainable Energy Association (NCSEA) submit this joint letter responding to the Agreement and Stipulation of Settlement Resolving Contested Issues and Recommending Approval of Modified Programs (Stipulation) filed by Duke Energy Carolinas, LLC (DEC) and Duke Energy Progress, LLC (DEP) (collectively, Duke) on April 12, 2024.

There is a better option than the Stipulation. SACE and NCSEA have had the opportunity to review the alternative proposal prepared by the Carolinas Clean Energy Business Association (CCEBA) and recommend the Commission adopt CCEBA's proposal for two years —as an interim measure— while working towards a fully regulatory-surplus voluntary clean energy program that would procure clean energy eligible to generate independently certifiable renewable energy credits (RECs). As remaining capacity in the Green Source Advantage (GSA) Bridge program is running out, SACE and NCSEA recognize that some large customers in the state will want to maintain access to some form of voluntary clean energy and it is important to meet large

customers' needs as much as feasible. CCEBA's proposal would fulfill this purpose as a second "bridge" program.

CCEBA's proposal offers three key advantages over the programs entailed in the Stipulation. First, it increases the amount of accelerated clean energy available for large customers to voluntarily purchase. Like the "resource acceleration option" (RAO) in the Stipulation, CCEBA's proposal would procure clean energy in addition to the annual solar procurement targets derived from the Carbon Plan, making the amount of clean energy procured under the program surplus to regulation until it is rolled into the baseline for the subsequent Carbon Plan.¹

Second, it allows participants to work with developers of their choosing to design projects that suit their needs. This will better serve the needs of large customers. For example, the recent settlement between Georgia Power and the Clean Energy Buyers Association (CEBA) requires that the forthcoming carbon-free energy customer program will allow large commercial and industrial customers to identify their carbon-free energy resources, pay for the incremental costs of the resources, claim all associated environmental attributes, and receive hourly credits based on Georgia Power's marginal cost of incremental generation.²

Third, CCEBA's proposal can offer these benefits without burdening nonparticipating customers. One of the principal benefits of the RAO proposal would be the assurance that nonparticipating customers were not burdened as the only projects available would be those whose bids were not selected in a given annual solar procurement, meaning that their costs were higher thereby ensuring that nonparticipating customers received the lowest-cost solar bids. But that totalizing approach to annual solar procurement is not necessary to ensure that the most competitive bids serve the annual solar procurements, and the record lacks evidence that CCEBA's approach would draw from low-cost projects that otherwise would bid into the annual solar procurement. Large customers will be seeking to serve a variety of needs, such as procuring clean energy that is local to their facilities to generate tax base and goodwill in the local community, or with an eye towards resilience; on information and belief, some own sufficient land to host their own clean-energy facilities; and some are likely to prefer certain developers having worked with them previously or for other reasons. Finally, any remaining concerns about cross-subsidization under CCEBA's proposal would be alleviated by making it a short-term "bridge," after which the Commission could have information on whether the program indeed drew from the annual solar procurements.

¹ Because the proposed Green Source Advantage Choice (GSAC) program would involve subtracting voluntary customer programs procurement from annual solar procurements, it would not result in any significant resource acceleration or temporary regulatory-surplus clean energy procurement, and is unlikely to appeal to large customers with meaningful climate goals.

² Letter from Scott F. Dunbar, Counsel to CEBA, to Sallie Tanner, Executive Secretary, Georgia Public Service Commission, Re: Georgia Power Company's 2023 Integrated Resource Plan Update, Docket No. 55378 (April 5, 2024), <https://psc.ga.gov/search/facts-document/?documentId=218281>.

Despite the merits of the CCEBA proposal, SACE and NCSEA urge the Commission to adopt it on a time-limited basis and to continue to explore options for providing greater regulatory surplus. SACE and NCSEA recognize that CCEBA has proposed a four year program; while a 2 year period is still preferred, in the spirit of compromise SACE and NCSEA are prepared to accept a four year program—as long as it still represents a “bridge” to a certifiable program at a later date. Both as a matter of law and to serve the interests of a significant set of large customers with serious climate goals, the Commission should ensure that Duke offers a voluntary customer program with full regulatory surplus, generating RECs eligible to be certified by the Center for Resource Solutions’ (CRS) Green-e program. There are straightforward pathways to that goal, such as annually backing out the carbon reductions associated with voluntary clean energy purchases as long as possible.³ And there are multiple pathways to interconnecting the clean energy associated with such a program despite the interconnection limits Duke asserts in the Carbon Plan proceeding.⁴ Holding a technical conference would be an excellent way to begin to resolve these issues and develop a successful program. But as a final compromise,⁵ SACE and NCSEA support CCEBA’s proposal as a short-term solution to allow some time and flexibility to develop a lasting program.

Thank you for considering these comments.

Sincerely yours,

/s/ Nicholas Jimenez

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³ Letter from Lucas Grimes, Policy Manager, CRS, to Ms. Shonta Dunston, Chief Clerk North Carolina Utilities Commission, Re: Duke Energy Progress, LLC and Duke Energy Carolinas, LLC Carbon Plan; Docket No. E-100, Sub 179 (Nov. 14, 2022, filed Jan. 27, 2023).

⁴ Joint Initial Comments of Southern Alliance for Clean Energy, North Carolina Sustainable Energy Association, and Carolinas Clean Energy Business Association at 13-19, *In the Matter of: Petition of Duke Energy Progress, LLC, and Duke Energy Carolinas, LLC, Requesting Approval of Green Source Advantage Choice Program and Rider GSAC*, Docket Nos. E-2, Sub 1314 and E-7, Sub 1289 (GSAC Dockets), and *In the Matter of: Petition of Duke Energy Progress, LLC, and Duke Energy Carolinas, LLC, Requesting Approval of Clean Energy Impact Program*, Docket Nos. E-2, Sub 1315 and E-7, Sub 1288 (CEI Dockets) (N.C.U.C. Apr. 25, 2023).

⁵ See Letter from Nicholas Jimenez, Ethan Blumenthal, and John Burns to Ms. Shonta Dunston, Chief Clerk North Carolina Utilities Commission, Re: Response to Duke’s characterization of its efforts to resolve the outstanding issues and its estimation of an anticipated resolution, GSAC Dockets and CEI Dockets (Mar. 1, 2024).

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Cc: All parties of record