

**BEFORE THE NORTH CAROLINA UTILITIES COMMISSION
DOCKET NO. E-2, SUB 1174**

**In the Matter of:)
Application of Duke Energy)
Progress, LLC for Approval of)
Demand-Side Management and)
Energy Efficiency Cost Recovery)
Rider Pursuant to N.C. Gen. Stat. §)
62-133.9 and Commission Rule R8-)
69)**

**NCSEA’S POST-HEARING
COMMENTS**

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Pursuant to Rule R1-25 of the North Carolina Utilities Commission (“Commission”) and Commissioner Brown-Bland’s directive at the September 18, 2018 hearing, the North Carolina Sustainable Energy Association (“NCSEA”), by and through the undersigned counsel, hereby submits these post-hearing comments regarding Duke Energy Progress, LLC’s (“DEP” or the “Company”) Application for Approval of Demand-Side Management and Energy Efficiency (“DSM/EE”) Cost Recovery Rider in the above-captioned docket.

NCSEA filed a post-hearing brief in *In the Matter of: Application of Duke Energy Carolinas, LLC for Approval of Demand-Side Management and Energy Efficiency Cost Recovery Rider Pursuant to N.C. Gen. Stat. § 62-133.9 and Commission Rule R8-69*, Commission Docket number E-7, Sub 1164 (“DEC DSM/EE Rider Proceeding”) wherein NCSEA supported the recommendations made by North Carolina Justice Center, Natural Resources Defense Council, and the Southern Alliance for Clean Energy (“NC Justice Center, et al.”), opposed the suspension of the Residential Smart Saver EE Program, and supported the use of an avoided capacity credit. As set forth more specifically below, NCSEA reiterates and restates those positions in the current docket.

NC Justice Center, et al. provided Witness Chris Neme in both the DEC DSM/EE Rider Proceeding and the instant proceeding, and NCSEA greatly appreciates the insights and positions taken by Witness Neme in each docket. Specifically, NCSEA appreciates Witness Neme’s suggestion to create a North Carolina specific Technical Reference Manual (“TRM”) to publicly document all current assumptions regarding efficiency-measure energy savings, peak-demand savings, savings life, and incremental costs and sourcing for such assumptions.¹ NCSEA also appreciates Witness Neme’s suggestions for improving DEP’s portfolio of programs to deliver “longer-lived” savings by focusing on the largest electricity end-uses in homes.² NCSEA also agrees with DEP Witness Evans’s assertion that it is appropriate to discuss Witness Neme’s suggestions at the DEC/DEP Collaboratives and supports the recommendation that these meetings move to every two months as approved in the E-7 Sub 1164 Order.³

Also, like the DEC DSM/EE Rider Proceeding, NCSEA again opposes the Public Staff’s recommendation that the Residential Smart Saver EE Program be closed. Closing this program would eliminate important financial incentives for increasing the efficiency of the largest component of electricity use in a residence⁴ and eliminate a primary source of long-term residential energy efficiency opportunities. NCSEA believes that closing the program would create a severe market disruption for both customers and HVAC contractors and would unnecessarily eliminate this long-term energy efficiency opportunity for DEP residential customers who need to replace qualifying HVAC

¹ See, Tr. at 126.

² *Id.* at pp. 159-163.

³ *Id.* at pp. 86-87.

⁴ U.S. Energy Information Administration, Frequently Asked Questions, *available at* <https://www.eia.gov/tools/faqs/faq.php?id=96&t=3> (last accessed July 20, 2018).

equipment in the upcoming program year. As stated in the DEC DSM/EE Rider Proceeding, HVAC EE programs are nationally prevalent and NCSEA believes that the stakeholders can work together to modify and improve this program. NCSEA requests that, like in the DEC DSM/EE Rider Proceeding, the Commission elect to not terminate the Residential Smart Saver EE Program to allow for a less disruptive fix.

Finally, NCSEA restates its support for the use of an avoided capacity credit in calculating the Portfolio Performance Incentive (“PPI”) and cost-effectiveness of the Company’s DSM/EE programs. As set forth more specifically in its post-hearing brief in the DEC DSM/EE Rider Proceeding, NCSEA believes that the Commission and electric utilities in North Carolina have created an avoided capacity double standard between DSM/EE programs and Qualifying Facilities (QFs) and that avoided capacity should be adequately and fairly assessed and compensated. In keeping with this belief, NCSEA urges the Commission to reach the same conclusion it did in the DEC DSM/EE Rider Proceeding and rule that, “[i]t is inappropriate to calculate the avoided capacity cost benefits for purposes of the PPI and cost effectiveness of the Company’s DSM/EE programs under the assumption that capacity avoided prior to year 2023 be assigned a zero dollar value. The Public Staff’s recommendation of such, and the corresponding reduction to the Company’s Vintage 2019 PPI, is rejected.”⁵ NCSEA urges the Commission to continue to address the issue in the upcoming biennial avoided cost proceeding, especially since the Commission has directed DEC and other utilities to provide, “a continued evaluation of capacity benefits of QF generation.”⁶

⁵ *Order Approving DSM/EE Rider and Requiring Filing of Customer Notice*, p. 10, Docket No. E-7, Sub 1164 (September 11, 2018).

⁶ *Order Establishing Biennial Proceeding, Requiring Data, and Scheduling Public Hearing*, p. 1, Docket No. E-100, Sub 158 (June 26, 2018).

CONCLUSION

As set forth above, NCSEA supports a robust discussion of the recommendations made by the NC Justice Center, et al. at upcoming DEC/DEP Collaborative meetings. Furthermore, NCSEA disagrees with the Public Staff's recommendation to close the Residential Smart Saver EE Program. Finally, NCSEA reiterates its previously-stated beliefs regarding the problems with the current assessment of how avoided capacity is compensated and believes that the electric utilities and Commission have now created a double-standard. Despite this, NCSEA supports the use of an avoided capacity credit for purposes of calculating the PPI and determining the cost-effectiveness of the Company's DSM/EE programs.

Respectfully submitted, this the 18th day of October, 2018.

/s/ Benjamin Smith
Benjamin Smith
Regulatory Counsel for NCSEA
N.C. State Bar No. 48344
4800 Six Forks Road, Suite 300
Raleigh, NC 27609
919-832-7601 Ext. 111
ben@energync.org

CERTIFICATE OF SERVICE

I hereby certify that all persons on the docket service list have been served true and accurate copies of the foregoing document by hand delivery, first class mail deposited in the U.S. mail, postage pre-paid, or by email transmission with the party's consent.

This the 18th day of October, 2018.

/s/ Benjamin Smith
Benjamin W. Smith
N.C. State Bar No. 48344
Regulatory Counsel
NCSEA
4800 Six Forks Road
Suite 300
Raleigh, NC 27609
(919) 832-7601 Ext. 111
ben@energync.org