

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-7, SUB 1032

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Application by Duke Energy Carolinas, LLC,)
for Approval of Modifications and Expansion)
of its Existing Income-Qualified Energy)
Efficiency and Weatherization Assistance)
Program)
	ORDER APPROVING PROGRAM MODIFICATIONS AND EXPANSION

BY THE COMMISSION: On September 11, 2023, Duke Energy Carolinas, LLC (DEC or the Company), filed a request for approval of Proposed Modifications to the Existing Commission-Approved Income-Qualified Energy Efficiency and Weatherization Assistance Program (Program) in the above-captioned docket pursuant to Commission Rule R8-68 (Modification Proposal).¹ The Program is intended to encourage and assist low-income residential customers with energy efficiency (EE) measures in their homes to reduce energy usage. The Program provides funding to local agencies and non-profit organizations providing weatherization services and EE upgrades which result in energy savings to income-qualified residential households in the DEC service territory.

In the Modification Proposal, DEC explained that modifications sought are as follows: (1) expansion of the class of eligible customers to include income-qualified homeowners and renters that occupy existing individually metered single-family residences, multifamily residences, or manufactured homes; (2) a requirement that Weatherization and/or Heating Ventilation and Air Conditioning (HVAC) replacement of an electric heating system with a heat pump have a Seasonal Energy Efficiency Ratio exceeding the federal standards, as updated on January 1, 2023;² (3) an increase to the maximum amount of the HVAC replacement payment from \$6,000 to \$6,500; (4) a reduction to the maximum amount of the refrigerator replacement payment from \$1,080 to \$1,000 to increase cost-effectiveness while still providing a meaningful incentive; and (5) clarification of current practice with respect to benefits, attributes, reporting rights, and

¹ The Program was initially approved on October 29, 2013.

² On January 1, 2023, the United States Department of Energy updated the minimum efficiency standard for air conditioners and heat pumps from SEER minimum rating of 14 to a SEER minimum rating of 15. As a result, DEC's lowest allowed SEER in the Program is now a minimum rating of 16. DEC notes that incentives for the program have not been raised or adjusted to reflect the higher efficiency standard.

compliance rights associated with the Program.³ According to DEC, the modifications will better align the Program with Duke Energy Progress, LLC's (DEP) analogous Income-Qualified Energy Efficiency and Weatherization Assistance Program, which the Commission approved on March 1, 2023, in Docket No. E-2, Sub 1299. Although the Program, as modified, would not be cost-effective under the Utility Cost Test (UCT), DEC noted that the UCT score would be higher with the modifications than under the current offering. In addition, in light of its assertion that the modifications sought would encourage increased participation among income-qualified customers who have significant need and could derive economic benefits from the Program that would not otherwise exist, DEC contends that the Program, as modified, is in the public interest.

The Company's Proposal requests that the Commission (1) approve the Program, provided as Attachment G to DEC's Proposal, to become effective upon the earlier of November 1, 2023, or the date on which the Commission approves the modifications; (2) find that the Program meets the requirements of a "new" EE program consistent with Commission Rule R8-69; (3) find that the costs of the Program continue to be eligible for recovery through the Company's annual DSM/EE riders in accordance with Commission Rule R8-69(b); and (4) approve the proposed utility incentives for inclusion in the annual DSM/EE riders in accordance with Commission Rule R8-69.

On October 23, 2023, the Public Staff filed a letter stating that it had reviewed the Modification Proposal and that in the Public Staff's view, the Program, inclusive of the proposed changes, has the potential to encourage EE, is consistent with the Company's integrated resource plan, and is in the public interest. The Public Staff presented this matter at the Commission's Regular Staff Conference on October 30, 2023, and recommended that DEC's Modification Proposal be approved as filed.

Based on the foregoing, the Commission finds that the Modification Proposal to the Program should be approved.

IT IS, THEREFORE, ORDERED:

1. That DEC's proposed modifications to the Income-Qualified Energy Efficiency and Weatherization Assistance Program are hereby approved;
2. That DEC's Income-Qualified Energy Efficiency and Weatherization Assistance Program is eligible for recovery of program costs and incentives, in accordance with N.C.G.S. § 62-133.9 and Commission Rule R8-69;

³ Specifically, the tariff, as modified, would add language that "[i]ncentives and other considerations offered under the terms of this Program are understood to be an essential element in the recipient's decision to participate in the Program. Upon payment of these considerations, Company will be entitled to any and all environmental, energy efficiency, and demand reduction benefits and attributes, including all reporting and compliance rights, associated with participation in the Program." This language was approved in the analogous DEP program in Docket No. E-2, Sub 1299, earlier this year.

3. That the proposed utility incentives be included in the annual DSM/EE rider in accordance with Commission Rule R8-69;

4. That the Commission shall determine the appropriate ratemaking treatment for the Income-Qualified Energy Efficiency and Weatherization Assistance Program, including program costs and utility incentives, in DEC's annual cost recovery rider, in accordance with N.C.G.S. § 62-133.9 and Commission Rule R8-69; and

5. That DEC shall file with the Commission, within 10 days following the date of this Order, a revised tariff showing the effective date of the tariff.

ISSUED BY ORDER OF THE COMMISSION.

This the 31st day of October, 2023.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in dark ink, reading "A. Shonta Dunston". The signature is fluid and cursive, with the first name "A." and last name "Dunston" clearly legible.

A. Shonta Dunston, Chief Clerk