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VIA ELECTRONIC FILING

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

**RE: Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's Initial
Comments on Avoidance of SISC Requirements
Docket No. E-100, Sub 158**

Dear Ms. Campbell:

Pursuant to the Commission's order allowing comments on the solar integration services charge ("SISC"), issued on May 12, 2020 and subsequently extended by order issued on June 15, 2020 in the above-referenced docket, enclosed for filing are Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's Initial Comments on Avoidance of SISC Requirements.

Please do not hesitate to contact me if you have any questions or need additional information.

Sincerely,

Kendrick C. Fentress

Enclosure

cc: Parties of Record

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-100, SUB 158

In the Matter of)	INITIAL COMMENTS ON AVOIDANCE OF SISC REQUIREMENTS
Biennial Determination of Avoided Cost)	
Rates for Electric Utility Purchases from)	
Qualifying Facilities – 2018)	

NOW COME Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP” and, collectively the “Companies”), pursuant to the Commission’s *Order Requesting Comments on Proposed Requirements for Avoidance of SISC*, issued May 12, 2020 in the aforementioned docket, and submit these initial comments supporting their proposed Requirements.

Background

In its October 17, 2019 *Supplemental Notice of Decision* in this docket, the Commission stated that it was appropriate for DEC and DEP to prospectively apply a solar integration services charge (“SISC”) to all new uncontrolled solar generators that commit to sell and deliver power into the DEC and DEP systems on or after November 1, 2018. The Commission further directed that DEC and DEP should not impose the charge on a solar Qualifying Facility (“QF”) that is a “controlled solar generator,” meaning, generally, any solar QF that demonstrates that its facility is capable of operating, and contractually agrees to operate, by materially reducing or eliminating the need for additional ancillary service requirements incurred by the utility to incorporate this solar generation. Specifically, Ordering Paragraph No. 4 of the *Supplemental Notice of Decision* required DEC and DEP to file proposed guidelines for QFs to become “controlled solar generators” and thereby avoid the SISC. The Commission followed

up this directive in its April 15, 2020 *Order Establishing Standard Rates and Contract Terms for Qualifying Facilities* in this docket. In Finding of Fact No. 38 of that order the Commission found:

38. It is appropriate to require [Duke Energy Carolinas, LLC (DEC), and Duke Energy Progress, LLC (DEP, and together with DEC, Duke),] to file with the Commission proposed guidelines for [qualifying facilities (QFs)] to become “controlled solar generators” and thereby avoid the integration services charge.

The Companies filed their Requirements for Avoidance of the SISC (“Requirements”) for approval with the Commission on November 18, 2019. Notably, these Requirements were and remain identical to the Requirements for Avoidance of SISC contained in Exhibit 11 to the Companies' Pro-Forma Competitive Procurement of Renewable Energy (“CPRE”) Program Tranche 2 Power Purchase Agreement (“PPA”). Such Requirements were discussed in detail during the Commission-directed and Independent Administrator (“IA”)-supervised CPRE stakeholder process for CPRE Tranche 2 and then made available for comment through the IA website. There were very few comments submitted in that process by CPRE market participants, but the Companies made a few limited changes to the Requirements based on such feedback and subsequently filed the CPRE PPA, with the Requirements, on October 15, 2019 in Docket Nos. E-2, Sub 1159 and E-7, Sub 1156. During an additional comment period in Docket Nos. E-2, Sub 1159 and E-7, Sub 1156, no substantive modifications were recommended with respect to the Requirements. Finally, the Commission approved the CPRE PPA, including Exhibit 11, in January 2020, expressly finding that the Requirements were appropriate.

Initial Comments

The Commission has already scrutinized the justification and methodology for establishing the SISC and the SISC amounts for DEC and DEP for purposes of this proceeding in its 2018 biennial review of avoided costs and avoided cost rates in this docket. *Order Establishing Standard Rates and Contract Terms for Qualifying Facilities*, Docket No. E-100, Sub 158, at pp. 90-95. The Commission, in particular, focused on expert testimony from both the Companies and intervenors on the issue of an SISC. *Id.* at 92-95. Moreover, the Companies intend to submit their methodology on developing an SISC to an independent technical review and to file the results of that review along with their 2020 avoided cost filings in Docket No. E-100, Sub 167. Therefore, the Companies do not view the Commission's request for comments on their Requirements as a request for a rehash or "second bite at the apple" of the SISCs established in this docket.

Because they have received this question from the Public Staff of the North Carolina Utilities Commission, the Companies note that, with respect to auditing of controlled solar generators, the Companies will ensure that solar providers deploying a battery to reduce or eliminate the SISC operate the battery consistently with the contractual requirements to mitigate the SISC. To that end, the Companies will review sub-hourly data to assess compliance.

The Companies further add for the Commission's information that the SISC costs from solar generators are predominantly related to the increased consumption of fuel the system requires for the provision of intra-hour ancillary services. As such, for purchases from QFs that are not part of CPRE, the Companies include the revenues

collected for SISC as an offset to fuel costs in their annual fuel riders. They have followed this policy for SISC amounts collected to-date. For CPRE purchased power, the avoided cost cap has been incorporated into the SISC, which serves to lower the cap.

Respectfully submitted, this the 13th day of July, 2020.



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*Attorney for Duke Energy Carolinas, LLC
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CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC's and Duke Energy Progress, LLC's Initial Comments on Avoidance of SISC Requirements, in Docket No. E-100, Sub 158 has been served by electronic mail, hand delivery, or by depositing a copy in the United States Mail, 1st Class Postage Prepaid, properly addressed to parties of record.

This the 13th day of July, 2020.



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