



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

October 23, 2023

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

Re: Docket No. E-7, Sub 1032 – Duke Energy Carolinas, LLC's Proposed Modifications to the Existing Commission-Approved Income-Qualified Energy Efficiency and Weatherization Assistance Program

Dear Ms. Dunston:

On September 11, 2023, Duke Energy Carolinas, LLC (DEC or the Company), filed 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

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.

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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 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, 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 Public Staff has reviewed the Company's Modification Proposal. The Public Staff concludes that the Program, as proposed in the Company's filings, has the potential to encourage EE, is consistent with DEC's integrated resource plan, is in the public interest, and should be approved as a "new" EE Program pursuant to Commission Rule R8-68. As a result, the Public Staff recommends that the Commission: (1) approve the Program modifications as set forth within the Modification Proposal; (2) order that the Program is eligible for consideration of recovery of Program costs and PPI; and (3) order that the appropriate recovery of costs and PPI associated with the Program will be determined in the annual DSM/EE rider proceedings consistent with N.C. Gen. Stat. § 62-133.9, Commission Rule R8-69, and the currently approved DSM/EE cost recovery mechanism.

By copy of this letter, I am forwarding a copy to all parties of record by electronic delivery.

Sincerely,

Electronically submitted
/s/ Anne M. Keyworth
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cc: Parties of Record

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.