

**BEFORE
THE NORTH CAROLINA UTILITIES COMMISSION**

DOCKET NO. E-2 SUB 1300

In the Matter of:)	SUPPLEMENTAL DIRECT
)	TESTIMONY OF
Application of Duke Energy Progress, LLC)		LAURA A. BATEMAN AND
For Adjustment of Rates and Charges)		PHILLIP O. STILLMAN
Applicable to Electric Service in North)		FOR DUKE ENERGY
Carolina and Performance-Based Regulation)		PROGRESS, LLC

1 **Q. MS. BATEMAN, PLEASE STATE YOUR NAME AND BUSINESS**
2 **ADDRESS.**

3 A. My name is Laura A. Bateman, and my business address is 411 Fayetteville
4 Street, Raleigh, North Carolina 27601.

5 **Q. BEFORE INTRODUCING YOURSELF FURTHER, PLEASE**
6 **INTRODUCE THE PANEL.**

7 A. I am appearing on behalf of Duke Energy Progress, LLC (“DEP” or “the
8 Company”) together with Phillip O. Stillman on the “Performance-Based
9 Regulation (“PBR”) Policy Panel.”

10 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

11 A. I am employed by Duke Energy Carolinas, LLC (“DEC”) as Vice President of
12 Carolinas Rates and Regulatory Strategy.

13 **Q. MR. STILLMAN, PLEASE STATE YOUR NAME AND BUSINESS**
14 **ADDRESS.**

15 A. My name is Phillip O. Stillman, and my business address is 526 South Church
16 Street, Charlotte, North Carolina 28202.

17 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

18 A. I am employed by Duke Energy Business Services, LLC as Managing Director
19 of Load Forecasting and Corporate Strategic Regulatory Initiatives.

20 **Q. DID THE PBR POLICY PANEL PREVIOUSLY SUBMIT PRE-FILED**
21 **DIRECT TESTIMONY IN SUPPORT OF DEP’S PBR APPLICATION**
22 **ON OCTOBER 6, 2022?**

23 A. Yes.

1 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL DIRECT**
2 **TESTIMONY?**

3 A. The purpose of our Supplemental Direct Testimony is to address the rate
4 disparity between DEP and DEC, as directed by the Commission in the Carbon
5 Plan Order¹ and to update certain exhibits using actual 2022 data.

6 **Q. ARE YOU PROVIDING ANY EXHIBITS WITH YOUR**
7 **SUPPLEMENTAL DIRECT TESTIMONY?**

8 A. Yes. PBR Policy Panel Supplemental Exhibit 3 updates the illustrative
9 performance thresholds and tiers for the Reliability Performance Incentive
10 Mechanism (“PIM”) using final 2022 System Average Interruption Duration
11 Index (“SAIDI”) performance. PBR Policy Panel Supplemental Exhibit 4
12 updates Metric A of the Renewables Integration and Encouragement PIM to
13 reflect actual rooftop solar adoption through 2022.

14 **Q. MR. STILLMAN, WERE THESE SUPPLEMENTAL EXHIBITS**
15 **PREPARED OR PROVIDED BY YOU OR UNDER YOUR DIRECTION**
16 **AND SUPERVISION?**

17 A. Yes.

18 **I. UPDATED RELIABILITY PIM AND**
19 **RENEWABLES INTEGRATION AND ENCOURAGEMENT PIM - METRIC A**

20 **Q. MR. STILLMAN, WOULD YOU PLEASE EXPLAIN THE**
21 **RELIABILITY PIM AND RENEWABLES INTEGRATION AND**
22 **ENCOURAGEMENT PIM METRIC A THE COMPANY IS**

¹ *Order Adopting Initial Carbon Plan and Providing Direction For Future Planning*, Docket No. E-100, Sub 179 (Dec. 30, 2022) at 128 (“Carbon Plan Order”).

1 **PROPOSING BASED UPON THE UPDATED 2022 CALENDAR YEAR**
2 **DATA NOW AVAILABLE?**

3 A. Yes. First, as to the proposed Reliability PIM, I explained in my direct testimony
4 that this PIM provides a downside-only penalty structure with graduated
5 penalties for performance above (i.e., worse than) SAIDI performance
6 thresholds based upon the five-year historical average SAIDI for calendar years
7 2018-2022, and that final 2022 SAIDI performance would be known in early
8 2023 to establish the final five-year historical SAIDI average benchmark and
9 tiers. We now have the final 2022 calendar year SAIDI data and the 2018-2022
10 SAIDI 5-year historic average is 146 minutes, as compared to the estimate of
11 150 minutes, which is what was included in the illustrative thresholds table
12 contained in PBR Policy Panel Exhibit 3 accompanying my direct testimony.
13 As such, the “Illustrative thresholds” table in PBR Policy Panel Supplemental
14 Exhibit 3 has been updated accordingly.

15 As to the Renewables Integration and Encouragement PIM Metric A, I
16 explained in my direct testimony that this PIM provides an upside-only metric
17 with graduated rewards to the Company for exceeding targets for the number
18 of net-metered distributed energy resources (“DER”) customers interconnected
19 to the DEP system and that baseline performance thresholds would be based
20 upon historical three-year average interconnections for the 2020, 2021, and
21 2022 calendar years. I also explained that the actual three-year historical
22 average number of interconnections would not be known until early 2023. We
23 now have final 2022 calendar year data and the 2020-2022 three-year historical

1 average number of interconnections is 3,752 as compared to the estimate of
2 3,637 at the time of the filing of my direct testimony. PBR Policy Panel
3 Supplemental Exhibit 4 has been updated accordingly and illustrates how the
4 PIM reward structure would apply.

5 **Q. DOES THE COMPANY PLAN ON MAKING ANY OTHER**
6 **ADJUSTMENTS TO THE THRESHOLDS CONTAINED IN THE**
7 **RENEWABLES INTEGRATION AND ENCOURAGEMENT PIM**
8 **METRIC A?**

9 A. Possibly. There are two relevant matters pending before the Commission whose
10 regulatory outcomes could have an impact upon the potential number of new
11 NEM projects connected (the Joint Petition for Approval of Revised Net Energy
12 Metering Tariffs and the Application for Approval of Smart Saver Solar Energy
13 Efficiency Program). While the structure of this PIM currently makes no
14 assumption on the outcome of these proceedings, as these matters are resolved,
15 we would look to adjust the targeted performance thresholds.
16

1 **II. RATE DISPARITY**

2 **Q. IN THE COMMISSION’S RECENTLY ISSUED ORDER ADOPTING**
3 **THE INITIAL CARBON PLAN, THE COMMISSION DIRECTS DEC**
4 **AND DEP TO ADDRESS THE RATE DISPARITY BETWEEN THE**
5 **UTILITIES ATTRIBUTABLE TO THE CARBON PLAN, AND WHERE**
6 **APPROPRIATE, PRESENT SOLUTIONS. MS. BATEMAN, WHAT**
7 **STEPS ARE DEP AND DEC TAKING TO COMPLY WITH THIS**
8 **DIRECTIVE?**

9 **A.** As I explained in the Carbon Plan proceeding, the projected impact of the
10 Carbon Plan on current rate differences prior to the targeted DEC/DEP merger
11 date at the end of 2026 is minimal to non-existent. Most of the investments
12 included in DEP’s MYRP in this case, and DEC’s MYRP in Docket Number E-
13 7, Sub 1276, are projects that make sense for customers regardless of the carbon
14 reduction goals set forth in HB 951. However, as discussed below, the Company
15 offers the following information related to the steps DEP and DEC are taking
16 to address and minimize future rate differences between the utilities attributable
17 to the Carbon Plan.

18 First, as explained by Witness Maley, DEP’s MYRP includes Red Zone
19 Expansion Plan (“RZEP”) transmission projects, which are transmission
20 upgrades needed primarily to enable interconnection of additional solar
21 generation on the DEC transmission system. DEC’s MYRP also includes RZEP
22 transmission projects to be located in DEC’s service territory. In the Carbon
23 Plan proceeding, several parties raised concerns that these projects were

1 disproportionately located in DEP's service territory because DEP's service
2 territory is in general a more attractive location for solar generation. The
3 Company continues to believe that a merger of DEC and DEP targeted for the
4 end of 2026 is the best long-term solution for customers of both utilities and
5 that the revenue requirements prior to 2027 are not significant enough to
6 warrant an alternative allocation method. However, if the Commission believes
7 that an alternative allocation method is warranted, Witness Taylor's testimony
8 filed in DEC's recently filed rate case proceeding in Docket No. E-7, Sub 1276,
9 provides an alternative allocation of these RZEP project revenue requirements
10 and shows what the North Carolina retail revenue requirement would be for
11 both DEP and DEC if the revenue requirement for the RZEP transmission
12 projects were redistributed to the two utilities based on their North Carolina
13 retail transmission demand load ratio share. As Witness Taylor explains in her
14 DEC direct testimony, the Company is not recommending the alternative
15 allocation method, but provided it should the Commission determine that it is
16 more appropriate.

17 Second, DEP and DEC have taken steps to mitigate rate disparity that
18 could result from the 2022 Solar Procurement. Pursuant to an agreement
19 between the Companies and the Public Staff, which was later approved by the
20 Commission in the 2022 Solar Procurement Proceeding, a 1,200 MW Target
21 Procurement Volume was established for solar generation. Of this amount, one-
22 third of the Target Procurement Volume is to be located in DEP, one-third in
23 DEC, and the remaining one-third is to be procured from the least cost

1 remaining projects, whether located in DEP or DEC territory.² The
2 establishment of a minimum level of MWs for each utility was an attempt to
3 mitigate an increase in rate disparity that could result from a greater imbalance
4 in the winning bids between the two utilities.

5 Third, the Company expects the Inflation Reduction Act of 2022
6 (“IRA”) will have benefits that reduce the cost of new solar and storage
7 investments. DEP has incorporated the estimated IRA tax benefits associated
8 with solar and energy storage MYRP projects in its supplemental MYRP
9 revenue requirement, filed concurrently with this Supplemental Direct
10 Testimony. Witness Taylor’s Supplemental Direct Testimony and Exhibits
11 quantify, as best as DEP can do at this time in light of the uncertainties attendant
12 upon implementation of the IRA, the expected IRA tax credit impacts on the
13 Company’s MYRP revenue requirement, and update DEP’s MYRP revenue
14 requirements to reflect estimates of IRA tax benefits. Incorporation of estimated
15 IRA tax credit impacts on MYRP solar and storage projects should reduce rate
16 impacts resulting from the Carbon Plan, and thereby also reduce any
17 furtherance of rate disparity between the utilities attributable to the Carbon
18 Plan.

19 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL DIRECT**
20 **TESTIMONY?**

21 **A. Yes.**

² *Order Permitting Additional CPRE Program Procurement and Establishing Target Procurement Volume for the 2022 Solar Procurement*, Docket Nos. E-2, Sub 1159, E-2, Sub 1297, E-7, Sub 1156 and E-7, Sub 1268 (November 1, 2022).

Reliability PIM

Metric

The proposed metric for the reliability PIM is system average interruption duration index (“SAIDI”), excluding major event days (“MEDs”). Results will be reported annually after the end of each Rate Year, for performance during the 12-month period ending on the preceding December 31 (i.e., performance during calendar year 2024 will be reported at end of Rate Year 2). Because SAIDI is an industry metric based on calendar year performance, DEP proposes to use annual calendar year SAIDI performance, rather than Rate Year SAIDI performance, to measure against the benchmark historical average.

Illustrative thresholds:

	RY1 (2023 data)	RY2 (2024 data)	RY3 (2025 data)
SAIDI 5-year historic average (2018-2022) <i>No penalty for SAIDI below Tier 1 threshold</i>	146*	146*	146*
SAIDI threshold for Tier 1 penalty <i>Financial <u>penalty</u> if SAIDI above threshold value</i>	<i>None</i>	156* <i>\$1 million</i>	156* <i>\$1 million</i>
SAIDI threshold for Tier 2 penalty <i>Financial <u>penalty</u> if SAIDI above threshold value</i>	<i>None</i>	166* <i>\$2 million</i>	166* <i>\$2 million</i>
SAIDI threshold for Tier 3 penalty <i>Financial <u>penalty</u> if SAIDI above threshold value</i>	<i>None</i>	176* <i>\$6 million</i>	176* <i>\$6 million</i>

*Note: * Thresholds and tiers are based on reported 5-year average SAIDI (excluding MEDs) for 2018-22*

PIM description

This PIM holds DEP accountable to maintain service reliability as measured by SAIDI. The Company will be required to return a penalty to customers if SAIDI performance exceeds established thresholds. Potential penalties are tiered to increase for cases where performance exceeds historic average performance by escalating amounts. Any calculated penalty would be returned to customers through the PIM rider established by the Commission upon authorization of the MYRP.

There are no penalties proposed for the first MYRP rate year, as available data at end of Rate Year 1 (calendar year 2023) is for a period substantially outside of the MYRP.

Illustrative thresholds for penalties are based upon historic averages (2018-2022) adjusted for statistical confidence levels and increased outages due to additional grid work that is expected during the MYRP. Specifically, thresholds were calculated as:

5-year historic average for 2018-2022 is 146 minutes.

- For the purpose of this filing, the 2018-2022 five-year average SAIDI is the most recent known average and therefore is most appropriate to use for target setting.

Tier 1 SAIDI threshold = 156

- 80% confidence interval for forward-projected SAIDI performance averages ~8 minutes, based on standard deviation for 2018-2022 SAIDI performance
- Threshold adjusted for impact of elevated improvement work volume during the MYRP, which is expected to raise SAIDI by ~2 minutes (driven by increased Hot Line Tag and Planned Outages)

Tier 2 SAIDI threshold = 166

- Based on increase of 10 minutes above Tier 1 threshold

Tier 3 SAIDI threshold = 176

- Based on increase of 10 minutes above Tier 2 threshold

Projection of costs to be incurred and proposed resources (labor, contractors, materials, etc.) per Commission Rule R1-17B(d)(3)d.

Costs associated with the reliability PIM are expected to be minimal, as existing systems for tracking and reporting of SAIDI (excluding MEDs) to the Commission will be cross utilized for PIM reporting. This efficiency is enabled because the proposed metric mirrors existing reporting.

Approach for evaluation, measurement, and verification

Current systems for tracking and calculation of SAIDI performance are to be used for PIM reporting, and the Company will use these existing resources to evaluate, measure, and verify compliance with or achievement of this PIM's terms.

Renewables Integration and Encouragement PIM

This PIM is “upside-only” to the Company and has three subpart components to incent and reward the Company for (A) integrating additional distributed energy resources (“DER”) that are located on customer premises; (B) designing, obtaining regulatory approval for, and offering new renewables programs subscribed to by commercial and industrial (“C&I”) customers; and (C) designing, obtaining regulatory approval for, and offering new shared solar programs subscribed to by residential customers.

Renewables Integration and Encouragement PIM – Metric A

Metric A: DER Integration

The first proposed metric for the Renewables Integration and Encouragement PIM is the total number of Net Energy Metering (“NEM”) projects connected by DEP during each Rate Year. Results will be reported annually after the end of each Rate Year, for performance during the Rate Year period. Projects for all classes of DEP customers will be included in the performance assessment.

Metric A: PIM description

In each year during the MYRP, the Company can earn a reward for exceeding performance thresholds for the proposed metric. Potential rewards are tiered to increase for cases where performance exceeds higher thresholds. Any earned reward would be recovered through the PIM rider established by the Commission upon authorization of the MYRP.

Metric A: Performance Thresholds

There are two relevant matters pending before the Commission whose regulatory outcomes could have an impact upon the potential number of new NEM projects connected (the Joint Petition for Approval of Revised Net Energy Metering Tariffs and the Application for Approval of Smart Saver Solar Energy Efficiency Program). While the structure of this PIM currently makes no assumption on the outcome of these proceedings, as these matters are resolved, we would look to adjust the targeted performance thresholds.

Table 1

	Performance threshold
Tier 1 performance threshold	3,940*
<i>Financial <u>reward</u> if connections exceed value</i>	<i>\$1M</i>
Tier 2 performance threshold	4,315*
<i>Financial <u>reward</u> if connections exceed value</i>	<i>\$2M</i>
Tier 3 performance threshold	4,690*
<i>Financial <u>reward</u> if connections exceed value</i>	<i>\$4M</i>

Note: * Performance Thresholds are based on 3-year average annual connections for 2020-22.

Performance thresholds are calculated on the following basis:

Tier 1 performance threshold (3,940) represents 5% increase from 3-year historic average (2020-22) annual connections

Tier 2 performance threshold (4,315) represents 15% increase from 3-year historic average (2020-22) annual connections

Tier 3 performance threshold (4,690) represents 25% increase from 3-year historic average (2020-22) annual connections

Fixed performance thresholds will be used for all Rate Years.

Metric A: Projection of costs to be incurred and proposed resources (labor, contractors, materials, etc.) per Commission Rule R1-17B(d)(3)d.

Costs associated with this metric are expected to be limited to administrative costs required for initial implementation of tracking systems and for annual support to reconcile data. These costs are estimated to be approximately \$5,000.

Metric A: Approach for evaluation, measurement, and verification

The Company will solely use internal labor to collect, analyze, and report data for this metric. Expected costs associated with this work are included in the cost estimate above.

Renewables Integration and Encouragement PIM – Metric B

Metric B: Large Customer Renewable Program Encouragement

The second proposed metric for the Renewables Integration and Encouragement PIM is the cumulative share of C&I customer renewables program capacity subscribed by eligible customers. Results will be reported annually after the end of each Rate Year, for calculated performance as of the last day of the Rate Year.

Program subscription by eligible DEP customers as a share of installed and in-queue capacity (i.e., all capacity available for subscription) for DEP customers through eligible programs will be considered for performance assessment.

Specific formula for calculation of proposed metric:

$$\text{Program subscription share (\%)} = \frac{\text{cumulative customer subscription (MW)}}{(\text{cumulative installed capacity (MW)} + \text{cumulative in queue capacity (MW)})}$$

Definitions:

Cumulative customer subscription = MW of eligible program capacity that all DEP C&I customers have subscribed to (total for all eligible programs)

Cumulative installed capacity = MW of eligible program capacity that is installed and available for DEP C&I customer subscription (total for all eligible programs)

Cumulative in queue capacity = MW of eligible program capacity that is not yet in service, but is planned and available for DEP C&I customer subscription (total for all eligible programs)

Metric B: Eligible programs

The PIM would consider new C&I customer renewables programs that financially and/or environmentally link off-site renewable facilities (not directly connected to a customer premises) to a C&I customer's account(s). For purposes of this PBR Application, eligible programs do not include any REC-only programs that have no term commitment.

The PIM would account for customer subscription as a share of total available capacity (including both installed and in-queue capacity) for eligible programs that are approved by the Commission subsequent to the filing of this PBR Application.

Metric B: PIM description

In each year during the MYRP, the Company can earn a reward for meeting or exceeding performance thresholds for the proposed metric. Potential rewards are tiered to increase for cases where performance meets or exceeds higher thresholds. Any earned reward would be recovered through the PIM rider established by the Commission upon authorization of the MYRP.

Metric B: Performance Thresholds

Table 2	Performance threshold
Tier 1 performance threshold <i>Financial <u>reward</u> if performance meets or exceeds threshold</i>	≥ 30% subscribed \$667,000
Tier 2 performance threshold <i>Financial <u>reward</u> if performance meets or exceeds threshold</i>	≥ 50% subscribed \$1,333,000
Tier 3 performance threshold <i>Financial <u>reward</u> if performance meets or exceeds threshold</i>	≥ 70% subscribed \$2,000,000

Tier 1 performance threshold (30%) is based on an optimistic forecast of program subscription during the initial years following approval of eligible programs. Tier 2 and 3 performance thresholds are based on an increase of 20% and 40%, respectively, over Tier 1 threshold.

Proposed performance thresholds are applicable for all Rate Years, with performance assessed independently during each Rate Year (i.e., Tier 1 financial reward could be earned in consecutive years, if subscription rate falls between 30% and 50% in both Rate Years).

Example calculations:

- a) Rate Year 1 ends with total available (installed + in-queue) capacity of 100 MW for DEP C&I customers across all eligible programs; DEP C&I customers have subscribed to 25 MW of available capacity:
 - Program subscription share = $25 / 100 = 25\%$
 - Performance < Tier 1 threshold; **no reward earned**
- b) Rate Year 2 ends with total available (installed + in-queue) capacity of 250 MW (100 MW carried forward from Rate Year 1, with 150 MW added during Rate Year 2) for DEP C&I customers across all eligible programs; DEP C&I customers have subscribed to 100 MW (25 MW carried forward from Rate Year 1, with 75 MW new subscription during Rate Year 2) of available capacity:
 - Program subscription share = $100 / 250 = 40\%$
 - Performance > Tier 1 threshold and < Tier 2 threshold; **reward of \$667,000 earned**

Metric B: Projection of costs to be incurred and proposed resources (labor, contractors, materials, etc.) per Commission Rule R1-17B(d)(3)d.

Internal program management resources, systems, and marketing efforts for applicable new large customer renewable programs will be in place to support new programs, including tracking. Therefore, incremental PIM-associated costs are expected to be minimal.

Metric B: Approach for evaluation, measurement, and verification

Internal program management resources, systems, and marketing efforts for applicable new large customer renewable programs will be in place to support new programs, including tracking. Company will use these existing resources to evaluate, measure, and verify compliance with or achievement of this PIM's terms.

Renewables Integration and Encouragement PIM – Metric C

Metric C: Residential Customer Shared Solar Program Encouragement

The third proposed metric for the Renewables Integration and Encouragement PIM is the cumulative share of residential customer shared solar program capacity subscribed by eligible customers. Results will be reported annually after the end of each Rate Year, for calculated performance as of the last day of the Rate Year.

Program subscription by eligible DEP customers as a share of installed capacity available for subscription by DEP customers through eligible programs will be considered for performance assessment.

Specific formula for calculation of proposed metric:

$$\text{Program subscription share (\%)} = \frac{\text{cumulative customer subscription (MW)}}{\text{cumulative installed capacity (MW)}}$$

Definitions:

Cumulative customer subscription = MW of eligible shared solar program capacity that all DEP residential customers have subscribed to (total for all eligible programs)

Cumulative installed capacity = MW of eligible shared solar program capacity that is installed and available for DEP residential customer subscription (total for all eligible programs)

Metric C: Eligible programs

The PIM would consider new shared solar customer renewables programs for residential customers that financially and/or environmentally link off-site renewable facilities (not directly connected to a customer premises) to a customer's account(s). For purposes of this PBR Application, eligible programs do not include any REC-only programs that have no term commitment.

The PIM would account for total cumulative residential customer subscription as a share of total cumulative installed capacity for eligible shared solar programs that are approved by the Commission subsequent to the filing of this PBR Application.

Metric C: PIM description

In each year during the MYRP, the Company can earn a reward for meeting or exceeding performance thresholds for the proposed metric. Potential rewards are tiered to increase for cases where performance meets or exceeds higher thresholds. Any earned reward would be recovered through the PIM rider established by the Commission upon authorization of the MYRP.

Metric C: Performance Thresholds

Table 3	Performance threshold
Tier 1 performance threshold <i>Financial <u>reward</u> if performance meets or exceeds threshold</i>	≥ 30% subscribed \$333,000
Tier 2 performance threshold <i>Financial <u>reward</u> if performance meets or exceeds threshold</i>	≥ 50% subscribed \$667,000
Tier 3 performance threshold <i>Financial <u>reward</u> if performance meets or exceeds threshold</i>	≥ 70% subscribed \$1,000,000

Tier 1 performance threshold (30%) is based on an optimistic forecast of program subscription during the initial years following approval of eligible programs. Tier 2 and 3 performance thresholds are based on an increase of 20% and 40%, respectively, over the Tier 1 threshold.

Proposed performance thresholds are applicable for all Rate Years, with performance assessed independently during each Rate Year (i.e., Tier 1 financial reward could be earned in consecutive years, if subscription rate falls between 30% and 50% in both Rate Years).

Example calculations:

- a) Rate Year 1 ends with total cumulative installed shared solar capacity of 30 MW for DEP residential customers across all eligible programs; DEP residential customers have subscribed to 8 MW of available capacity:
 - Program subscription share = $8 / 30 = \sim 27\%$
 - Performance < Tier 1 threshold; **no reward earned**
- b) Rate Year 2 ends with total cumulative installed shared solar capacity of 70 MW (30 MW carried forward from Rate Year 1, with 40 MW added during Rate Year 2) for DEP residential customers across all eligible programs; DEP residential customers have subscribed to 30MW (8 MW carried forward from Rate Year 1, with 22 MW new subscription during Rate Year 2) of available capacity:
 - Program subscription share = $30 / 70 = \sim 43\%$
 - Performance > Tier 1 threshold and < Tier 2 threshold; **reward of \$333,000 earned**

Metric C: Projection of costs to be incurred and proposed resources (labor, contractors, materials, etc.) per Commission Rule R1-17B(d)(3)d.

Internal program management resources, systems, and marketing efforts for applicable new residential customer shared solar programs will be in place to support new programs, including tracking. Therefore, incremental PIM-associated costs are expected to be minimal.

Metric C: Approach for evaluation, measurement, and verification

Internal program management resources, systems, and marketing efforts for applicable new residential customer shared solar programs will be in place to support new programs, including tracking. The Company will use these existing resources to evaluate, measure, and verify compliance with or achievement of this PIM's terms.