

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1283

In the Matter of	)	
	)	DUKE ENERGY CAROLINAS,
Application of Duke Energy Carolinas, LLC for	)	LLC 2022 RENEWABLE
Approval of Renewable Energy and Energy	)	ENERGY & ENERGY
Efficiency Portfolio Standard (REPS)	)	EFFICIENCY PORTFOLIO
Compliance Report and Cost Recovery Rider	)	STANDARD COMPLIANCE
Pursuant to N.C. Gen. Stat. § 62-133.8 and	)	REPORT
Commission Rule R8-67	)	

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**DUKE ENERGY CAROLINAS, LLC  
RENEWABLE ENERGY AND ENERGY EFFICIENCY  
PORTFOLIO STANDARD (“REPS”)  
COMPLIANCE REPORT**

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(A) **INTRODUCTION**

Duke Energy Carolinas, LLC (“Duke Energy Carolinas,” “DEC,” or the “Company”) submits its Renewable Energy and Energy Efficiency Portfolio Standard (“REPS”) Compliance Report (“Compliance Report”) in accordance with N.C. Gen. Stat. § 62-133.8 and Commission Rule R8-67(c). This Compliance Report provides the required information for 2022 calendar year reporting period.<sup>1</sup> As part of its REPS Compliance Plan, filed in Docket No. E-100, Sub 186, Duke Energy Carolinas plans to provide services to native load priority wholesale customers that contract with the Company for services to meet the REPS requirements, including delivery of renewable energy resources and compliance planning and reporting. These native load priority wholesale customers – including distribution cooperatives and municipalities – may rely on Duke Energy Carolinas to provide this renewable energy delivery service in accordance with N.C. Gen. Stat. § 62-133.8(c)(2)e.

This Compliance Report provides the required information in aggregate for the Company and the following wholesale customers for whom the Company provided renewable energy resources and compliance reporting services: Blue Ridge Electric Membership Corporation, Rutherford Electric Membership Corporation, Town of Dallas, Town of Forest City, and Town of Highlands (“Wholesale” or “Wholesale REPS Customers”).

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<sup>1</sup> Pursuant to NCUC Rule R8-67(c)(1), this Compliance Report reflects Duke Energy Carolinas’ efforts to meet the REPS requirements for the previous calendar year.

**(B) REPS COMPLIANCE REPORT**

**I. RENEWABLE ENERGY CERTIFICATES**

The table below reflects the renewable energy certificates (“RECs”) used to comply with N.C. Gen. Stat. § 62-133.8(d) for the year 2022.

**[BEGIN CONFIDENTIAL]**



**[END CONFIDENTIAL]**

## II. ACTUAL 2022 TOTAL NORTH CAROLINA RETAIL SALES AND YEAR-END NUMBER OF ACCOUNTS, BY CUSTOMER CLASS

North Carolina Retail Sales (MWh)	2022
Duke Energy Carolinas	59,059,117
Wholesale	2,668,189
Total retail sales (MWh)	<b>61,727,306</b>

2022 Year-end Number of REPS Accounts			
Customer class	DEC	Wholesale	Total
Residential	1,930,832	139,522	2,070,354
General	276,269	15,812	292,081
Industrial	4,871	211	5,082

## III. AVOIDED COST RATES

Appendix 2 provides the current avoided cost rates and the avoided cost rates applicable to long-term power purchase agreements.

#### IV. ACTUAL TOTAL AND INCREMENTAL COSTS INCURRED IN 2022

REPS compliance costs incurred for calendar year 2022 comprise the cost of energy purchases and the cost of purchases of various types of RECs, the cost of solar distributed generation at Duke Energy Carolinas-owned facilities, and other reasonable and prudent costs incurred to meet the requirements of the REPS statute. In addition, annual Solar Rebate Program costs incurred pursuant to N.C. Gen. Stat. § 62-155 are recovered in the REPS rider as directed in N.C. Gen. Stat. § 62-133.8(h)(1)d.

REPS compliance costs incurred – calendar year 2022			
Actual Costs Incurred	Energy and REC Costs	Other	Total Costs
REPS compliance – avoided cost	\$ 82,293,890	\$ 0	\$ 82,293,890
REPS compliance – incremental cost	\$ 34,228,563	\$ (794,673)	\$ 33,433,890 (a)
REPS compliance – total cost	<b>\$ 116,522,453</b>	<b>\$ (794,673)</b>	<b>\$ 115,727,780</b>
Solar Rebate Program cost	--	\$ 2,286,917	\$ 2,286,917 (b)
Incremental REPS compliance costs and Solar Rebate Program costs for REPS rider recovery		(a) + (b) above	<b>\$ 35,720,807</b>

#### V. ACTUAL INCREMENTAL COSTS COMPARISON TO THE ANNUAL COST CAP AS OF THE PREVIOUS CALENDAR YEAR

Account Type	Total Year-end Number of Accounts (1)	Annual Per-Account Cost Cap	Total Annual Cost Cap
<b>Residential</b>	2,037,468	\$27	\$55,011,636
<b>General</b>	289,577	\$150	\$43,436,550
<b>Industrial</b>	5,028	\$1,000	\$5,028,000
Total annual REPS Compliance cost cap - 2022			<b>\$103,476,186</b>
Incremental REPS Compliance costs incurred – 2022			<b>(a) \$ 33,433,890</b>

(1) Includes number of retail accounts for Duke Energy Carolinas and its Wholesale REPS customers.

## VI. STATUS OF COMPLIANCE WITH REPS REQUIREMENTS

Pursuant to N.C. Gen. Stat. § 62-133.8(b), the REPS requirement for calendar year 2022 is set at 12.5% of 2021 North Carolina (“NC”) retail sales for Duke Energy Carolinas’ retail customers. N.C. Gen. Stat. § 62-133.8(c) sets the REPS requirement at 10% of 2021 NC retail sales for the Company’s Wholesale REPS Customers. With Duke Energy Carolinas’ 2021 retail megawatt-hour sales of 58,068,068 and Wholesale’s retail megawatt-hour sales of 2,633,163, the Company’s total requirement for compliance year 2022 is 7,521,828 RECs. To comply with the combined REPS obligation for Duke Energy Carolinas Retail and its Wholesale customers, the Company submitted 7,383,828 RECs for retirement along with 69,000 Senate Bill 886 (“SB886”) RECs, each of which counts for two poultry waste and one general requirement REC. Accordingly, the Company submitted for retirement the equivalent of 7,521,828 RECs. Details of the composition of RECs retired to meet the total REPS compliance requirement are contained in Section I of this report.

Pursuant to N.C. Gen. Stat. § 62-133.8(d), for calendar year 2022, at least 0.20% of the total prior year NC retail sales shall be supplied by a combination of new solar electric facilities and new metered solar thermal energy facilities. As a result, 121,406 solar RECs were submitted for retirement to meet the solar set-aside requirement. An additional 1,710,045 solar RECs were submitted for retirement toward compliance with the general requirement (the total REPS requirement net of the solar, poultry waste, and swine waste set-aside obligations).

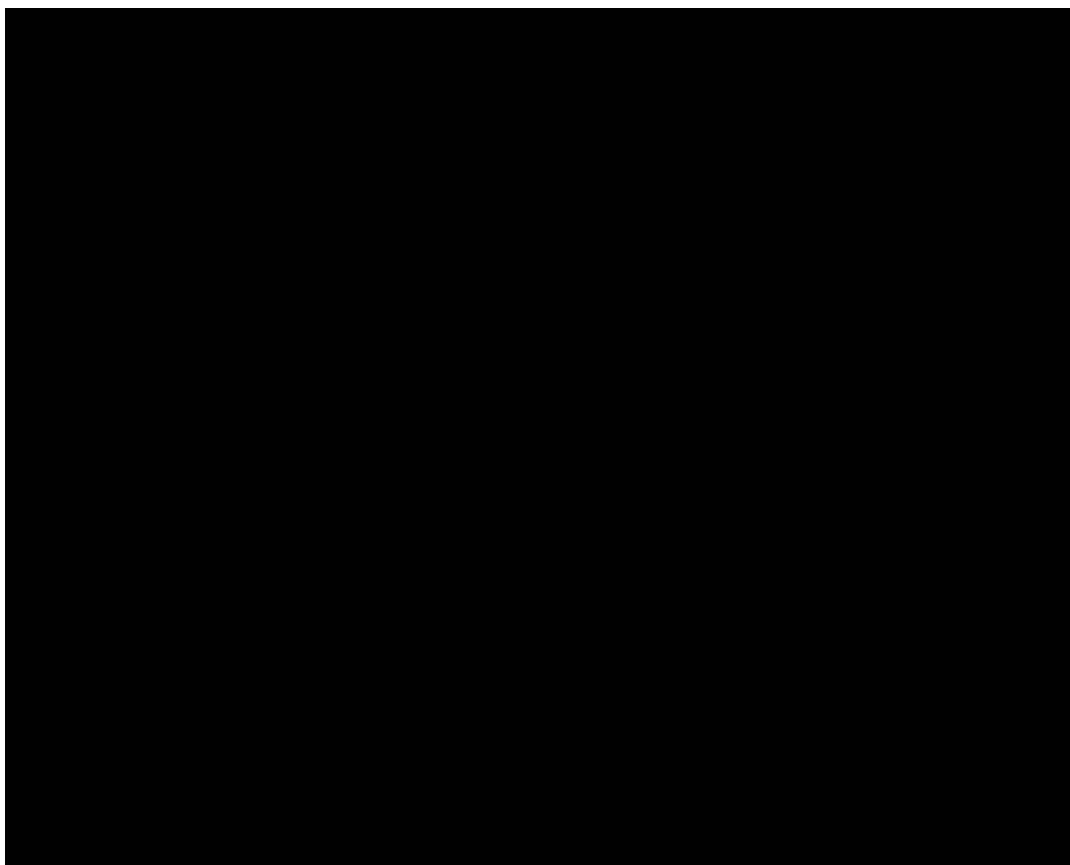
In its March 4, 2022 *Order Modifying the Swine and Poultry Waste Set-Aside Requirements and Providing Other Relief* (“2021 Delay Order”) issued in Docket No. E-100, Sub 113, the Commission set the 2022 and 2023 poultry waste set-aside requirements at 700,000 MWhs and 900,000 MWhs, respectively. On December 20, 2022, the Commission issued two additional orders in Docket No. 100, Sub 113. The first was the *Order Ruling on Motion for Clarification and Request for Declaratory Ruling Regarding Cost Cap, Modifying Swine and Poultry Waste Set-Aside Requirements, and Providing Other Relief* (“2022 Delay Order”) in which the Commission reiterated that the poultry waste set-aside requirement for calendar years 2022 and 2023 would remain unchanged from its 2021 Delay Order. The second was its *Order Establishing 2022, 2023, and 2024 Poultry Waste Set-Aside Requirement Allocation* which reset each electric power supplier’s load ratio share of the annual aggregate poultry waste set-aside requirement. The Company submitted for retirement 176,426 poultry waste RECs along with 69,000 SB 886 RECs, which count as 138,000 poultry waste set-aside RECs. Accordingly, the Company submitted the equivalent of 314,426 poultry RECs for compliance and met its 2022 poultry waste set-aside requirement.

In its *2022 Delay Order*, the Commission modified the swine waste set-aside requirement for 2022 and each year thereafter for both electric public utilities and electric membership cooperatives and municipalities. The *2022 Delay Order* set the 2022 swine waste set-aside at 0.05% of total NC retail sales for electric public utilities. The Commission's *2022 Delay Order* further delayed the swine waste set-aside requirement for electric membership cooperatives and municipalities by excusing them from the swine waste set-aside for another year. To comply with the swine waste set-aside requirement applicable to DEC's NC retail sales, the Company submitted for retirement 29,035 swine RECs.

## VII. IDENTIFICATION OF RECs CARRIED FORWARD

The table below reflects all RECs generated through year-end 2022, excluding those RECs that have already been retired to meet compliance, that the Company has banked for use in compliance in future years.

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[END CONFIDENTIAL]



## VIII. DATES AND AMOUNTS OF ALL PAYMENTS MADE FOR RENEWABLE ENERGY CERTIFICATES

Confidential Appendix 1 provides the dates and amounts of payments made for RECs for calendar year 2022.

### (C) METHODOLOGY FOR DETERMINING NUMBER OF CUSTOMERS AND CUSTOMER CAP

In its *Order Approving REPS Riders*, issued in Docket No. E-7, Sub 872 (December 15, 2009), the Commission approved the following method of determining the number of customer accounts as proposed by Duke Energy Carolinas. For purposes of defining which accounts will be assessed a REPS charge, and determining account totals by class that will be included in calculating its annual cap on costs incurred to comply with REPS requirements, the Company implemented the method described below. The Company defines “account” as an “agreement,” or “tariff rate,” between Duke Energy Carolinas and a customer to determine the monthly REPS charge for each account, and to compare the charges per account for a twelve-month period to the applicable annual per-account cost cap established in N.C. Gen. Stat. § 62-133.8(h)(4). The same definition applies when compiling account totals by class, to which the annual per-account caps are applied to determine the overall cap for total annual compliance costs incurred established in N.C. Gen. Stat. § 62-133.8(h)(3). There are limited exceptions to this definition of account. The following service schedules are not considered accounts for purposes of the per-account charge because they represent small auxiliary service loads, and customers served under these schedules are billed a per-account charge under another residential, general service or industrial service agreement. The following agreements fall within this exception<sup>2</sup>:

- Outdoor Lighting Service (Schedule OL)
- Street and Public Lighting Service (Schedule PL)
- Nonstandard Lighting (Schedule NL)
- Non-demand, nonresidential service, provided on Schedule SGS, at the same premises, with the same service address, and with the same account name as an agreement for which a monthly REPS charge has been applied.

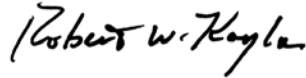
Within the Wholesale customer group, Blue Ridge Electric Membership Corporation, Rutherford Electric Membership Corporation, and Town of Forest City employ a method for determining Wholesale year-end number of accounts that is generally consistent with that followed by Duke Energy Carolinas. The Town of

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<sup>2</sup> Lighting service schedules have been updated to reflect the addition of new schedules Governmental Lighting service (Schedule GL) and Nonstandard Lighting service (Schedule NL) and the cancellation of Street Lighting service (Schedule SL) as approved by the Commission on December 7, 2009 in Docket No. E-7, Sub 909, *Order Granting General Rate Increase and Approving Amended Stipulation*.

Highlands and Town of Dallas define an account in the manner the information is reported to the Energy Information Administration for annual electric sales and revenue reporting.

Respectfully submitted this 28<sup>th</sup> day of February, 2023.



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Robert W. Kaylor  
Law Office of Robert W. Kaylor, P.A.  
353 E. Six Forks Road, Suite 260  
Raleigh, North Carolina 27609-7882  
919.828.5250  
[bkaylor@rwkaylorlaw.com](mailto:bkaylor@rwkaylorlaw.com)

Kendrick C. Fentress  
Associate General Counsel  
Duke Energy Corporation  
P.O. Box 1551  
Raleigh, North Carolina 27602  
919.546.6733  
[Kendrick.Fentress@duke-energy.com](mailto:Kendrick.Fentress@duke-energy.com)