

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION
DOCKET NO. E-7, SUB 1249

In the Matter of:)
Application of Duke Energy Carolinas,) **POST-HEARING BRIEF OF NORTH**
LLC For Approval of Demand-Side) **CAROLINA JUSTICE CENTER,**
Management and Energy Efficiency) **NORTH CAROLINA HOUSING**
Cost Recovery Rider Pursuant to G.S.) **COALITION, AND SOUTHERN**
62-133.9 and Commission Rule R8-69) **ALLIANCE FOR CLEAN ENERGY**

Pursuant to Rule R1-25 of the North Carolina Utilities Commission, the North Carolina Justice Center (“Justice Center”), North Carolina Housing Coalition (“Housing Coalition”), and the Southern Alliance for Clean Energy (“SACE”) (collectively, “Efficiency Advocates”), respectfully file this post-hearing brief on Duke Energy Carolinas, LLC’s (“DEC” or “the Company”) application for approval of its annual demand-side management (“DSM”) and energy efficiency (“EE”) cost recovery and incentive rider for 2022 (“Rider 13”).

I. Introduction

The Justice Center, Housing Coalition, and SACE support DEC’s application and applaud the savings achieved by the Company’s portfolio of programs. The Efficiency Advocates remain committed to strengthening the Company’s programs, increasing overall savings, and providing additional opportunities for low-income customers to receive expanded energy-efficiency services, including access to comprehensive efficiency retrofits.

Although the EE/DSM rider dockets are primarily focused on cost-recovery for the Company, they also provide the only regular avenue for the Commission to observe trends and set direction for program and policy improvements in the Company’s portfolio of programs. The Efficiency Advocates appreciate the opportunity to intervene on behalf

of our members and constituents to highlight the importance of reaching low-income customers with bill-saving efficiency programs and the central role of energy efficiency in the transition to a clean energy future.

Efficiency Advocates filed the testimony of Forest Bradley-Wright, Energy Efficiency Director for SACE on May 10, 2021 and a corrected version on June 4, 2021. This post-hearing brief reiterates his recommendations and conclusions.

II. Duke Energy Carolina's Performance in Delivering Energy-Efficiency Savings to its Customers Declined in 2020

A. DEC Adjusted to Difficult Circumstances But Failed to Meet the Target of One-Percent of Savings of Prior-Year Sales

The Efficiency Advocates commend DEC for proactively adjusting its approach to delivering DSM/EE services in light of the COVID-19 pandemic. Despite these adjustments, DEC again fell short of the agreed-upon energy savings target of one-percent of prior-year retail sales for the second year in a row.¹ The Company's efficiency savings at the meter declined by nearly 25% in 2020.

B. Non-Residential Opt Outs Have Led to a Significant Decline in Non-Residential Savings

The Company's non-residential programs achieved significantly less savings than projected. DEC's non-residential efficiency program savings declined 37% from the

¹ The Merger Settlement with SACE, South Carolina Coastal Conservation League, and Environmental Defense Fund calls for annual energy savings of 1% of prior-year retail sales beginning in 2015 and cumulative savings of at least 7% over the period from 2014 through 2018. The Merger Settlement was approved by the Public Service Commission of South Carolina ("PSCSC") in Docket No. 2011-158-E. The 1% savings target has also been memorialized in the mechanism governing North Carolina programs, which provides an opportunity for the Company to earn a bonus incentive for achieving savings of 1% or more of prior year retail sales. *Order Approving DSM/EE Programs and Stipulation of Settlement*, Docket No. E-7, Sub 1032 (Oct. 29, 2013). The Company has the potential to earn an additional incentive of \$500,000 per year that it meets or exceeds the 1% target for years 2022 to 2025. *Order Approving Revisions to DSM/EE Cost Recover Mechanisms*, Docket No. E-7, Sub 1032 (Oct. 20, 2020).

previous year and made up just 28% of total energy efficiency savings. In 2020, approximately 61.6% of DEC's commercial and industrial energy consumption opted out of the utility's energy efficiency offerings (29,277 GWh out of 47,543 GWh of DEC's non-residential retail sales).

C. Overreliance on short-lived Measures in Residential Behavioral Programs

Residential program savings accounted for 72% of total savings in 2020. Within these residential programs, the largest savings came from My Home Energy Reports ("MyHER") behavioral program, which made up over half of DEC's total savings. We have consistently expressed concern about the Company's overreliance on these behavioral measures. Though not directly controlling in this Rider Docket, Efficiency Advocates would note that the South Carolina Public Service Commission also recently found that Duke Energy's planned overreliance on behavioral programs to achieve future efficiency savings was a reason to require modifications to the Companies' Integrated Resource Plans.² The South Carolina Commission ordered the Companies to "work with members of the Collaborative to ensure that residential saving projections are not overly dependent on behavioral programs with short savings persistence."³ Behavioral programs like MyHER provide no significant long-term or deep savings. Changing federal lighting standards are making it increasingly difficult for the Company to continue to rely on lighting measures to achieve cost-effective savings.

² *Order Requiring Modifications to Integrated Resource Plans of DEC and DEP*, South Carolina Public Service Commission Docket Nos. 2019-224-E & 225-E at p. 15 (June 28, 2021).

³ *Id.* at p. 34.

III. The Collaborative

Over the past two years, stakeholders at the Collaborative have submitted several program proposals for Duke's consideration. But there has been little visible action towards implementing these recommendations and Duke has yet to submit a program application to the Commission for approval based on any of the recommendations provided by members of the Collaborative. Collaborative participants appear to be growing increasingly frustrated at the slow progress and ambiguity surrounding Duke's decision-making process.

The lack of action on most of the recommendations above leaves stakeholders wondering what to expect between the time of program recommendation submission and the Company either implementing program modifications or submitting a program application for approval at the Commission (or rejecting the recommendation, if that is their decision). The South Carolina Public Service Commission ordered Duke Energy to work with the Collaborative "to identify a set of reasonable assumptions surrounding 1) increased market acceptance of existing technologies and 2) emerging technologies to incorporate into EE/DSM saving forecasts."⁴ The South Carolina Commission's Order is consistent with efforts by efficiency advocates in the Collaborative to identify portfolio-level opportunities to increase savings and the request made in this docket for the North Carolina Commission to work with the Collaborative "to produce a plan for how to best to exceed 1% annual savings in each of the next six years."

⁴ *Id.* at p. 34.

IV. DEC’s Low-Income Efficiency Programs were Disproportionately Impacted by the COVID-19 Pandemic

North Carolinians continue to experience high levels of poverty and correspondingly high customer energy burdens.⁵ These problems were exacerbated by the COVID-19 pandemic. However, programs aimed at reaching low-income customers were disproportionately impacted by the COVID-19 pandemic.

For customers that struggled financially during the pandemic, energy efficiency improvements now could provide extra money to help them afford current and past due electric bills that are now in repayment.

Mr. Bradley-Wright recommended that DEC’s increase low-income efficiency program’s savings and budgets, goals pursued by Efficiency Advocates for several years in the Company’s annual DSM/EE rider dockets. The need to better reach low-income customers with more comprehensive program offerings that will both save energy and save money on monthly power bills was drawn into sharp focus by the economic distress caused by the pandemic.

V. DSM/EE Programs Relevance to Other Commission Dockets and Public Policy

Mr. Bradley-Wright’s testimony covered a number of key policy and regulatory matters relating to the Company’s DSM/EE efforts. Specifically, he discussed settlements in the recent rate case, integrated resource planning, and the Governor’s Clean Energy

⁵ Before the COVID-19 pandemic, 14% of North Carolinians experience poverty, which means \$25,100 per year or less for a family of four. US Census Bureau, American Community Survey, 2018 estimates; *see also* South East Energy Efficiency Alliance and the North Carolina Justice Center, “The Power of Energy Efficiency: Expanding Access to Energy Efficiency Improvements for Low and Moderate Income North Carolina Households,” <http://www.ncjustice.org/sites/default/files/ENERGY%20EFFICIENCY%20report-REVISED-web.pdf>.

Plan. It is important to recognize that the Company's efficiency and DSM programs do not exist in isolation. Efficiency Advocates raise these dockets and related policy issues to increase the chances that efficiency goals are supported by and not undermined by rate design, resource planning decisions, or other policy decisions. And, conversely, energy efficiency programs approved through these Riders (and supported by the work of the Collaborative) should also intentionally reinforce and help advance efforts in North Carolina to expand use of clean and affordable energy through resource planning, rate design and other policy decisions. As noted above, the South Carolina Commission's order in Duke Energy's recent IRP dockets affirms the connection between the Company's DSM/EE efforts and long-term resource planning.

VI. Conclusion and Summary Recommendations

In conclusion, the Efficiency Advocates recommend that the Company do the following:

1. Work in good faith with members of the Collaborative to produce a plan for how best to exceed 1% annual savings in each of the next six years, to be periodically updated and presented to the Commission as an appendix to future DEC DSM/EE Rider applications.
2. Quantify and analyze the carbon savings associated with DEC's DSM/EE portfolio both to help inform the work of the Collaborative, and to enable the Commission and other interested parties to track the impact of DSM/EE resources towards achieving North Carolina's and Duke Energy's respective carbon reduction goals.
3. Quantify and analyze the energy savings associated with the Durham Pilot program and work with the Collaborative to take the lessons learned to

evaluate opportunities to modify or design new programs to assist low-income customers achieve deep energy savings.

4. Expeditiously finalize the evaluation and development of program recommendations proposed by Collaborative members for direct implementation or submission of program applications to the Commission for approval.
5. Work towards a target that 100% of projects applying for Low-Income Housing Tax Credits (LIHTC) in its service territory are reviewed to identify relevant DSM/EE program offerings, then report on an annual basis the number of LIHTC applications reviewed, the conversion rate for participation by these projects, and through which programs.
6. Continue to focus on capturing additional measures that are capable of achieving deeper and longer-lived savings to maintain a more balanced and robust program portfolio going forward.
7. Increase its low-income efficiency program budget and work with the Collaborative on setting new budget and savings targets for its income-qualified programs to be reported to the Commission in its next DSM/EE Recovery Rider filing.

And Request that the Commission order the following:

1. Direct DEC to develop and submit to the Commission a supplemental filing in this docket indicating how the Company would achieve the 30.4

GWh⁶ savings required to close the gap between DEC's projected 0.96% annual savings in 2022 up to the 1% annual savings target.

2. Direct DEC to work in good faith with members of the Collaborative to produce a plan for how to best to exceed 1% annual savings in each of the next six years, to be periodically updated and presented to the Commission as an appendix to future DEC DSM/EE Rider applications.
3. Direct DEC to quantify and analyze the carbon savings associated with DEC's DSM/EE portfolio both to help inform the work of the Collaborative, and to enable the Commission and other interested parties to track the impact of DSM/EE resources towards achieving North Carolina's and Duke Energy's respective carbon reduction goals.
4. Authorize DEC to proceed with its proposed study to evaluate market penetration of its non-income qualified programs among low- and moderate-income customers.
5. Direct DEC to add forecasted versus actually achieved kWh savings to the table comparing the past performance of its DSM/EE portfolios' costs and savings, as ordered in 2019: "That DEC shall include in its future DSM/EE applications a table that shows DEC's test period DSM/EE costs and savings, and that same information for the previous five years."

⁶ At the meter

Respectfully submitted this the 9th day of July, 2021.

/s/ David L. Neal

N.C. Bar No. 27992

Southern Environmental Law Center
601 West Rosemary Street, Suite 220
Chapel Hill, NC 27516

Telephone: (919) 967-1450

Fax: (919) 929-9421

dneal@selcnc.org

*Attorney for North Carolina Justice Center, North
Carolina Housing Coalition, and
Southern Alliance for Clean Energy*

CERTIFICATE OF SERVICE

I certify that the persons on the service list have been served with the foregoing Post-Hearing Brief of North Carolina Justice Center, North Carolina Housing Coalition, and Southern Alliance for Clean Energy either by electronic mail or by deposit in the U.S. Mail, postage prepaid.

This the 9th day of July, 2021.

s/ David Neal