

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH
DOCKET NO. E-100, SUB 180**

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-100, Sub 180)	
)	
In the Matter of:)	COMMENTS OF
Investigation of Proposed Net)	THE ATTORNEY GENERAL'S
Metering Policy Changes)	OFFICE
)	

The North Carolina Attorney General's Office (AGO) respectfully submits these initial comments regarding Duke Energy Progress, LLC (DEP) and Duke Energy Carolinas, LLC's (DEC) (together, Duke) joint application for approval of revised net energy metering tariffs. Net energy metering refers to the billing structure that allows customers that own their own electric generation to be compensated for that generation.¹ Revised net energy metering tariffs are an important means of ensuring the state reaches its carbon reduction goals and that customers who choose to install solar on their homes are fairly compensated. As explained below, the AGO believes that it would be prudent for the Commission to delay reaching a decision on these revised rates until a sufficient investigation has been done regarding the costs and benefits of customer-sited generation—an investigation that may not be possible until later in the Carbon Plan process.

¹ While titled Residential Solar Choice, the proposed tariffs allow generation from any "renewable energy resource," including "solar electric; wind-powered; biomass-fueled, including agricultural waste, animal waste, wood waste, spent pulping liquors, combustible residues, combustible liquids, combustible gases, energy crops or landfill methane; waste heat derived from a renewable energy resource and used to produce electricity at the customer's site; or hydro-powered generating system."

On November 29, 2021, Duke filed its joint petition for approval of revised net metering rates in the above-captioned docket. These revised net metering rates have several key changes compared to existing net metering rates. First, customers must be enrolled in the Time of Use – Critical Peak Pricing tariff. Second, customers are subject to a monthly minimum bill, a grid access fee for installations larger than 15 kW-dc, and a non-bypassable charge to recover all costs related to demand-side management and energy efficiency programs, storm cost recovery, and cyber security. Finally, exports to the grid are netted on a monthly basis with net exports credited at an annualized rate for avoided energy costs.

On November 29, 2021, the following parties agreed to Duke’s joint petition’s terms in a Memorandum of Understanding (MOU): Duke, North Carolina Sustainable Energy Association; Southern Environmental Law Center on behalf of Vote Solar and Southern Alliance for Clean Energy; Sunrun, Inc.; and Solar Energy Industries Association (together, the Parties).² Under the MOU, the Parties agreed to advocate for these revised net energy metering tariffs, as well as a new residential solar rebate program that was filed for approval in separate dockets.³ The MOU makes clear that partial approval of its terms is unacceptable. The

² Duke Energy Carolinas, LLC’s and Duke Energy Progress, LLC’s Joint Petition for Approval of Revised Net Energy Metering Tariffs, Docket No. E-100, Sub 180 (Nov. 29, 2021), Memorandum of Understanding.

³ Duke Energy Progress, LLC’s Application for Approval of Smart \$aver Solar Energy Efficiency Program, Docket No. E-2, Sub 1287 (Dec. 16, 2021); Duke Energy Carolinas, LLC’s Application for Approval of Smart \$aver Solar Energy Efficiency Program, Docket No. E-7, Sub 1261 (Dec. 16, 2021).

Parties entered into a similar MOU regarding Duke's South Carolina territories on September 16, 2020.⁴

On July 27, 2017, Governor Cooper signed House Bill 589, which required Duke to file new net metering rates “under all tariff designs” after “an investigation of the costs and benefits of customer-sited generation.” Duke asserts that its Comprehensive Rate Design Study fulfills this requirement.⁵ The Comprehensive Rate Design Study was the result of the Commission's orders in Duke's last general rate cases.⁶

While the Comprehensive Rate Design Study investigated the costs of customer-sited generation, it did not analyze potential benefits of customer-sited generation. These potential benefits are many—from reducing carbon emissions by offsetting fossil fuel generation to improving grid resilience—and they should be studied and quantified.⁷ It may not be possible to fully quantify those benefits until there is more clarity on the role customer-sited generation will play in meeting the

⁴ Memorandum of Understanding, South Carolina Public Service Commission Docket No. 2020-264-E (Dec. 4, 2020), available at: <https://dms.psc.sc.gov/Attachments/Matter/6c563956-e357-478a-94ce-6c634e0dd78b>.

⁵ See Duke Energy Carolinas, LLC's and Duke Energy Progress, LLC's Joint Petition for Approval of Revised Net Energy Metering Tariffs, Docket No. E-100, Sub 180 at 7 (Nov. 29, 2021).

⁶ See Order Accepting Stipulations, Granting Partial Rate Increase, and Requiring Customer Notice, Docket No. E-2, Sub 1219 (Apr. 16, 2021); Order Accepting Stipulations, Granting Partial Rate Increase, and Requiring Customer Notice, Docket No. E-7, Sub 1214 (Mar. 31, 2021).

⁷ See Order Amending Net Metering Policy, Docket No. E-100, Sub 83, 4-6 (March 31, 2009) (discussing potential benefits of customer-sited renewables, including “environmental benefits, creat[ing] jobs, reduce[d] energy losses on the distribution and transmission systems, and provid[ing] sources of emergency power” as well as “energy independence; local job creation; reduced emissions; line loss reductions; improved voltage; diminished land use effects; lower right-of-way acquisition costs; reduced capacity, transmission and distribution costs; reduced congestion; and reduced vulnerability of the system to terrorism.”).

carbon reduction goals of House Bill 951. The Commission has previously acknowledged the importance of these benefits.⁸

The General Assembly recently reiterated the need for revised metering rates as well as the importance of these policy goals. On October 13, 2021, Governor Cooper signed House Bill 951 requiring the Commission to “revise net metering rates.” House Bill 951 also directed the Commission to take all reasonable steps to achieve reductions in the emissions of carbon dioxide from electric generating facilities owned or operated by certain electric public utilities. The Commission has directed Duke to file proposed plans by May 16, 2022 to meet that goal.⁹ Residential solar will undoubtedly play a significant role in achieving the goals of House Bill 951 and should be a key part of Duke’s proposed plans. It would be premature to issue an order in this docket until the relationship between net metering and the state’s policy goals is clarified.

With this background in mind, the AGO believes it would be prudent for the Commission to postpone issuing an order in this docket until a later date. The Parties to the MOU thoughtfully negotiated a creative approach that balances a variety of interests. The Commission should maintain that balance by only approving or rejecting this application if the same result is reached regarding the solar rebate program applications. The Commission should also ensure that the proposed rates fully reflect the value that residential rooftop solar provides to the

⁸ *Id.* at 11 (“[R]enewable customer-owned generation almost certainly provides some additional benefits . . . the utilities should have acknowledged those benefits in their analyses.”).

⁹ Order Requiring Filing of Carbon Plan and Establishing Procedural Deadlines, Docket No. E-100, Sub 179 (Nov. 19, 2021); Order Granting Extension of Time, Docket No. E-100, Sub 179 (Nov. 29, 2021).

electric system, Duke, and to the state. In order to do so, additional investigation is likely necessary. Such an investigation may not be possible until further along in the Carbon Plan process—when there is more clarity on what role residential rooftop solar will play in meeting our state’s carbon reduction goals. These carbon reduction goals are critically important and may be undermined by addressing this application prematurely and in isolation, rather than through the holistic view of the Carbon Plan process or in combination with the new residential solar rebate program.

Respectfully submitted this the 29th of March, 2022.

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CERTIFICATE OF SERVICE

The undersigned certifies that he has served a copy of the foregoing COMMENTS OF THE ATTORNEY GENERAL'S OFFICE upon the parties of record in this proceeding by email, this the 29th day of March, 2022.

/s/ Tirrill Moore
Assistant Attorney General