



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

January 19, 2021

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

Re: Docket No. E-2, Sub 1257 - Application for CPCN for 5MW Solar Facility Located at 2720 Riverside Drive, Woodfin, NC 28804, Buncombe County

Dear Ms. Campbell:

Attached for filing is the Public Staff's Proposed Order in the above-referenced docket.

By copy of this letter, I am forwarding a copy of the redacted version to all parties of record by electronic delivery. The confidential version will be provided to those parties that have entered into a confidentiality agreement.

Sincerely,

Electronically submitted
s/ John D. Little
Staff Attorney
john.little@psncuc.nc.gov

JDL/cla

Attachment

Executive Director
(919) 733-2435

Accounting
(919) 733-4279

Consumer Services
(919) 733-9277

Economic Research
(919) 733-2267

Energy
(919) 733-2267

Legal
(919) 733-6110

Transportation
(919) 733-7766

Water/Telephone
(919) 733-5610

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 1257

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application for CPCN for 5 MW Solar) **PUBLIC STAFF'S PROPOSED**
Facility Located at 2720 Riverside Drive,) **ORDER**
Woodfin, Buncombe County, North)
Carolina 28804)

HEARD: November 18, 2020 at 10:00 a.m. via WEBEX

BEFORE: Chair Charlotte A. Mitchell, Presiding; and Commissioners
ToNola D. Brown-Bland; Lyons Gray, Daniel G. Clodfelter;
Kimberly W. Duffley; Jeffrey A. Hughes, and Floyd B.
McKissick, Jr.

APPEARANCES:

For Duke Energy Progress, LLC:

Jack Jirak
Associate General Counsel
Duke Energy Corporation
NCRH 20/P.O. Box 1551
Raleigh, North Carolina 27602-1551

For the Using and Consuming Public:

John D. Little
Staff Attorney
Public Staff – North Carolina Utilities Commission
4326 Mail Service Center
Raleigh, North Carolina 27699-4300

BY THE COMMISSION: On July 27, 2020, Duke Energy Progress (DEP or the Company) filed an application with the Commission pursuant to N.C. Gen. Stat. § 62-110.1 and Commission Rule R8-61 for a Certificate of Public Convenience and Necessity (CPCN) to construct a 5 megawatt (MW) solar facility located at

2720 Riverside Drive, Woodfin, Buncombe County, North Carolina, along with the testimony and exhibits of Lawrence Watson, Todd Beaver, and Jason Walls. The facility, to be known as the Woodfin Solar Generating Facility (Woodfin Solar Facility), would be built at a closed landfill owned by Buncombe County.

An Order was entered on August 6, 2020 scheduling a public comment hearing to be held on Thursday, October 8, 2020 at 7:00 p.m., at the Buncombe County Courthouse. This Order also scheduled an expert witness hearing to be held on Thursday, November 5, 2020 at 10:00 a.m. in the Commission Hearing Room in Raleigh. On August 14, 2020, an Order rescheduling the public comment hearing was entered. This Order explained that due to the spread of the coronavirus and the restrictions on mass gatherings put in place by Governor Roy Cooper, the public comment hearing would be held remotely via WebEx. Members of the public desiring to testify at the public comment hearing needed to contact the Public Staff by 5:00 p.m. on or before October 5, 2020 by email at WoodfinSolarPublicHearing@psncuc.nc.gov or by contacting the Public Staff's Consumer Services Division.

On September 21, 2020, an Order Scheduling Remote Expert Witness Hearing, Requiring Filing of Cross-Exam and Redirect Exhibits, and Addressing Other Matters was entered directing that the expert witness hearing scheduled for Thursday, November 5, 2020 was to be held remotely via WebEx. This Order also directed the parties to: file a statement consenting to holding the expert witness hearing by remote means or objecting to holding the hearing by remote means on or before Tuesday, October 20, 2020; file a list of potential cross-examination

exhibits on or before Wednesday, October 21, 2020; and file within ten days after the hearing their cross-examination and redirect exhibits used in the hearing marked as indicated during the hearing.

An Amended Order Correcting Date for Expert Witness Hearing and Dates for Related Filings was entered on September 28, 2020. This Order rescheduled the expert witness hearing to Wednesday, November 18, 2020 via WebEx.

Commission Staff sent a letter on September 28, 2020 to the State Clearinghouse giving notice of the Company's July 27, 2020 application.

On October 6, 2020, the Public Staff filed a Motion to Cancel Public Comment Hearing because no members of the public had contacted the Public Staff to register to speak at the public comment hearing by the October 5, 2020 5:00 p.m. deadline. The Commission entered an Order on October 7, 2020 cancelling the public comment hearing.

On October 7, 2020, the Company submitted its Proof of Publication.

The Public Staff filed the testimony of Public Staff witness Jeff Thomas on October 20, 2020. On October 21, 2020, the Public Staff filed the Exhibit of Public Staff witness Jeff Thomas. The Exhibit was inadvertently not filed with witness Thomas' testimony.

The Public Staff filed its consent to a remote evidentiary hearing on October 27, 2020.

The Company filed a Motion for Extension of Time to File Rebuttal Testimony on October 28, 2020, requesting a one week extension to investigate the proposals included in Public Staff witness Thomas's testimony and to consult with Buncombe County officials. The motion was granted by the Commission on October 29, 2020.

The Company filed its consent to a remote evidentiary hearing on October 29, 2020.

The State Clearinghouse filed comments on October 30, 2020 indicating that no further action on the part of the Commission was needed.

The Public Staff and the Company filed their list of potential cross-examination exhibits on November 4, 2020.

DEP filed the Rebuttal Testimony of Lawrence Watson, Todd Beaver, and Jason Walls on November 6, 2020.

The Buncombe County Board of Commissioners filed additional comments in support of the Woodfin Solar Facility on November 6, 2020.

On November 17, 2020, the Southern Environmental Law Center, on behalf of MountainTrue and the Sierra Club, filed a letter asking the Commission to schedule another public comment hearing. This letter stated that at the time the public comment hearing scheduled for October 8, 2020 was cancelled, the Public Staff had not filed its testimony.

On December 15, 2020, the Commission denied the request for an additional public hearing on the grounds that it had received a large number of consumer statements of position and that the record remained open for interested persons to submit written statements of position.

SUMMARY OF TESTIMONY

Lawrence Watson, Director of Distributed Asset Commercial Development for Duke Energy Business Services, LLC (an affiliate of DEP) testified that the Woodfin Solar Facility is a continuation of the Western Carolinas Modernization Project (WCMP).¹ In this phase of the WCMP, DEP has partnered with Buncombe County to build the Woodfin Solar Facility on a closed landfill. Witness Watson testified that the Woodfin Solar Facility enjoys immense public support.

Public Staff witness Jeff Thomas testified that reliance by DEP on the orders approving other projects for the WCMP to justify the need for the Woodfin Solar Facility is inadequate. Witness Thomas contended that notwithstanding the previous orders approving projects for the WCMP, construction of solar generating facilities must still be cost effective. According to witness Thomas, the Woodfin Solar Facility is not cost effective. Witness Thomas testified that in addition to not

¹ The WCMP originated from an application by DEP in Docket No. E-2, Sub 1089, Petition for CPCN to Construct a Combined Cycle Natural Gas Fueled Electric Generation Facility in Buncombe Co. (Western Carolinas Modernization Project), *DEP Application for CPCN and Motion for Partial Waiver*, (January 16, 2016), to replace the existing coal-fired generation at the Asheville site with a combination of natural gas-fired combined cycle and combustion turbine generation. In its application, DEP also stated its intent to pursue, within the next 7 years in the DEP-Western Region, additional energy efficiency and demand side management programs, solar generation, and utility scale storage. The application was granted on March 28, 2016. See, *Order Granting Application in Part, with Conditions, and Denying Application in Part*, March 28, 2016 (WCMP Order).

being cost effective, the Woodfin Solar Facility offers none of the innovative technologies or learning opportunities of previous WCMP projects approved by the Commission. Witness Thomas also testified that because Buncombe County is receiving the RECs at a significant discount, DEP ratepayers outside of Buncombe County would make up the between the true cost of the RECs and the incremental cost of the facility. Witness Thomas recommended that the application be denied unless DEP took steps to reduce the incremental cost of the facility above the avoided cost rate, and specifically proposed resubmitting the facility as a community solar facility pursuant to N.C.G.S. § 62-126.8.

In rebuttal testimony, DEP witnesses Lawrence Watson and Todd Beaver took issue with the Public Staff's contention that the Woodfin Solar Facility is not cost effective. They acknowledged that the cost of the Woodfin Solar Facility is above the avoided cost rate, but contended that this project is competitively priced for the region and cost-effective given the parameters and context of the WCMP Order. They also stated that the Woodfin Solar Facility has other benefits that satisfy the public convenience and necessity standard. Mr. Watson and Mr. Beaver point to the previous WCMP orders, the broad public support for the Woodfin Solar Facility, and the collaboration with Buncombe County as justification that the Woodfin Solar Facility satisfies the public convenience and necessity standard.

FINDINGS OF FACT

Jurisdiction

1. DEP is duly organized as a public utility operating under the laws of the State of North Carolina and is subject to the jurisdiction of this Commission. The Company is engaged in the business of generating, transmitting, distributing, and selling electric power to the public in a broad area in eastern North Carolina and an area in western North Carolina in and around the city of Asheville. DEP is a wholly owned subsidiary of Duke Energy, and its office and principal place of business are located in Raleigh, North Carolina.
2. The Commission has jurisdiction over the practices of public utilities operating in North Carolina, including DEP, under Chapter 62 of the General Statutes of North Carolina.
3. DEP is lawfully before the Commission based upon its Application for a CPCN pursuant to N.C.G.S. § 62-110.1 and Commission Rule R8-61 to construct the Woodfin Solar Facility.

The Application

4. DEP, by its Application seeks to construct a 5 MW AC/6.3 MW DC fixed-tilt solar facility located at 2720 Riverside Drive, Woodfin, Buncombe County, North Carolina that would be built at a closed landfill owned by Buncombe County. The proposed facility would

occupy approximately 30 acres and produce approximately 9,413 MWh of electricity in its first year of operation.

Certificate of Public Convenience and Necessity Standard

5. The WCMP targets of 15 MW of solar and 5 MW of energy storage in the Asheville region were originally proposed by DEP in its application to construct combined cycle generating units at the Asheville coal generation facility site. WCMP Order at 4. (WCMP Order). This proposal specifically contemplated community solar as a means of meeting the solar target. *Id.* at 25.
6. According to DEP, the need for the Woodfin Solar Facility is driven by the WCMP.
7. DEP's sole reliance on the WCMP is an inadequate justification for the facility.
8. The Woodfin Solar Facility, as proposed by DEP, is not cost effective relative to DEP's avoided costs.
9. Proposed generation facilities submitted for approval under the WCMP must still be cost effective.
10. DEP has failed to demonstrate that the Woodfin Solar Facility is consistent with the public convenience and necessity.
11. The renewable energy goals of Buncombe County should be accomplished in a manner that does not impose costs on ratepayers outside of the locality.

12. DEP has not sufficiently investigated the feasibility of proposing the Woodfin Solar Facility as a community solar facility, pursuant to N.C.G.S. § 62-126.8.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 1-4

The evidence supporting these findings and conclusions is contained in the verified Application, the testimony and exhibits of the witnesses, the entire record in this proceeding and is informational, procedural, and jurisdictional in nature and is uncontested by any party.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 5

The evidence supporting this finding and conclusion is contained in the Application, the testimony and exhibits of DEP witness Watson and Public Staff witness Thomas and the entire record in this proceeding.

As part of the WCMP, DEP committed to pursuing a CPCN for a minimum of 15 MW of new solar generation at the site of the decommissioned Asheville coal generation facility (Asheville Site). WCMP Order at 24. If the Asheville Site configuration does not allow the construction of 15 MW or more of solar generation, DEP committed to supplementing the Asheville solar facility with a combination of rooftop, community, or other utility-scale solar facilities at other locations in the Asheville area. WCMP Order at 24. DEP witness Watson testified that the Woodfin Solar Facility is an integral part of the WCMP. Tr. 17. This finding and conclusion is informational, procedural, and jurisdictional in nature, and not contested by any party.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 6-7

The evidence supporting these findings and conclusions are contained in the Application, the testimony of DEP witness Watson, the testimony and exhibits of Public Staff witness Thomas, and the entire record in this proceeding.

DEP witness Watson testified that the Woodfin Solar Facility fulfills DEP's commitments and the Commission's requirements in the WCMP Order. Tr. 20. He stated that the Woodfin Solar Facility is an integral part of the WCMP. Tr. 16. In its Application, DEP stated that the Woodfin Solar Facility "supports the goals and objectives of the WCMP and complies with the WCMP CPCN Order." Application Ex. 1B at 2. DEP further stated that the Woodfin Solar Facility will permit the Company to provide "safe, cost-effective, and reliable service for DEP customers and allow the company to gain valuable experience operating a ballasted solar facility on a landfill site." *Id.* at 1.

Public Staff Witness Thomas testified that DEP's sole reliance on the WCMP Order to justify the Woodfin Solar Facility is inadequate. Tr. 47. He also testified that DEP provided no justification for the Woodfin Solar Facility outside of the WCMP Order. Tr. 94. Thomas Exhibit 1. In the WCMP Order, DEP was granted approval to construct two natural gas-fired electric generating plants at its Asheville Site. WCMP Order at 35. The Commission did not direct DEP to construct the proposed 15 MW of solar and 5 MW of energy storage. DEP was directed to file an application for a certificate of public convenience and necessity to construct the

15 MW of solar and 5 MW of energy storage as soon practicable. WCMP Order at 38, Tr. 48.

Public Staff witness Thomas testified that proposed generation facilities must still meet the public convenience and necessity standard. Tr. 49. Witness Thomas cites as support that proposed generation facilities the Commission's order in the Hot Springs microgrid CPCN case where the Commission stated: "[n]otwithstanding the Commission's March 28, 2016 Order Granting Application In Part, With Conditions, And Denying Application in Part in Docket No. E-2, Sub 1089, the Chairman reminds DEP that it must demonstrate that generation projects meet the public convenience and necessity requirement." Docket No. E-2, Sub 1185, Application of Duke Energy Progress, LLC for A Certificate of Public Convenience and Necessity to Construct a Microgrid Solar and Battery Storage Facility in Madison County, North Carolina, *Order Finding Application Incomplete*, October 31, 2018, 1 (Incomplete Order). He further testified that each generation facility proposed under the WCMP must be able to stand on its own merits. Tr. 49, Docket No. E-2, Sub 1185, *Order Granting Certificate of Public Convenience and Necessity with Conditions*, May 10, 2019, 16 (Hot Springs Order).

Public Staff witness Thomas also testified that absent the benefits of the Hot Springs microgrid project, and the fact the Woodfin Solar Facility provides no winter morning capacity, the DEP-West region does not need a solar-only facility. Tr. 95.

Before a certificate of public convenience and necessity is issued, the Commission must consider the present and future needs for power in the area, the extent, size, mix, and location of the utilities' plants, arrangements for pooling or purchasing power, and the construction costs. Taken together, these elements must demonstrate that construction of the proposed generating facility is necessary. *State ex. rel. Utilities Commission v. High Rock Lake Ass'n*, 37 N.C. App. 138 (1978). The fact that the Woodfin Solar Facility is a continuation of the WCMP does not demonstrate a need for the facility. The Commission did not direct DEP to build the Woodfin Solar Facility. The Commission's directive to DEP was to file a CPCN. WCMP Order. at 38, Tr. 48.

The Commission finds and concludes that reliance on the WCMP Order alone does not satisfy the public convenience and necessity standard and is insufficient justification for building the Woodfin Solar Facility. The Commission further concludes that the claimed additional benefits of the facility – experience with ballasted solar installations and partnership with Buncombe County – are not sufficient to meet the public convenience and necessity standard.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 8

The evidence supporting this finding and conclusion is contained in the Application and exhibits, the testimony of DEP witness Watson, the testimony and exhibits of Public Staff witness Thomas, and the entire record in this proceeding.

Public Staff witness Thomas testified that the Woodfin Solar Facility is more expensive relative to other solar facilities in North Carolina. Tr. 54. Witness

Thomas also testified that the Woodfin Solar Facility's energy cost relative to system avoided costs is high. Tr. 54. This fact is not contested by DEP. Tr. 155. Public Staff witness Thomas defined the Levelized Cost of Energy (LCOE) as measuring the costs of building and operating an electric generator to the total energy produced over the lifetime of the generator. Tr. 54. Witness Thomas testified that the estimated capacity factor of the Woodfin Solar Facility is 21.5%. He further testified that this is higher than the three year capacity-weighted average capacity factor of DEP's solar fleet of 19.3%, which implies that DEP underestimated the LCOE. Tr. 54. Using DEP's 21.5% estimated capacity factor, Public Staff witness Thomas testified that **[BEGIN CONFIDENTIAL]** [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] **[END CONFIDENTIAL]** Tr. 54. Witness Thomas testified that the levelized 25-year avoided cost rate for solar generators is approximately **[BEGIN CONFIDENTIAL]** [REDACTED]

[REDACTED]

[REDACTED] **[END CONFIDENTIAL]** Tr. 54. Public Staff witness Thomas testified that all DEP ratepayers will pay the premium for costs above the avoided cost rate. Tr. 55.

Public Staff witness Thomas also testified that the avoided cost of the Woodfin Solar Facility was not the only criteria the Public Staff used in making its recommendation. Tr. 95. Witness Thomas testified that the Public Staff

investigated the local load growth in the region, the power transfers into the region, and whether the energy and capacity is needed. Tr. 94.

DEP has not filed a CPCN to construct a solar facility at the Asheville Site. Public Staff witness Thomas testified that constructing a solar facility at the Asheville Site could cost less per kW than the Woodfin Solar Facility because the Company would not be required to lease or purchase land for the facility. Tr. 55. Company witness Watson testified that DEP is currently planning to build a solar generation facility with a capacity of 8 – 10 MW at the Asheville Site. Tr. 17. According to Public Staff witness Thomas, in designing the solar facility at the Asheville Site, DEP is considering only the open space at the Asheville Site and does not intend to build any component of the solar facility upon the coal ash landfill. Tr. 81.

While the Commission has previously approved CPCN applications under the WCMP, those cases can be distinguished from this proceeding. In the Hot Springs Order, the Commission accepted the Public Staff's recommendation that the application be approved notwithstanding the fact that the project was not the most cost-effective solution to service quality issues in the Hot Springs area. The Public Staff recommended, and the Commission agreed, to treat the Hot Springs microgrid as a pilot project. Hot Springs Order at 20. The Public Staff based its recommendation on the fact that the Hot Springs microgrid would provide a learning opportunity for DEP and provide system benefits beyond energy and capacity. Hot Springs Order at 20. The Public Staff further explained that the intent of the Hot Springs microgrid was to provide local reliability in the remote Hot

Springs area, defer distribution investments, provide system ancillary services, and meet winter peak demand with the attached energy storage system. Hot Springs Order at 17 – 19. According to Public Staff witness Thomas, the Woodfin Solar Facility offers none of the additional system benefits of the Hot Springs microgrid project. Tr. 56.

Compared to other solar facilities in North Carolina, the Woodfin Solar Facility is more expensive. The estimated capacity factor of the Woodfin Solar Facility is 21.5% while the three year capacity weighted average capacity factor of DEP's solar fleet of 19.3%. The LCOE for the Woodfin Solar Facility is higher than the rest of DEP's solar fleet. With the LCOE being higher, avoided costs for the Woodfin Solar Facility are also higher. Constructing a solar facility at the Asheville Site, on land already owned by DEP, could cost less per kW than constructing the Woodfin Solar Facility because DEP would not have to lease or purchase land for the facility. Additional benefits of previous WCMP projects approved the Commission which may not have been the most cost effective solution, are not present for the Woodfin Solar Facility.

The Commission thus finds and concludes that the Woodfin Solar Facility is not cost effective relative to DEP's avoided costs.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 9- 10

The evidence supporting these findings and conclusions are contained in the Application and exhibits, the testimony and exhibits of Public Staff witness Thomas, and the entire record in this proceeding.

The statutory authority for the Commission to consider CPCN application directs that the cost of the proposed electric generation facility must be taken into account. N.C. Gen. Stat. § 62-110.1(e). Part of the cost consideration is whether the proposed electric generation facility is cost-effective. The Commission has been clear that CPCN applications submitted under the WCMP must be cost effective; this cost-effectiveness evaluation may consider both qualitative and quantitative system benefits. Hot Springs Order at 13. In the WCMP Order, the Commission stated it expected DEP to file a CPCN to construct 15 MW of solar generation at the Asheville Site or in the Asheville region. WCMP Order at 16, 38. Tr. 48. Later, in the Hot Springs Microgrid case, the Commission stated it supported the “cost-effective development of solar and battery storage by DEP . . .” Hot Springs Order at 16, Tr. 47, 50.

The Commission thus finds and concludes that proposed generation facilities submitted under the WCMP must still be cost-effective.

Solar generation and battery storage projects proposed under the WCMP must meet the public convenience and necessity requirement. Incomplete Order at 1, October 31, 2018, Tr. 49. To issue a certificate of public convenience and necessity, the Commission must consider the present and future needs for power in the area, the extent, size, mix, and location of the utilities’ plants, arrangements for pooling or purchasing power, and the construction costs. Taken together, these elements must demonstrate that construction of the proposed generating facility is necessary. *State ex. rel. Utilities Commission v. High Rock Lake Ass’n*, 37 N.C. App. 138 (1978).

Public Staff witness Thomas testified that load growth in DEP-West is overall lower than expected in the entire DEP system. Tr. 52. Table 1 below from witness Thomas’s testimony shows a comparison of projected growth of DEP-West and DEP system. Tr. 52.

	DEP-West (PSDR 3)	DEP (2019 IRP)	DEP (2020 IRP)
Projected Winter Peak Load Growth	0.6%	0.9%	0.9%
Projected Energy Demand Growth	0.7%	1.0%	0.8%

He further testified that peak load in DEP-West occurs in the winter mornings when solar generation from the solar facility is expected to be low or non-existent. Tr. 52. In addition, witness Thomas testified that peak load in DEP-West is not growing at an exceptional rate. Tr. 52. Witness Thomas also testified that because the solar facility is not paired with energy storage, it will be unable to provide needed capacity during peak load hours. Tr. 52. According to Public Staff witness Thomas, DEP-West has historically relied on power imports to meet local demand. Witness Thomas testified that these imports have decreased since the Asheville combined cycle units began operation in early 2020. Tr. 52.

In addition to considering whether construction of the proposed generating facility is necessary, the Commission must also determine if the public convenience and necessity are best served by the proposed generation facility. The standard of public convenience and necessity is elastic not absolute, and the facts of each case must be considered. *State ex rel. Utilities. Comm’n v. Casey*,

245 N.C. 297, 302 (1957). Unlike other generation facilities the Commission has previously approved in the WCMP, the Woodfin Solar Facility lacks additional system benefits.

The Commission thus finds and concludes that DEP has not demonstrated that the Woodfin Solar Facility meets the public convenience and necessity requirement. Because the Woodfin Solar Facility would not meet peak load requirements in DEP-West, its primary value is energy production. The energy that would be produced from the Woodfin Solar Facility is not needed to meet DEP or DEP-West energy requirements, nor is it needed for DEP to meet renewable energy mandate requirements.

EVIDENCE AND CONCLUSIONS OF LAW FOR FINDING OF FACT NO. 11

The evidence supporting this finding and conclusion is contained in the Application, the testimony and exhibits of DEP witness Watson and Public Staff witness Thomas, and the entire record in this proceeding.

DEP witness Watson testified that the Woodfin Solar Facility will assist Buncombe County in meeting its renewable energy goals. Tr. 17. Renewable energy goals of a municipality or local branch of government are not determinative in deciding whether a proposed energy generation facility meets the public convenience and necessity. The overarching factor in considering whether a proposed generation facility meets the public convenience and necessity is whether the construction of the proposed generation facility is necessary. *State ex. Rel. Utilities Commission v. High Rock Lake Ass'n*, 37 N.C. App. 138 (1978). This

test includes consideration of the total costs of the facility, including interconnection and network upgrade costs, which will be borne by ratepayers. By considering the costs of the facility, the Commission ensures cost-effective electric service that is efficient and fair to all ratepayers. When considering a facility that is not required to meet a system generation need, but rather is targeted to the goals of a customer or group of customers, the Commission must ensure that cost recovery aligns with the benefits.

Public Staff witness Thomas testified that **[BEGIN CONFIDENTIAL]** [REDACTED]

[REDACTED]. **[END CONFIDENTIAL]** According to witness Thomas, Buncombe County would receive the RECs at a significant discount forcing DEP ratepayers outside of Buncombe County to make up the difference between the true cost of the RECs and the incremental cost of the facility. Tr. 57. DEP ratepayers outside of Buncombe County would not receive sufficient benefits from the Woodfin Solar Facility to justify the increased rates they would pay. While the Commission does not oppose local renewable energy goals, the costs

associated with these goals should not be borne by ratepayers outside of the locality.

The Commission thus finds and concludes that renewable energy goals of Buncombe County should be accomplished in a manner that does not impose costs on ratepayers outside of the locality. The Commission encourages DEP to develop programs to allow municipalities and other local government entities to pursue their stated renewable energy goals in a manner that allows them to bear the full costs associated therewith.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 12

The evidence supporting this finding and conclusion is contained in the Application and exhibits, the testimony and exhibits of Public Staff witness Thomas, and the entire record in this proceeding.

DEP's NC Shared Solar program was approved in 2019. Docket No. E-2, Sub 1169, Petition for Approval of Community Solar Program, *Order Approving Revised Community Solar Program Plan and Riders*, March 4, 2019. To date, DEP has not offered any subscriptions to its NC Shared Solar program. When originally proposing the 15 MW of solar and 5 MW of battery storage in the Asheville region as part of the WCMP, DEP specifically proposed that if the Asheville Site's solar facility did not meet the 15 MW target, the remainder could be met with community solar projects. Tr. 90. There is substantial community support for the Woodfin Solar Facility, as indicated by the hundreds of Statements of Position and Letters of Support filed in this docket. In its rebuttal testimony, DEP ruled out the community

solar option due to the requirement that the lease with Buncombe County would need to be amended. Tr. 161. However, DEP noted that it will be required to amend the lease in order to reduce the lease payments, as proposed in its rebuttal testimony. Tr. 146. Public Staff witness Thomas also proposed a reasonable method by which the conflicts between the current lease and the NC Shared Solar program requirements might be resolved. Citizens in Buncombe County could participate in a community solar program and keep their RECs, or sell their RECs to the Buncombe County government to offset their subscription fees. Tr. 112.

The Commission therefore finds and concludes that DEP has not sufficiently investigated the feasibility of proposing the Woodfin Solar Facility as a community solar facility, pursuant to N.C.G.S. § 62-126.8.

IT IS, THEREFORE, ORDERED as follows:

1. That the application for a certificate of public convenience and necessity to construct a 5 MW Solar Facility in Woodfin, Buncombe County, North Carolina is denied without prejudice to refile at a later date if DEP is able to substantially reduce the cost premium above avoided cost borne by DEP ratepayers.
2. That DEP shall investigate the feasibility of building the Woodfin Solar Facility as a community solar facility pursuant to N.C.G.S. § 62-126.8 and consistent with its NC Shared Solar Program to defray the incremental costs, and file a report on its efforts and a proposed

subscription model with the Commission within one year of the issuance of this order.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2021

NORTH CAROLINA UTILITIES COMMISSION

Kimberley A. Campbell, Chief Clerk