

1 STAFF CONFERENCE

May 10, 2021

2 COMMISSIONER DUFFLEY: Good morning. Let's
3 come to order and go on the record. I'm Kim Duffley,
4 one of the Commissioners of the Utilities Commission.
5 With me this morning are the following Commissioners.
6 If you will, indicate your presence when I call your
7 name. Commissioner Gray.

8 COMMISSIONER GRAY: Aye.

9 COMMISSIONER DUFFLEY: Commissioner Hughes.
10 (Pause).

11 John, I'm still not seeing Commissioner
12 Hughes.

13 MR. McCOY: He's there. I don't know why he
14 can't -- I guess I can unmute him.

15 COMMISSIONER HUGHES: Yeah. Thanks, John.
16 I couldn't unmute myself. I'm here.

17 MR. McCOY: No problem.

18 COMMISSIONER HUGHES: I can't get video --

19 COMMISSIONER DUFFLEY: Okay. No video for
20 Commissioner Hughes. Thank you.

21 Commissioner McKissick.

22 COMMISSIONER McKISSICK: Present.

23 COMMISSIONER DUFFLEY: In compliance with
24 the State Government Ethics Act, I remind members of

NORTH CAROLINA UTILITIES COMMISSION

1 the Commission of their duty to avoid conflicts of
2 interest and inquire as to whether any member of the
3 Commission has a known conflict of interest with
4 respect to any matters coming before the Commission
5 this morning?

6 (No response)

7 Seeing none, let the record reflect that no
8 conflicts have been identified.

9 We'll proceed with Public Staff, Electric
10 Item P1. Mr. Thomas, you may proceed.

11 MR. THOMAS: Good morning, Commissioner.
12 I'm Jeff Thomas, an Engineer with the Public Staff,
13 Energy Division. Before I begin I have one quick
14 editing note. The numbering on page 2 to 5 of the
15 proposed order should read 1 to 8 instead of 9 to 16.

16 Item Number P1 is a request by Duke Energy
17 Carolinas and Duke Energy Progress, collectively Duke,
18 for a Waiver of Section 5.4 of the North Carolina
19 Renewable Energy Tracking System for NC-RETS Operating
20 Procedure and for a prior period adjustment.

21 The Commission allows Duke to approximate
22 the number of RECs generated by net metering customers
23 on a non-time of use demand tariff using a scalable
24 conversion factor. Duke is entitled to the RECs from

1 these customers, but it is not entitled to the RECs
2 from net metering customers on a time of use demand
3 tariff or TOUD customers.

4 Duke has identified an error in the number
5 of RECs obtained from its net metering customers on a
6 non-time of use demand tariff. Duke had been
7 inadvertently claiming RECs from some TOUD customers
8 since 2016. Duke has researched its historical
9 reports to determine the correct number of RECs that
10 belong to these TOUD customers.

11 The Public Staff consulted with Duke and the
12 NC-RETS Administrator to determine the most efficient
13 way to correct Duke's sub-accounts and accurately
14 record the correct number of RECs.

15 The Public Staff recommends the Commission
16 issue the proposed order granting a Waiver of Section
17 5.4 of NC-RETS Operating Procedures and requiring Duke
18 to work with the NC-RETS Administrator to make the
19 correction.

20 Representatives of the Company may be
21 present to respond to any questions from the
22 Commission.

23 COMMISSIONER GRAY: Move approval of the
24 recommendation.

1 COMMISSIONER McKISSICK: I'll second that,
2 Madam Chair, but I do have several questions.

3 COMMISSIONER DUFFLEY: Commissioner
4 McKissick.

5 COMMISSIONER McKISSICK: And I'm not sure if
6 this should be directed to someone from Duke or -- so
7 I can get a little clearer understanding of what
8 happened.

9 I gathered there was a PV watts solar
10 calculator that was supposed to be used to calculate
11 the estimated generation from the net metering
12 customers. And I'm trying to understand -- you know,
13 and this was dealing with the non-time of use
14 customers, whether there was a problem with that solar
15 calculator, was it basically just human error, or what
16 exactly occurred that allowed for this inaccurate
17 computation to occur.

18 MR. THOMAS: Yes. So, Commissioner, there
19 may be representatives from the Company, but I'll take
20 a real quick stab. The PV watts calculator appears to
21 be correct. It was simply the accounts that Duke was
22 pulling generation data from. And there -- like I
23 said, there may be Company representatives as well.

24 MR. KAYLOR: Yes --

1 MS. JENNINGS: Hey Jeff, Megan Jennings is
2 on. I'm the Renewable Compliance Manager at Duke.
3 And he is -- the solar calculator is working
4 correctly. What we have done is we took every net
5 metering customer we have tracked monthly and, when we
6 have been looking at those reports that we generated
7 for NC-RETS on a monthly basis, we determined that
8 some of the customers in those monthly reports are, in
9 fact, on a TOU demand rate schedule. So what we have
10 done is gone back to the historical reports that
11 identify TOU demand customers and the RECs that were
12 counted for those customers and removed them from our
13 calculations. So the calculations itself have been
14 correct, it's just the number of customers that were
15 identified were incorrect in counting those RECs and
16 reporting them.

17 COMMISSIONER McKISSICK: Quick follow up.
18 Did this miscalculation occur with all time of use
19 customers or some subset, some smaller group.

20 MS. JENNINGS: So, it was a smaller group.
21 So, what we have done is the Order from 2018 required
22 us to report all net metering RECs to NC-RETS
23 annually. And then, in addition, we had to provide a
24 monthly list of all of the customers on the net meter

1 rate schedules. So, what we did was each month we
2 provided that list to NC-RETS but it included both
3 time of use demand customers to which we don't have
4 the RECs as well as the time of use customers to which
5 we do have the rights to the RECs. So, the report --
6 we basically reported too many customers and too many
7 RECs to NC-RETS annually. And this was something that
8 we just happened to come across when somebody asked us
9 a question internally. Somebody on the OPT rate
10 schedule for DEC was asking if they had the rights to
11 their RECs, and so I started to look into the reports
12 and we realized that when we developed an audit of
13 every report to run these reports monthly and it was
14 just capturing too many rate schedules within that
15 report.

16 COMMISSIONER McKISSICK: And it looks as if,
17 based upon the numbers, that about 25 percent of what
18 was reported was miscalculated; is that correct?

19 MS. JENNINGS: That seems to be about
20 correct.

21 COMMISSIONER McKISSICK: And I guess the
22 follow up would be is it the plan or intention to now
23 somehow use some type of independent auditor, or
24 outside party, or somebody within Duke that can cross

1 reference this? Because I would logically assume that
2 an error of the magnitude of 25 percent would have
3 been somewhat of a glaring differential that should
4 have popped up before a, what I would call a customer
5 inquiry occurred that would cause one to go back and
6 check this.

7 MS. JENNINGS: Yeah, certainly the monthly
8 reports are posted publically to the NC-RETS website.
9 I know we work with the Public Staff each year during
10 our REPs filings and they look at the number of RECs
11 that we produce. I'm just looking at the 2020 numbers
12 and there were for DEP about 7000 customers and DEC
13 about 9000, and the number of TOU demand customers was
14 only about 88 and 63. It's just that they're the
15 larger ones. So, they're our larger industrial
16 customers. So the number of -- the amount of
17 capacity, the percentage of capacity and, therefore,
18 the percentage of RECs that are reported are larger
19 among that -- along that 25 percent number, but the
20 number of customers was only about 1 percent. So it
21 definitely was an error on our part that we realized.
22 You're right, we should have looked at those customers
23 more closely but they are listed, that 9,000, and it's
24 only about 88 of them that are TOU demand customers.

1 It's just they are our larger customers. They are
2 Target and Aldi and those kind of larger customers so
3 they just have a larger capacity and, therefore, a
4 large number of RECs reported.

5 COMMISSIONER McKISSICK: So, that certainly
6 helps put it in context. And, moving forward, what's
7 going to be done to I guess mitigate the possibility
8 of this type of miscalculation and error occurring
9 moving --

10 MS. JENNINGS: Sure.

11 COMMISSIONER McKISSICK: -- from this point
12 in time moving forward now that we know that it did
13 happen? I mean, I'm just trying to figure out what's
14 been put in place as a measure to make sure it doesn't
15 occur again?

16 MS. JENNINGS: Yeah. Absolutely. So, the
17 report that is run monthly, after we received this
18 question we kind of dug into that, and it had a
19 requirement that the service agreement pricing which
20 is the rate schedule within our records was excluding
21 all those rate schedules that had TOUD in the title.
22 And so the person who wrote the report several years
23 ago thought that that would exclude all of the TOU
24 demand rate schedules. Well, we've reached out to our

1 rates department, both on the DEC and DEP sides, and
2 they have identified every single rate schedule that
3 is a TOU demand rate schedule. And so that monthly
4 report that's run has now been rewritten. The
5 requirements have been rewritten to make sure they
6 exclude all of the TOU demand rate schedules.

7 COMMISSIONER McKISSICK: Thank you,
8 Ms. Jennings.

9 Madam Chair, I don't have any further
10 questions.

11 COMMISSIONER DUFFLEY: Okay. Thank you,
12 Ms. Jennings.

13 Are there any other questions or discussion?

14 MR. KAYLOR: Madam Chair, this is Robert
15 Kaylor for Duke Energy. It might be appropriate for
16 Ms. Jennings to state her full name and title with the
17 Company for the record, I believe.

18 COMMISSIONER DUFFLEY: Very well.

19 MS. JENNINGS: My name is Megan Jennings and
20 I am a Renewable Compliance Manager for both DEC and
21 DEP.

22 MR. KAYLOR: Thank you.

23 COMMISSIONER DUFFLEY: Thank you. So,
24 seeing no further questions, it's been moved and

1 seconded that the item be approved as recommended by
2 the Public Staff. I'll call roll for a vote, indicate
3 by saying aye, opposed no. Commissioner Gray.

4 COMMISSIONER GRAY: Aye.

5 COMMISSIONER DUFFLEY: Commissioner Hughes.

6 COMMISSIONER HUGHES: Aye.

7 COMMISSIONER DUFFLEY: Commissioner
8 McKissick.

9 COMMISSIONER MCKISSICK: Aye.

10 COMMISSIONER DUFFLEY: And for the record I
11 support the motion. The motion carries.

12 (MOTION PASSES)

13 COMMISSIONER DUFFLEY: Thank you,
14 Mr. Thomas.

15 The Commission has before it for approval
16 its minutes of Staff Conference of May 3rd, 2021.

17 COMMISSIONER GRAY: Move approval.

18 COMMISSIONER HUGHES: I'll second.

19 COMMISSIONER DUFFLEY: Thank you. It's been
20 moved and seconded that our minutes be approved. Any
21 questions or discussion on that motion?

22 (No response.)

23 All in favor indicate with an aye.

24 (All Commissioners say aye).

1 COMMISSIONER DUFFLEY: Any opposed?

2 (No response)

3 I approve as well and our minutes of
4 May 3rd, 2021, are approved.

5 Is there any additional business for the
6 Commission?

7 (No response)

8 Hearing none, we stand adjourned. Everyone
9 have a great week.

10 (The proceedings were adjourned)

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C E R T I F I C A T E

I, KIM MITCHELL, DO HEREBY CERTIFY that the Proceedings in the above-captioned matter were taken before me, that I did report in stenographic shorthand the Proceedings set forth herein, and the foregoing pages are a true and correct transcription to the best of my ability.

Kim Mitchell

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