BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 1167 DOCKET NO. E-7, SUB 1166

Application of Duke Energy Progress, LLC and Duke Energy Carolinas, LLC Requesting

Approval of Solar Rebate Program Pursuant to

N.C. Gen. Stat. § 62-155(f)

In the Matter of:

DUKE ENERGY PROGRESS, LLC AND DUKE ENERGY CAROLINAS, LLC'S APPLICATION FOR APPROVAL TO REVISE SOLAR REBATE PROGRAM

NOW COME Duke Energy Progress, LLC and Duke Energy Carolinas, LLC ("Duke Energy" or "Companies,"), pursuant to N.C. Gen. Stat. § 62-155(f) and R1-4 and R1-5 of the Rules of Practice and Procedure of the North Carolina Utilities Commission ("NCUC" or the "Commission"), and hereby make this application requesting approval to revise the solar rebate program offering reasonable incentives to residential and nonresidential customers for the installation of small customer owned or leased solar energy facilities participating in the Companies' net metering tariff ("Solar Rebate Program" or "Program"). The Companies move the Commission to approve the revisions to the Program as provided herein. In support thereof, the Companies respectfully show the Commission the following proposal.

Introduction

Since its inception in 2018, the Solar Rebate Program implemented by Duke Energy has provided more than 5,973 rebates to commercial and residential in North Carolina, contributing to a total of 60.9 megawatts (MW) of solar being installed. Despite challenges, the Program has in large part been successful, helping to spur onsite solar

adoption for residential and commercial customers beyond where it was when the Program began. While any Program that has significantly more demand than supply is likely to result in disappointment for some customers, the existing allocation of capacity, as currently designed, continues to cause concern and highlights inequities amongst certain customer groups.

Since inception, the Program has been the subject of repeated rounds of comments and discussions by parties, but has largely remained unchanged, except for adjustments in the allocation of capacity in 2018 and the addition of the biannual application window in 2021. Accordingly, the Companies propose that the Commission modify the Program in order to improve the customer experience. The Companies think that these modifications will lessen customers' anxiety when capacity opens and significantly reduce overall complaints. As currently designed, the rapid subscription of eligible capacity has led to complaints about how quickly the Program sells out, and magnifies the potential ramification of technology issues, some of which the Companies cannot control. There are also consistently complaints from customers who installed systems prior to receiving a rebate who oppose the 90-day rule. The current first-come, first-serve design also disadvantages customers with the inability to type quickly, according to multiple customer statements, since the capacity reservation is not processed until the rebate application is correctly completed. While these conditions have always existed, the extraordinary speed with which the Program sold out in January 2021, coupled with reduced rebate capacity resultant from the biannual application window, exacerbated the issues. The Companies believe that, absent changes in the rebate amounts, the increase in applications is unlikely to wane before the Program ends and

thus believe that changes to the allocation process are imperative to implementing the Program in a fairer manner that will be understandable and acceptable to customers.

The Companies propose that the remaining years of the Program be updated to better match current customer expectations. In doing so, the Companies propose three modifications. First, the Companies are prepared to implement one lottery every six months. Second, the Companies propose to reduce the adverse effects of the 90-day rule on customers that install prior to receiving a rebate or rebate reservation. Under the Companies' proposal, customers who have not installed a system can continue to apply for a rebate reservation at every opening as they do now. Customers who have already installed a system on or after October 6, 2020 can apply every six months until the Program ends, but still assume the risk of never receiving a rebate. Third, in order to streamline the Program's remaining schedule, the Companies propose that the timeline to install systems for residential and commercial customers under 20kW with a rebate reservation should be decreased to 180 days.

I. Changes to the Solar Rebate Program

Importantly, these modifications comply with the statutory requirements of N.C. Gen. Stat. § 62-155(f) and can be implemented by revising the Companies' respective Solar Rebate Program tariffs. While there are costs with implementing these proposals, the costs are minimal, offset by expenses for other IT items and are outweighed by the benefits of reducing customers' anxiety and complaints while creating a more equitable program.

A. Lottery

¹ While the Companies strive to provide timely and accurate information to customers, customer expectations are also impacted by information provided by solar installers and marketers.

The Companies recognize that the Commission was not persuaded to implement a lottery system for awarding rebates or rebate reservations in 2020. However, in the short time since that decision was made by the Commission in its November 6, 2020 *Order Modifying Fourth Year of Solar Rebate Program and Requesting Additional Comments*, circumstances have changed to warrant reexamining the merits of implementing a lottery.

In its November 6, 2020 Order, the Commission stated,

While the Commission appreciates Duke's and the Public Staff's willingness to work together to implement a lottery system, the Commission is not persuaded that the administrative time and cost of doing so are justified for the final two years of the program. Moreover, with Duke's commitment to implementing system improvements and the creation of an additional application window each year, the move to a lottery is not necessary to alleviate the "stress" on the system caused by the annual rush to apply for the rebates. The Commission also finds compelling NCSEA's representation that its member solar installers are universally opposed to a lottery and its argument that moving to a lottery system will not drive customer participation or increase rooftop solar adoption. Under the current program customers know immediately whether their rebate application is successful.

Id. at 15. The Companies agree the biannual window launch reduces wait time for customers whose rebates are not accepted for customers seeking a rebate reservation. It also assists installers and developers by spreading their sales over a greater portion of the year. However, splitting the available annual capacity in half for two launches resulted in increased volume on the system and exacerbated the rush to apply for rebates immediately after the enrollment window opens. Residential and non-residential allocations sold out in less than three minutes on January 6, 2021, as opposed to the eight to ten minutes in previous windows. For customers who do not have equal access to the Internet or do not have the ability to operate keyboards quickly, having the Program sell out in less than three minutes puts these customers at an unfair disadvantage.

Applications have also increased each year from 2,474 in 2018 to 5,165 in 2020. Almost 3,900 have been received this year as of February 16. With a second opening in July, unique applications are expected to exceed last year's total. In this way, the Program has outgrown its original allocation process, beyond even where the Companies expected it to be in 2020 when the lottery was requested. In its current form, the likelihood of significant complaints related to the fairness of the process will likely continue as interest in onsite solar adoption continues.

Under a lottery, the Companies propose a schedule as follows.² Beginning on July 7, 2021, the Companies will accept applications for one week, from 9:00 am, July 7, 2021 to 9:00 am, July 14, 2021. Customers would utilize the existing Rebates Program application on the Companies' website and the information would be stored in Salesforce as it is today. During this period, the Companies will review submissions as they are submitted for eligibility and work with customers to resolve issues with their applications. Eligible applications would be entered in the lottery. On July 14, 2021 and July 15, 2021, the Companies will finish resolving any project or customer issues to ensure the list of applications in the lottery are eligible. If there is any doubt as to an application's eligibility, it would be placed in the lottery, but the outstanding issue with the application will be resolved before communicating rebate status after the lottery.

On July 15, 2021, the eligible projects would be pulled from Salesforce and imported into SAS, the system the company proposes to use for the lottery. Then Companies will perform spot checks to ensure capacity values are correct. All projects will be placed in the appropriate lottery for each company and assigned a place in line at

² This schedule is for the summer release in 2021. The next winter release would have a corresponding schedule beginning with the opening period for application on January 5, 2022, and so forth.

random. SAS is a well-known tool used to analyze data and publish the results. It is headquartered in Cary, NC and operates in 147 countries. Its website notes that 92 of the top 100 companies on the 2018 Fortune Global 1000 are customers. Duke will utilize a function within SAS called Random Sampling that is designed for this type of situation. Based on capacity allocation rules of the Solar Rebate Program, applications will receive a rebate allocation or be placed on a waiting list and given a waitlist number. Next, from July 15, 2021 to July 20, 2021, the Companies will perform quality assurance. Once complete, the lottery results at the project level will be imported back into Salesforce and given to Marketing. From July 20, 2021 to July 23, 2021, the Companies will prepare for external customer communication, and no later than July 27, 2021, the Companies will send emails to customers informing them of their placement and post the waitlist to the website. If the participation limit for a specific customer class, such as non-profit organizations, is not reached in the lottery allocation, the Companies will reopen the application process for any group that has capacity available. The Companies will continue to notify the Commission when participation caps for customers have been met. If requested, the Companies are prepared to host a meeting after lottery approval to demonstrate the lottery technology and SAS' ability to place projects in a random order in order to award Rebate capacity or place the project on the waitlist.

Under the current Program, if there is a problem with the application, customers do not have any time to correct the issue and will likely miss their opportunity. Under the lottery, the Companies and their solar installers have time and the opportunity to assist customers in submitting their applications over the course of a week before the randomized lottery. Once the lottery is *drawn* by randomly ordering the applicant pool,

customers will know the results in one to two weeks. Therefore, customers will not be waiting in anticipation to know whether their rebate application was selected during that application round for much longer under a lottery, and it is a small amount of time to wait in order to avoid the frantic rush of the current first-come, first-serve approach.

The Commission also based its decision not to implement a lottery due to the representation of the NCSEA that a lottery was universally opposed by installers. While the Companies have no reason to question the veracity of that representation at the time it was made last July, recent reports have suggested that it may no longer be a concern. In an article in the Asheville Citizen Times, SolFarm, an NCSEA member and an installer, stated it and other companies have asked Duke Energy to reconfigure the application process as a real lottery.³ The Companies approached the North Carolina Sustainable Energy Association ("NCSEA") about implementing the lottery as proposed in this filing. NCSEA has authorized the Companies to represent that NCSEA does not oppose a move to a lottery system. However, NCSEA does not support changing the process for the July 2021 opening due to concerns that there is not sufficient time to educate the customer base and train the respective sales groups for the solar companies. NCSEA would prefer a lottery system be put in place beginning in the January 2022 window. Therefore, it no longer appears that installers universally oppose a lottery. In order to alleviate concerns that customers and installers will have insufficient notice to prepare for a lottery, the Companies are prepared to accelerate training and notifications. Within one week, pending the Commission's approval of this application, the Companies are committed to have an instructional video available to customers explaining the changes and to send emails explaining the changes to all customers who have submitted an interconnection

³ For reference, the article is attached as Attachment No. 1.

application for net metering. The Companies will also send emails to installers to notify them of the changes and are willing to accelerate the installer's webinar, too.

Moving to a lottery will not eliminate every complaint, as can be expected when customer demand exceeds supply, but when combined with the other modifications proposed herein, it is expected to eliminate many. Importantly, the Companies estimate that the cost to implement a lottery is only \$20,000.00, which is minor considering Program administrative costs for some calendar years have been more than \$500,000.00. The Companies expect a similar level of administration costs going forward under a lottery, but to the extent administrative costs associated with responding to customer complaints and staffing needs are reduced, those costs could offset the costs to implement the lottery. It would also allow the Companies and the Commission to gain experience on customer reaction to a lottery, and in the event similar programs are adopted in the future, it could defray future IT costs. Under the lottery, every customer who applies would have an equal opportunity to receive a rebate as other customers in that class, regardless of their Internet connection, physical abilities and time constraints. The Company will also conduct the lottery in a transparent fashion and provide sufficient documentation to demonstrate a fair process in the lottery's selection. Perhaps most importantly, customers who need help submitting an application would be able to timely receive such help from the Company.

B. 90-Day Rule

In addition to the available rebates selling out too quickly, a second major area of complaints is that the 90-day rule unfairly disadvantages customers who decided to install

a solar facility prior to receiving a rebate reservation.⁴ The Program requires that applications must be made within 90 days of installation of this system. Currently, this means that customers who install a system have to be especially mindful of when they install and are only able to apply for a solar rebate once. The Companies propose that this rule be modified, so that customers who installed a system on or after October 6, 2020 would be eligible to apply for a rebate for any allocation during the remainder of the Program.

This modification will allow customers to install systems when they want to on a going-forward basis without losing eligibility to apply for the remainder of the Program. Customers whose decision to install is dependent on receiving a rebate will still be able to apply for a rebate reservation at every opening as they do now. Customers who decide to install, or have already installed since October 6, 2020, still risk never receiving a rebate, but they can apply every six months through the last Program enrollment window, likely in January 2023.

The 90-day rule has caused issues in the Solar Rebate Program, and the Commission has had to issue orders on two occasions to modify application of the rule. Duke Energy requested a waiver of the 90-day rule in 2018 because the first window did not open until the summer and customers had already installed at the beginning of the year. The Commission was able to fashion a remedy to accommodate these affected customers. More recently, in the Commission's November 6, 2020 Order, the scheduled launch was moved forward two days, which altered the 90-day eligibility period after it

⁴ Some customers have indicated their belief that installed systems should have priority over rebate reservations. However, the Companies believe the provision of rebate reservations remains critical for customers whose decision to install is dependent upon receiving a rebate.

had already begun to toll. Appropriately, the Commission extended the 90-day eligibility period to prevent customers from being deemed ineligible due to the change in schedule.

In a related matter, customers who installed after October 6, 2020 and before November 6, 2020 did so without knowing whether the annual capacity available at the launch on January 6, 2021 would be reduced by half, as proposed in the comments filed by Duke Energy, NCSEA, and the Public Staff in June and July 2020. Multiple consumer statements received by the Commission have complained of this. By removing the 90-day rule as proposed, these customers will be eligible to apply in future rebates.

The 90-day rule is a Commission rule, which was proposed by the Companies, and not required by N.C. Gen. Stat. § 62-155(f). N.C. Gen. Stat. § 62-155(f) states in part, "The program incentive established...shall be limited to 10,000 kilowatts (kW) of installed capacity annually." The statute does not require installations to be limited annually. In fact, the 90-day rule allows for installations to be installed in a previous year and still receive a rebate in the following year's allocation. Under the Companies' proposal, the program incentives will be limited to 10,000 kilowatts of installed capacity annually as required by statute.

C. Timeframe to Install with Rebate Reservations

In order to streamline the remaining life of the Program, the Companies propose to align certain timelines customers have to install their systems with the biannual launch once a rebate reservation is received. A residential customer who obtains a rebate reservation between January and June must complete the installation by December 31 of the same year; a residential customer who obtains a rebate reservation in July-December must complete the installation by June 30 of the following year. For a nonresidential

customer who obtains a rebate reservation prior to installation, the installation must be completed no later than 365 days from the date of an executed interconnection agreement by the Company. However, for a nonresidential customer with a project less than 20 kW that does not require an interconnection agreement, the installation must be completed no later than 365 days from the date the rebate reservation was obtained.

Going forward, the Companies propose to allow residential customers 180 days from the rebate reservation award to install their systems.⁵ Nonresidential customers with systems less than 20 kW will also be allowed 180 days from the rebate reservation award to install their systems. In the Companies' experience, residential and commercial customers with systems less than 20 kW do not require a full year to install these smaller systems. For the remaining customers, once a rebate is received, customers decide fairly quickly whether to move forward with the installation. Some customers decide not to install and surrender their reservations in advance of the deadline to install. Aligning the timeframe to install with the biannual launch will provide for more capacity that will not be installed to be included in the following lottery, while giving customers sufficient time to install their systems. For commercial customers with systems over 20kW, the Companies think 365 days remains a reasonable time for these customers to install due to the time required to enter an interconnection agreement. Non-profit projects also will still be allowed 365 days to install, as the organizations often need a full year for fundraising and implementation of their projects.

Conclusion

⁵ In the January 2021 Program opening, 40% of projects that applied for a rebate had already installed their project.

There is truth in the words of poet and monk John Lydgate, adapted by Abraham Lincoln, and appearing in various permutations, "You can please all the people some of the time; some of the people all the time, but you can't please all the people all of the time." In regards to the Solar Rebate Program, complaints are predictable due to the limited supply and high demand for rebates. However, as currently constructed, even if the Program runs perfectly from an operational perspective, the Companies and this Commission will still likely receive complaints. While it may be impossible to please all of the people all of the time, these modifications proposed by the Company will eliminate many complaints in the Solar Rebate Program. Perhaps more importantly, these proposed modifications offer a fairer approach to allow customers equal access to receive a rebate. As the Program approaches its sunset, it appears that more customers will be seeking a rebate. On a first-come, first-served basis, customers will have less and less time to apply and receive a rebate, which will continue to aggravate the inequities beyond the Companies' and Commission's control, such as physical handicaps and Internet speed.

Therefore, the Companies think the fairest way to move forward with the Program is to implement a lottery and remove the 90-day rule. The Companies have learned and heard about perceived shortcomings in the Program, and while the Program has succeeded in further incentivizing roof top solar, the Companies wish to improve the Program and gain experience with a modified plan in the time remaining. The Companies have shared this filing with the Public Staff and have been authorized to indicate that the Public Staff supports this filing. Due to time constraints in implementing a lottery, informing installers and notifying customers, the Companies respectfully ask that the

Commission issue an order by April 8 2021, if the Commission wishes to adopt these changes for the July 2021 launch.

WHEREFORE, Duke Energy respectfully requests the Commission expeditiously:

- (1) grant their request to implement a lottery for the Solar Rebate Program, beginning with scheduled July 2021 release of rebate capacity.
- (2) grant their request to eliminate the 90-day rule, such that customers who installed a system on or after October 6, 2020 will be eligible to apply for future rebates.
- (3) grant their request to allow residential customers 180 days from the rebate reservation award to install their systems and to allow nonresidential customers under 20 kW also 180 days from the rebate reservation award to install their systems, with the exception of Non-profit systems.

Respectfully submitted this day of March, 2021.

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Brady W. Allen

The Allen Law Offices, PLLC 4030 Wake Forest Rd, Suite 115 Raleigh, North Carolina 27609

Tel: (919) 838-5175

Brady. Allen@theallenlawoffices.com

Kendrick Fentress, Associate General Counsel Duke Energy Corporation P.O. Box 1551, NCRH 20 Raleigh, NC 27602

Tel: (919) 546-6733

Kendrick.Fentress@duke-energy.com

ATTORNEYS FOR DUKE ENERGY PROGRESS,LLC. AND DUKE ENERGY CAROLINAS, LLC

VERIFICATION

STATE OF NORTH CAROLINA DOCKET NOS. E-2, SUB 1167 and DE-7, SUB 1166 COUNTY OF WAKE

PERSONALLY APPEARED before me, Stephanie Jett, after first being duly sworn, said that she is Products and Services Manager for Duke Energy and as such is authorized to make this verification; that she has read the foregoing APPLICATION FOR APPROVAL TO REVISE SOLAR REBATE PROGRAM and knows the contents thereof; and that the same are true and correct to the best of her knowledge, information, and belief.

Stephanie ett

Product and Services Manager

Duke Energy

Sworn to and subscribed before me this _3 _ day of March, 2021.

Notary Public A. Protting

My Commission expires: april 28 2036



CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of Duke Energy Progress, LLC and Duke Energy Carolinas, LLC's **APPLICATION FOR APPROVAL TO REVISE SOLAR REBATE PROGRAM** has been served by electronic mail (e-mail) to parties of record.

This, the 3 th day of March, 2021.

Brady W. Allen

The Allen Law Offices, PLLC 4030 Wake Forest Rd. Suite 115 Raleigh, North Carolina 27609

Tel: (919) 838-0529

Brady.Allen@theallenlawoffices.com

ATTORNEY FOR DUKE ENERGY PROGRESS, LLC, AND DUKE ENERGY CAROLINAS, LLC

Citizen Times

Attachment No. 1

LOCAL

Answer Man: Duke Energy solar rebate plan needs work? Unauthorized park use?

John Boyle Asheville Citizen Times

Published 5:00 a.m. ET Jan. 21, 2021

Today's batch of burning questions, my smart-aleck answers and the real deal:

Question: How many people who apply for Duke Energy's solar power rebate actually get it? How many unsuccessful applicants are on the current wait list? Does anyone ever get off the wait list? I suspect one's odds are better with Powerball. The background: There are only two windows a year for people who have installed solar panels, as we did last year. Our window was Jan. 6, and our installer warned everyone to fill out the on-line application exactly as Duke's bills showed. I screwed up (by typing "Drive" instead of "Dr."), and it wouldn't go through. After 40 minutes I finally figured out that their computer would recognize only "Dr," but by then it was too late. I think their quota fills in the first five minutes or so, and we lost a potential \$1,700. The notice I got yesterday said we're on the wait list. SolFarm, which installed our system, told me that they and other solar companies have asked Duke to reconfigure the application process as a real lottery, which would be a heckuva lot fairer. Is Duke considering changing this program to make it easier to enroll?

My answer: Wait a minute — are you saying the Powerball is not a slam dunk? 'Cause I told my boss off pretty definitively this week after buying a ticket. Time to freshen the resumé, I suppose...

Real answer: Duke Energy spokesman Randy Wheeless told me via email that in 2020, 4,100 customers applied for the rebate.

"In the end, 1,700 received one," Wheeless said. "That's about 41% acceptance."

Duke was on board with a lottery system.

More: Answer Man: What does Duke Energy's Lake Julian plant emit? Postal worker confidentiality?

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"We actually did promote going to a lottery system to the North Carolina Utilities

Commission last year — but the change was not accepted," Wheeless said. "Although the installer company referenced in the letter thought it would be a better system — many other solar companies were opposed to it."

Wheeless noted that a "set-aside for non-profits (churches and towns)" has been established, and "plenty of rebate money" remains available.

He also attached a July 10, 2020 article from the Charlotte Business Journal titled, "Duke Energy open to NC solar rebate changes that include a lottery."

"Duke Energy Corp. proposes to accept, at the N.C. customer advocate's recommendation, introducing a lottery to its \$62 million solar rebate program to mitigate the annual rush for applications," the article states. "Duke also says it would accept another recommendation from the Public Staff of the N.C. Utilities Commission to reduce the cash paid to residential and commercial customers 17% to 20% for each watt of power in a solar application so it could raise rebates paid to nonprofits by one-third.

"But renewable energy proponents involved in the proceedings call the suggestions by the staff and Duke misguided," the article continues. "They contend that the lottery takes away what little control customers have over attempting to ensure they get a rebate. Peter Ledford of the N.C. Sustainable Energy Association says, for example, that cutting the amount paid to commercial and residential customers reduces demand for solar projects without increasing the number of rebates available."

"It's obvious demand exceeds supply," Ledford told the Journal.

More: Answer Man: Why won't Duke Energy bury my power lines?

Question: In December, I witnessed a gathering of softball players at the Montford Ball Field. No masks, constant close interactions. The field had been lined a couple of days earlier, so I am guessing the Parks & Recreation department approved this. Currently, the city, county, and state are experiencing the highest number of positive tests and deaths since the pandemic began. During earlier dates, with fewer cases, all parks and activities were shut down. What is now different to allow this to take place?

My answer: In all my years of doing this column, this might be my first literal "softball question."

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Real answer: "Since March there have been several reports of groups being in parks and not following Health Department guidelines regarding social distancing and wearing masks," city spokeswoman Polly McDaniel said. "The city of Asheville Parks and Recreation Department is not hosting or encouraging any of the typical group athletic programs in our parks or facilities."

McDaniel said open areas in city parks and greenways do "provide a safe option for our community to exercise.

"Users should exercise while following public health guidance, including exercising only with members of their household and practicing physical distancing from others, and wearing a mask if distancing is not possible," McDaniel said.

The city knows residents have a lot of questions about COVID-19 testing, guidance, and concerns about not following the public health guidance, and has a "Ready Team" in place to handle concerns and complaints.

More: Answer Man: Carrier Park bathrooms vandalized? Airport coal ash fill?

"The Ready Team call center is an extension of the Emergency Operations Center and is focused on helping people connect to testing, working through concerns about public health guidance, most recent Stay Safe orders, and answering all sorts of questions about COVID-19," McDaniel said.

The Ready Team call center is open from 8 a.m.-5 p.m., Monday-Friday, and can be reached at 828-419-0095 or by email at ready@buncombecounty.org

This is the opinion of John Boyle. To submit a question, contact him at 232-5847 or jboyle@citizen-times.com