

November 16, 2020

Electronic submission

North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

RE: Docket No. E-2, Sub 1257, *Application of Duke Energy Progress, LLC for a Certificate of Public Convenience and Necessity to Construct a Solar Generating Facility in Buncombe County, North Carolina*

Dear Commissioners,

In its Western Carolinas Modernization Program (WCMP) Order,¹ the Commission observed that “[t]he DEP-Western Region is an attractive place to live, to visit, to retire, and to work” (WCMP Order at 34.) I myself am a retiree who moved to Asheville two years ago for that reason. Before that, I practiced law in Texas with a primary focus on energy regulatory issues before the Public Utility Commission of Texas. I have followed this docket with interest and respectfully offer the following brief comments on Public Staff’s opposition to DEP’s CPCN application to construct the Woodfin Solar Project.

In its WCMP Order, the Commission commended DEP’s work in engaging with Asheville community leaders and directed DEP “to file as soon as practicable the CPCN to construct at least 15 MW of solar . . . in the Asheville region.” (WCMP Order at 38.) DEP thereupon worked diligently with Buncombe County and other local community members and filed its CPCN application for the Woodfin Solar Project pursuant to the WCMP Order. These facts are undisputed in the record evidence.

In his responsive testimony, Public Staff witness Jeff Thomas acknowledges the WCMP Order’s directive to DEP to build solar in the Asheville region. Mr. Thomas maintains, however, that the Order does not authorize DEP to build solar “at any cost” but instead “expects DEP to propose cost-effective generation facilities that meet the public convenience and necessity requirement.” (Thomas Testimony at 8.) Mr. Thomas argues that the Woodfin facility is not cost effective as measured by DEP’s levelized 25-year avoided cost rate for solar generators across North Carolina. (*See id.* at 15.)

Public Staff is certainly correct that the WCMP Order does not authorize DEP to build solar projects in the Asheville region at any cost. However, Staff’s proposal to apply a strict systemwide avoided cost litmus test for granting CPCNs for such projects is misplaced. Such a test would contradict the Order’s recognition of the special desirability and need for construction 15 MW of solar in the Asheville region. As DEP witnesses Lawrence Watson and Todd Beaver explained in their rebuttal testimony, imposing a current avoided cost requirement would likely have prevented DEP altogether from pursuing its collaboration with community leaders to

¹ *Order Granting Application in Part, With Conditions, and Denying Application in Part*, Docket No. E-2, Sub 1089, March 28, 2016.

develop the Woodfin and other solar projects in the Asheville region. (Watson/Beaver Rebuttal at 7-10). If this is correct, then denial of DEP's Woodfin Solar CPCN application for failure to meet a systemwide avoided cost test would effectively nullify the 15 MW solar project directive in the WCMP Order.

While I do not have access to the confidential portions of the testimony, DEP appears to have made a good showing that the Woodfin Solar Project will be built at a reasonable, low cost. The landfill site is uniquely suited to conversion to solar, and the lease cost is below market for the Asheville region. (Watson/Beaver Rebuttal at 11-13). In addition, DEP issued a RFP and conducted a competitive bid process to arrive an estimated capital cost for the project. (*Id.*) This evidence, combined with DEP's testimony on other issues, seems sufficient to approve DEP's CPCN application.

Granting the CPCN in this docket would not and should not guarantee DEP full cost recovery for the Woodfin project. A future rate case is the proper forum for determining the reasonableness and recoverability of the actual costs DEP incurs in constructing and operating the Project. I understand that Commission CPCN orders typically include language with this notation.² Inclusion of such language in an order granting the CPCN in this case would be appropriate, as Public Staff itself recognizes. (Thomas Testimony at 23.)

For these reasons, the Commission should follow through on its WCMP Order and grant DEP's CPCN application to construct the Woodfin Solar Project.

Thank you for considering these comments.

Respectfully submitted,



Steven Baron
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² See, e.g., WCMP Order at 44, Ordering Paragraph 8.