

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. EMP-111, SUB 0

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application of Sweetleaf Solar, LLC for a)
Certificate of Public Convenience and) ORDER REQUESTING ADDITIONAL
Necessity to Construct a 94 MW Solar) INFORMATION
Facility in Halifax County, North Carolina)

BY THE PRESIDING COMMISSIONER: On June 2, 2020, Sweetleaf Solar, LLC (Sweetleaf or Applicant), filed an application for a certificate of public convenience and necessity (CPCN) to construct a solar energy facility with a capacity of 94 MW in Halifax County, North Carolina (Facility). The proposed Facility occupies PJM Queue Nos. AD1-056/AD1-057 for interconnection purposes.

On September 6, 2022, the Commission held a consolidated evidentiary hearing in this docket and two others, Docket No. EMP-110, Sub 0 and Docket No. EMP-119, Subs 0 and 1 for the purpose of answering questions that the Commission had posed in an order it issued on September 2, 2022, in all three dockets. Docket No. EMP-110, Sub 0 involves an application that Sumac Solar, LLC filed for a CPCN to construct an 80 MW solar facility in Bertie County, North Carolina. EMP-119, Subs 0 and 1 involve applications Macadamia Solar, LLC filed for a CPCN to construct a 484 MW solar facility in Washington County, North Carolina (Sub 0) and for a Certificate of Environmental Compatibility and Public Convenience and Necessity (CECPCN) to construct a transmission line in Washington County, North Carolina (Sub 1).

On November 9, 2022, Sweetleaf and the Public Staff filed proposed orders in this docket.

On May 24, 2023, Sweetleaf filed copies of an Interconnection Service Agreement (ISA) and an Interconnection Construction Service Agreement (ICSA) that it had executed with PJM Interconnection, LLC (PJM) and Virginia Electric and Power Company (VEPCO).

Regarding PJM Network Upgrades, the record indicates that a June 2022 System Impact Study Report for the PJM AD1 cluster allocated all or a portion of three unfunded upgrades to Sweetleaf at a cost of approximately \$83 million. Sweetleaf witness Donna Robichaud testified that it was possible that two of those upgrades would be recategorized as reliability upgrades and would therefore be deemed unrelated to the interconnection of facilities in the AD1 cluster. Sweetleaf noted that none of the PJM Network Upgrades would be reimbursable to Sweetleaf. Witness Robichaud testified that

the Levelized Cost of Transmission (LCOT) for the PJM Network Upgrades would be \$19.54/MWh if Sweetleaf alone were to fund the upgrades.

Regarding Affected System Costs, witness Robichaud testified that a June 2022 Affected System Study Report provided for reduced Affected System Upgrade Costs. Earlier reports had identified a necessary upgrade to the Everetts-Greenville 230 kV tie line that would cost \$10,000,000. According to Sweetleaf, Duke Energy Progress (DEP) later decided to rebuild the line for reliability reasons due to its age and condition and not because of the interconnection of the AD1 cluster projects. Therefore, the only upgrades necessary for interconnection were the reconductoring of the line to a higher capacity (the DEP Upgrade) at an incremental cost of \$350,000.

Witness Robichaud later testified that DEP had provided Macadamia Solar with an executable Affected System Operating Agreement (ASOA) that reduced the cost of the DEP Upgrade further to \$150,000 and placed the in-service date of the DEP Upgrade during 2026 or 2027. According to witness Robichaud, Macadamia proposed to expedite the completion of the DEP Upgrade at a cost of \$1.6 million because an in-service date of 2026 or 2027 would adversely impact the Macadamia Facility and related projects in the AD1 cluster. Witness Robichaud provided LCOT calculations for the DEP Upgrade (including the proposed expediting costs) of \$0.05/MWh if the total capacity of AD1 projects was considered, and \$0.35/MWh if only the Macadamia Facility was considered.

On October 19, 2022, Sweetleaf filed a final, unexecuted ASOA between DEP and Sumac Solar providing for the construction of the DEP Upgrade at an estimated cost of \$150,000, with no provision for expediting construction. No party provided a revised LCOT for the DEP Upgrade based on the \$150,000 construction costs with no expediting costs, although it would obviously be lower than the LCOT that included expediting costs.

The ISA that Sweetleaf filed with the Commission on May 24, 2023, which is labeled “PJM Queue #AD1-56/AD1-057,” provides that Sweetleaf, as the interconnection customer, shall be subject to Attachment Facilities Charges of \$751,903 and for Network Upgrades Charges of \$9,127,771. Sweetleaf witness Robichaud’s testimony and Sweetleaf’s proposed order reflect earlier interconnection studies that show Sweetleaf may be required to fund approximately \$83 million in PJM Network Upgrade Costs.

N.C. Gen. Stat. § 62-110.1(e) requires that the Commission consider the total construction costs associated with a proposed Facility. Specifically, N.C.G.S. § 62-110.1(e) provides that, “[a]s a condition for receiving a certificate, the applicant shall file an estimate of construction costs in such detail as the Commission may require . . . and no certificate shall be granted unless the Commission has approved the estimated construction costs and made a finding that construction will be consistent with the Commission’s plan for expansion of electric generating capacity.”

The Commission has previously determined that it is appropriate to consider all costs of a proposed facility, including the costs of any necessary transmission upgrades, when determining whether a facility is in the public convenience and necessity. For

facilities that trigger transmission upgrades on multiple systems, this review includes examining the upgrade costs on all affected utility systems. Order Denying Certificate of Public Convenience and Necessity for Merchant Generating Facility, *Application of Friesian Holdings, LLC, for a Certificate of Public Convenience and Necessity to Construct a 70 MW Solar Facility in Scotland County, North Carolina*, No. EMP-105, Sub 0 (N.C.U.C. June 11, 2020).

The Commission's examination of costs for this Facility will include both the Network Upgrades required by PJM transmission owner DENC and transmission upgrades required on the Affected System of DEP. The Network Upgrade Costs appear to be substantially lower than the costs reflected in the LCOT calculation currently in the record for this proceeding.

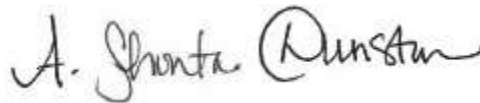
The Presiding Commissioner determines that Sweetleaf shall submit new LCOT calculations for the proposed Facility, including both Network Upgrades and Affected System Upgrades, as soon as possible but no later than 14 days from the date of this order.

IT IS, THEREFORE, SO ORDERED.

ISSUED BY ORDER OF THE COMMISSION.

This the 2nd day of August, 2023.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink that reads "A. Shonta Dunston". The signature is written in a cursive, flowing style.

A. Shonta Dunston, Chief Clerk