STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-100, SUB 179
DOCKET NO. E-100, SUB 190

DOCKET NO. E-100, SUB 179 In the Matter of Duke Energy Progress, LLC, and Duke Energy Carolinas, LLC, 2022 Biennial Integrated Resource Plans and Carbon Plan DOCKET NO. E-100, SUB 190 In the Matter of Biennial Consolidated Carbon Plan and Integrated Resource Plans of Duke Energy Carolinas, LLC, and Duke Energy Progress, LLC, Pursuant to N.C.G.S. § 62-110.9 and § 62-110.1(c)	JOINT COMMENTS OF CIGFUR AND CUCA

NOW COME the Carolina Industrial Group for Fair Utility Rates II and III ("CIGFUR") and the Carolina Utility Customers Association, Inc. ("CUCA") (collectively, "Customer Commenters"), pursuant to the Commission's April 22, 2024 Order Requesting Comments on the Public Staff's Motion Requesting Issuance of Commission Order, and respectfully offer the following joint comments.

Background

In its Motion Requesting Issuance of Commission Order ("Motion"), the Public Staff seeks an order requiring Duke Energy Progress, LLC ("DEP"), and Duke Energy Carolinas, LLC ("DEC") (collectively, "the Companies") to proceed with the expedited development and issuance of an Acquisition Request for Information ("ARFI") for the three wind energy areas ("WEAs") off the coast of North Carolina. In its Motion, the

Public Staff explains that, in their Amended Petition for Approval of 2023-2024 Carbon Plan and Integrated Resource Plans ("Amended CPIRP"), the Companies seek approval to issue an ARFI in early 2025 for up to 2,400 MW of offshore wind off the coast of North Carolina and "pre-approval" for the Companies to incur up to $1.4 million to develop and administer the ARFI. The Public Staff states that, in response to discovery requests, the Companies explain their request for approval of the issuance of an ARFI and the associated costs as follows: "While there is no bright line for when pre-approval is necessary, the Companies believe that pre-approval is appropriate and reasonable in the case of development activities that involve a material amount of costs and/or involve a resource that is new to the Carolinas." Motion at 5 (internal citation omitted).

In support of its request, the Public Staff contends that "[t]he parties are aware of the urgency inherent in meeting the emission reduction goals set forth in House Bill 951," and that such urgency supports its position that the ARFI (and its corresponding costs) should be accelerated for the purpose of gathering information the Public Staff contends is necessary to evaluate "the role of offshore wind in North Carolina's resource portfolio." *Id.* at 7.

The Customer Commenters appreciate that the Public Staff, as the State's ratepayer advocate, is statutorily obligated to diligently represent the interests of the using and consuming public. With that in mind, the Customer Commenters offer these limited comments for the sole purpose of expressing disagreement with aspects of the premise underpinning the Public Staff's motion.

Comments

I. There Does Not Appear to be Sufficient Justification for Peremptory Consideration of a Single Issue Presented in the Companies' Amended CPIRP.

In their Amended CPIRP, which is pending before the Commission in Docket No. E-100, Sub 190, the Companies' preferred portfolio, P3 Fall Base, selects offshore wind in the mid-2030s. Presumably consistent therewith, the Companies' proposed Near-Term Action Plan requests approval to conduct an ARFI with current WEA lessees and to incur up to $1.4 million to develop and administer the ARFI.

In its Motion, the Public Staff asks the Commission to address a single issue presented in the Companies' Amended CPIRP filing in isolation from the other issues presented as well as the evidence and arguments to be presented by the other parties to the proceeding. Several considerations militate against this request.

First, just as the Commission refrains from "single-issue ratemaking," the Commission should be reluctant to "prejudge" a single issue in a proceeding such as this, where multiple parties have differing views about interrelated matters. At root, this proceeding is a planning effort where all aspects of the plan must be considered and balanced together and the Commission may wish to avoid piecemeal determinations on single issues.

Second, given the magnitude of the expenditures at issue relating to wind development (including the non-trivial $1.4 million expenditure the Companies have requested pre-approval to incur just for development and administration of the ARFI itself)—combined with the inherent novelty, for the Companies and North Carolina—of off-shore wind generation resources—Duke's position that pre-approval should be sought for each step of the process as part of a comprehensive resource planning process is reasonable.

For these reasons, it is not appropriate to evaluate and prejudge the merits of a singular issue in isolation from the entirety of the Amended CPIRP, particularly where, as here, the CPIRP contemplates a planning process where all aspects of the CPIRP must be considered and balanced as a whole.

II. Customer Commenters Disagree with the Premise of the Public Staff's Motion – That There is an "Inherent Urgency" Superseding other Concerns and Processes.

In its Motion, the Public Staff states in pertinent part that

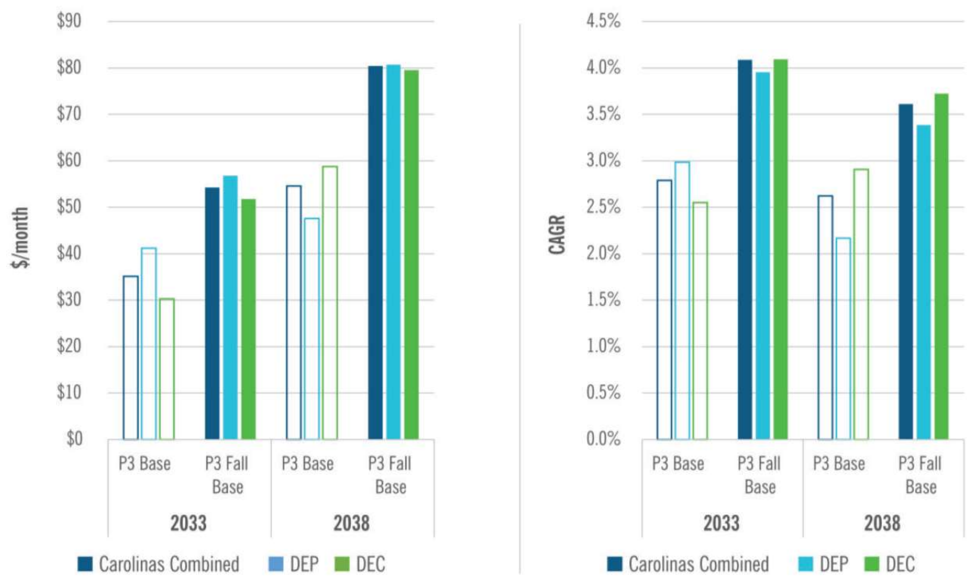
> [t]he parties are aware of the *urgency inherent in meeting the emission reduction goals* set forth in House Bill 951 (N.C. Sess. Law 2021-165) in a least cost manner while ensuring a reliable grid. Resource planning in this context requires accurate and up-to-date resource information, and when such information must be obtained by third parties, solicitation must be conducted in a timely manner. Waiting until early 2025 to issue the ARFI, as currently planned by the Companies, will unnecessarily delay the receipt of key information necessary for examining the role of offshore wind in North Carolina's resource portfolio.

Motion, at 7 (emphasis added).

The Customer Commenters disagree with this premise of this statement.

First, House Bill 951 requires only that the Commission take "all reasonable steps" to achieve North Carolina's carbon dioxide emissions reduction goals. *See* G.S. 62-110.9. In other words, the goals codified into law by HB 951 do not require compliance at any cost; rather, they are aspirational goals requiring compliance if—and only if—the steps taken toward compliance are objectively reasonable. Therefore, the initial threshold question in evaluating Duke Energy's proposed CPIRP should be "is this a reasonable step to take?" in light of affordability (or reliability, as the case may be) impacts. Due to its assumptions regarding "inherent urgency"—a phrase absent from HB 951—the Public Staff's Motion appears to presume the answer to this preliminary threshold question is "yes," in spite of the estimated monthly bill impacts for Duke Energy's residential customers related to CPIRP implementation costs, as provided by the Companies in its Supplemental CPIRP filing:

Figure SPA 1-3: Bill Impact Snapshots for Portfolios P3 Fall Base and P3 Base, 2033 and 2038



While taking no position one way or the other at this time, the Customer Commenters contend there is, at a minimum, a valid argument to be made that the P3 Fall Base portfolio filed by the Companies crosses the line into territory that no longer constitutes a "reasonable step," as contemplated by the North Carolina General Assembly. This concern has particular resonance given that the General Assembly enacted HB 951 at least in part based on a bill impact analysis prepared by the Public Staff estimating the incremental residential bill impact of House Bill 951 to be $1/month by 2030 and $1/month by 2035 for DEP, and $5/month by 2030 and $3/month by 2035 for DEC.[1] Contrast these estimates with present-day reality: estimates showing the residential bill impact of the Companies' CPIRP to be just shy of $60/month by 2033 and $80/month by 2038 for DEP, and just over $50/month by 2033 and just under $80/month by 2038 for DEC.

While the Customer Commenters certainly support decarbonization efforts across a variety of sectors, including decarbonization of electricity generation, the reality is that House Bill 951 is a law that emphasizes, repeatedly, that all actions should be taken with a view to minimizing impacts on ratepayers and prescribes no adverse consequences for failing to achieve the aspirational emissions reduction goals set forth in House Bill 951. On the other hand, there absolutely would be very real, very permanent consequences for North Carolinians if the Commission interprets House Bill 951 as requiring achievement of the aspirational emissions reduction goals *at any cost*, regardless of whether the steps to be taken are or are not reasonable, all things considered.

For these reasons, the Customer Commenters disagree with the premise underpinning the Public Staff's Motion.

Conclusion

The Customer Commenters do not, at this time, express a definitive position regarding the proposed ARFI, but, for the reasons expressed above, they fundamentally disagree with the premise of the Public Staff's Motion and believe that several procedural and due process concerns suggest that the Commission should not resolve single issues presented in the proceeding in isolation from other issues. The Customer Commenters

[1] A true and accurate copy of such analysis is identified and attached hereto as "Attachment A."

expressly reserve the right to take any position in the instant dockets and/or in any future proceeding regarding the merits of including offshore wind in North Carolina's resource portfolio.

Respectfully submitted this the 25th day of April, 2024.

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Certificate of Service

I hereby certify that a copy of the foregoing *Joint Comments of CIGFUR and CUCA* has been served this day upon the parties of record in this proceeding by electronic mail.

This the 25th day of April, 2024.

/s/ Matthew B. Tynan
Matthew B. Tynan

ATTACHMENT A

Public Staff - H951 v10 Analysis $500 M Securitization - July 9, 2021[1, 10]	DEP + DEC				DEP						DEC					
	Base with Carbon Policy		H951 Legislative Impact Analysis		Base with Carbon Policy		H951 Legislative Impact Analysis				Base with Carbon Policy		H951 Legislative Impact Analysis			
PORTFOLIO	B [8]		PS 1		B		PS 1				B		PS 1			
							2030		2035				2030		2035	
Year	2030	2035	2030	2035	2030	2035	Total Cost with H951	Impact of H951[9]	Total Cost with H951	Impact of H951	2030	2035	Total Cost with H951	Impact of H951	Total Cost with H951	Impact of H951
System CO_2 Reduction From 2005 Baseline[2]	59%	62%	62%	64%												
Average Annual Percentage Change in Retail Rates (through 2030 | through 2035)					1.1%	1.3%	1.3%	**0.1%**	1.3%	**0.0%**	0.9%	1.5%	1.4%	**0.4%**	1.6%	**0.1%**
Cumulative Percentage Change in Retail Rates (by 2030 | by 2035)					11%	19%	12%	**1.2%**	20%	**0.8%**	9%	23%	13%	**4.4%**	25%	**2.5%**
			2050				2050						2050			
Year	2050		Total Cost with H951	Impact of H951[9]	2050		Total Cost with H951			Impact of H951	2050		Total Cost with H951			Impact of H951
Present Value Revenue Requirement by 2050 (PVRR) [$B] [3]	$82.5		$88.3	**$5.8**	$35.7		$37.1			**$1.4**	$46.8		$51.2			**$4.4**
Estimated Transmission Investment [$B] [4]	$1.2		$1.8	**$0.5**	$0.5		$0.4			**-$0.1**	$0.8		$1.4			**$0.6**
			2035				2035						2035			
Year	2035		Total Cost with H951	Impact of H951	2035		Total Cost with H951			Impact of H951	2035		Total Cost with H951			Impact of H951
Total Solar [MW] by 2035 [5]	12,187		15,656	**3,469**	3,372		3,687			**315**	4,890		8,044			**3,154**
New Onshore Wind [MW] by 2035	750		1,050	**300**	600		600			**0**	150		450			**300**
New Offshore Wind [MW] by 2035	0		0	**0**	0		0			**0**	0		0			**0**
New Total Storage [MW] by 2035 [6]	2,140		2,391	**251**	1,562		1,332			**-230**	578		1,059			**480**
New Standalone Storage [MW] by 2035	1,313		1,605	**292**	1,152		940			**-212**	161		665			**504**
New PV-Coupled Storage [MW] by 2035	827		786	**-41**	410		393			**-18**	417		394			**-23**
New Gas [MW] by 2035	7,328		6,868	**-460**	4,276		4,274			**-2**	3,052		2,594			**-458**
Total EE and DSM Contribution [MW] by 2035	2,050		2,050	**0**	825		825			**0**	1,225		1,225			**0**
Coal Retirements [7]	Most Economic		Per Legislation		Most Economic		Per Legislation				Most Economic		Per Legislation			

Notes

1] The Public Staff bill impact analysis excludes the following portions of the bill as infeasible to quantify due to unknown factors, likely negligible impacts, or no change from the IRP:
- PBR and MYRR, with the exception of the assumption that the maximum PIM would be claimed in each year; Section 8 small power producers contract revisions; Solar Choice Tariff; solar leasing cap change (62-126.5(d)); fuel rider change (62-133.2(d)); nuclear Early Site Permit costs above $50 million (Section 3.(a)); nuclear Subsequent License Renewals (Section 3.(b)); Green Source Advantage for UNC and military customers change to bill credit options.
-The analysis presented here does not include complete costs for other initiatives that are constant throughout the IRP or that may be pending before state commissions, such as Duke's Grid Improvement Plan.

2] Combined DEC/DEP System CO2 Reductions from 2005 baseline

3] Represents specific IRP portfolio's incremental costs included in IRP analysis through 2050, and exclude the cost of CO2 as a tax.

4] Represents PVRR of network upgrades required to integrate new resources and coal transmission retirement costs. Included in PVRR figures.

5] Total solar nameplate capacity includes 3,925 MW connected in DEC and DEP combined as of year-end 2020 (projected). Total solar under the legislation may be less than projected due to how Transition MW is defined and Duke's projected renewable capacity online by January 1, 2027.

6] Includes 4-hr and 6-hr grid-tied storage, storage at solar plus storage sites, and pumped storage hydro.

7] Most Economic is the retirement plan in the IRP. Per Legislation refers to PS interpretation of required retirement dates: Cliffside 5 is delayed by 5 years; Marshall is accelerated by 8 years. Other retirement dates are unchanged.

8] Portfolio B is from Duke's 2020 IRP, which the Public Staff has recommended the Commission to accept as reasonable for planning purposes (along with Portfolio A, base without carbon policy). Numbers for Portfolio B may not match Duke's filed IRP exactly due to slight differences in in-service years and baseline data.

9] The 'Impact of H951' column shows the incremental cost of H951, which is the difference between the total cost with H951 and the total cost of the Base Case with Carbon Policy (Portfolio B) from Duke's 2020 IRP in the specified year.

10] This analysis includes $250 million in securitization for each utility, rather than the $100 million in version 10. DEC securitizes Allen 1 and 5, Marshall 1, and portions of Marshall 2. DEP securitizes Roxboro.

Public Staff - H951 v10 - $500 M Securitization Detailed Bill Impact Analysis Breakouts[1, 7]	DEP + DEC		DEP						DEC					
	Base with Carbon Policy	H951 Legislative Impact Analysis	Base with Carbon Policy		H951 Legislative Impact Analysis				Base with Carbon Policy		H951 Legislative Impact Analysis			
PORTFOLIO	B [5]	PS 1	B		PS 1				B		PS 1			
					2030		2035				2030		2035	
Year			2030	2035	Total Cost with H951	Impact of H951[6]	Total Cost with H951	Impactof H951	2030	2035	Total Cost with H951	Impact of H951	Total Cost with H951	Impact of H951
Average Annual Percentage Change in Retail Rates (through 2030 | through 2035)			1.1%	1.3%	1.3%	**0.1%**	1.3%	**0.0%**	0.9%	1.5%	1.4%	**0.4%**	1.6%	**0.1%**
Cumulative Percentage Change in Retail Rates (by 2030 | by 2035)			11%	19%	12%	**1.2%**	20%	**0.8%**	9%	23%	13%	**4.4%**	25%	**2.5%**
Average Monthly Residential Bill Impact (1,000 kWh/mo) (by 2030 | by 2035)[2]			$9	$17	$11	**$1**	$18	**$1**	$7	$21	$12	**$5**	$24	**$3**
Average Annual Percentage Change in Residential Bills (thru 2030 | thru 2035)			0.8%	1.0%	1.0%	**0.1%**	1.0%	**0.1%**	0.7%	1.2%	1.1%	**0.5%**	1.4%	**0.2%**
Cumulative Percentage Change in Residential Bills (by 2030 | by 2035)			8%	15%	9%	**1.3%**	15%	**0.9%**	6%	19%	11%	**4.5%**	21%	**2.5%**
Average Annual Percentage Change in Commercial Bills (thru 2030 | thru 2035)[3]			1.3%	1.5%	1.5%	**0.2%**	1.6%	**0.1%**	0.9%	1.4%	1.3%	**0.4%**	1.5%	**0.1%**
Cumulative Percentage Change in Commercial Bills (by 2030 | by 2035)			13%	23%	14%	**1.5%**	24%	**1.1%**	8%	21%	12%	**3.9%**	23%	**2.0%**
Average Annual Percentage Change in Industrial Bills (thru 2030 | thru 2035)[4]			1.1%	1.2%	1.1%	**0.1%**	1.2%	**0.0%**	0.9%	1.7%	1.6%	**0.7%**	2.0%	**0.3%**
Cumulative Percentage Change in Industrial Bills (by 2030 | by 2035)			10%	19%	11%	**0.6%**	19%	**-0.1%**	8%	27%	15%	**6.7%**	31%	**4.5%**

Year	2050	2050		2050	2050		2050	2050	
		Total Cost with H951	Impact of H951		Total Cost with H951	Impact of H951		Total Cost with H951	Impact of H951
Present Value Revenue Requirement (PVRR) [$B]	$82.5	$88.3	**$5.8**	$35.7	$37.1	**$1.4**	$46.8	$51.2	**$4.4**

Notes

1] These allocations to customer classes are based on estimates, and are not as precise as could be determined via a full allocation analysis. Changes in class allocation factors over time are assumed proportional to energy sales.

2] Residential bill impacts are estimated using residential allocation factors.

3] Commercial bill impacts are estimated using commercial allocation factors for small and medium customers.

4] Industrial bill impacts are estimated using industrial allocation factors for small, medium, and large customers.

5] Portfolio B is from Duke's 2020 IRP, which the Public Staff has recommended the Commission to accept as reasonable for planning purposes (along with Portfolio A, base without carbon policy).

6] The 'Impact of H951' column shows the incremental cost of H951, which is the difference between the total cost with H951 and the total cost of the Base Case with Carbon Policy (Portfolio B) from Duke's 2020 IRP in the specified year.

7] This analysis includes $250 million in securitization for each utility, rather than the $100 million in version 10. DEC securitizes Allen 1 and 5, Marshall 1, and portions of Marshall 2. DEP securitizes Roxboro.