

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-100, SUB 167

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	
Biennial Determination of Avoided Cost) ORDER ESTABLISHING BIENNIAL
Rates for Electric Utility Purchases from) PROCEEDING, REQUIRING DATA,
Qualifying Facilities – 2020) AND SCHEDULING PUBLIC HEARING

BY THE COMMISSION: This is the 2020 biennial proceeding held by this Commission pursuant to the provisions of Section 210 of the Public Utility Regulatory Policies Act of 1978 (PURPA) and the Federal Energy Regulatory Commission (FERC) regulations implementing those provisions, which delegated to this Commission certain responsibilities for determining each utility’s avoided costs with respect to rates for purchases from qualifying facilities, as defined in federal law. This proceeding is also being held pursuant to N.C. Gen. Stat. § 62-156, which requires this Commission to determine the rates to be paid by electric utilities for power purchased from small power producers as defined in N.C.G.S. § 62-3(27a).

To facilitate the determination of avoided cost rates, the Commission finds good cause to issue this Order establishing a schedule for the 2020 biennial determination of such rates in this docket. The Commission further finds that Duke Energy Carolinas, LLC (DEC), Duke Energy Progress, LLC (DEP, and together with DEC, Duke), Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (DENC), Western Carolina University (WCU), and Appalachian State University, d/b/a New River Light and Power Company (New River) should be made parties to this proceeding.

For the purposes of this 2020 proceeding, DEC, DEP, Dominion, WCU, and New River shall be required to make their initial filings on or before Monday, November 2, 2020. In its April 15, 2020 Order Establishing Standard Rates and Contract Terms for Qualifying Facilities issued in Docket No. E-100, Sub 158, the 2018 biennial avoided cost proceeding (Sub 158), the Commission set forth a number of additional issues to be addressed by the utilities in their initial filings in this proceeding, including real-time pricing tariffs; cost increments and decrements to the publicly available combustion turbine cost estimates; the use of other reliability indices, specifically the Equivalent Unplanned Outage Rate (EUOR) metric, to support development of the performance adjustment factor (PAF); the extent of backflow at substations; the potential for qualifying facilities to provide ancillary services and appropriate compensation; and the results of an independent technical review of the Astrapé Study solar integration services charge (SISC) methodology. The Commission also directed Duke to conduct a virtual stakeholder process to address issues related to the addition of energy storage at existing QFs and to report to the Commission in Sub 158 on the results of the stakeholder process by September 1, 2020. Further, in its July 21, 2020 Order Denying Motion for Reconsideration in Sub 158, the Commission ordered Duke to file its resource adequacy studies, together with any additional detail and support for the study inputs and outputs, and the Nexant energy efficiency and demand-side management

market potential studies in this avoided cost proceeding. Lastly, the Commission notes that the FERC issued Order No. 872 on July 16, 2020, in its Docket Nos. RM19-15-000 and AD16-16-000 potentially driving additional changes to PURPA implementation and the determination of avoided cost rates in North Carolina.

Given the recurring nature of the issues and decisions which have traditionally arisen in these proceedings, the Commission has determined that it will attempt to resolve all issues arising in this docket based on a record developed through public witness testimony; statements, exhibits and avoided cost schedules verified by persons who would otherwise be qualified to present expert testimony in a formal hearing; and written comments on the statements, exhibits, and schedules rather than a full evidentiary hearing for the purpose of receiving expert testimony. The Commission nonetheless retains the right to convene an evidentiary hearing to receive oral testimony as to one or more issues and with respect to one or more witnesses in the event the Commission concludes from the written filings that such hearing would be useful to the Commission's final determination of the issues.

In the interest of the orderly and efficient handling of this proceeding, the Commission will require the parties to address the topics presented in this proceeding on a topic-by-topic basis, staggering the filing of comments, reply comments, and proposed orders related to the topics, as follows: (1) any proposed changes in the methodologies used to calculate or determine avoided costs, as well as the data inputs and assumptions used in applying those methodologies; (2) any proposed changes to the avoided cost rate design; (3) any proposed changes to contract terms and conditions; and (4) any other topic on which the Commission directs filings to be made by the parties.

IT IS, THEREFORE, ORDERED as follows:

1. That DEC, DEP, DENC, WCU, and New River are hereby made parties to this proceeding;
2. That DEC, DEP, DENC, WCU, and New River shall file the statements and exhibits specified below on or before Monday, November 2, 2020;
3. That DEC's, DEP's, DENC's, WCU's, and New River's initial filings shall include the following:
 - a. A set of proposed rates for purchases from qualifying facilities, showing all calculations for deriving said proposed rates, including inflation rates and discount rates used;
 - b. Proposed standard form(s) of contract between qualifying facilities and the utility, describing any differences between said proposed standard form(s) of contract and the currently approved standard contract, including the reasons for such differences; and
 - c. Statements and exhibits addressing those issues listed in the ordering paragraphs of the Commission's April 15, 2020 order issued in Docket No. E-100, Sub 158.

4. That DEC's and DEP's filings shall also include the resource adequacy studies, together with any additional detail and support for the study inputs and outputs, and the Nexant energy efficiency and demand-side management market potential studies required by the Commission in its July 21, 2020 order in Sub 158 to be filed by Duke in the 2020 integrated resource planning proceeding and this 2020 avoided cost proceeding;

5. That other persons desiring to become formal parties to this proceeding may petition the Commission for leave to intervene on or before Monday, January 11, 2021;

6. That all parties, other than the five electric utilities herein, shall file with the Commission the comments and exhibits that they wish to present in this proceeding related solely to proposed changes in the methodologies used to calculate or determine the avoided costs, as well as the data inputs and assumptions used in applying those methodologies on or before Monday, January 11, 2021;

7. That all parties may file reply comments related solely to proposed changes in the methodologies used to calculate or determine the avoided costs, as well as the data inputs and assumptions used in applying those methodologies on or before Friday, February 12, 2021;

8. That all parties may file proposed orders related solely to proposed changes in the methodologies used to calculate or determine the avoided costs, as well as the data inputs and assumptions used in applying those methodologies on or before Friday, March 12, 2021;

9. That deadlines for filing comments, reply comments, and proposed orders related to any proposed changes to standard offer contract terms and conditions, any proposed changes to the avoided cost rate design, and any other topic on which the Commission may direct filings from the parties will be established by further order of the Commission; and

10. That a public hearing solely for the purpose of taking nonexpert public witness testimony is hereby scheduled to begin on Tuesday, February 16, 2021, at 9:30 a.m. The Commission will issue a further order in November 2020 setting forth the manner in which the hearing will be conducted and requiring the utilities to publish notice of the hearing.

ISSUED BY ORDER OF THE COMMISSION.

This the 13th day of August, 2020.

NORTH CAROLINA UTILITIES COMMISSION



Janice H. Fulmore, Deputy Clerk