

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

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

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of 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) )	<b>INITIAL COMMENTS OF THE PUBLIC STAFF ON MODIFICATIONS TO SOLAR REBATE INCENTIVE AMOUNTS</b>
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NOW COMES THE PUBLIC STAFF – North Carolina Utilities Commission, by and through its Executive Director, Christopher J. Ayers, and respectfully submits the following initial comments regarding possible modifications to the current Solar Rebate Program incentive amounts offered by Duke Energy Carolinas, LLC (DEC), and Duke Energy Progress, LLC (DEP) (collectively, “Duke” or “the Companies”) under N.C. Gen. Stat. § 62-155(f), pursuant to the Commission’s November 6, 2020 Order (November 6 Order) in the above-captioned docket.

In its November 6 Order, the Commission requested that parties submit comments on or before December 1, 2020,<sup>1</sup> “recommending revised rebate amounts for residential, commercial, and nonprofit customers for consideration to be effective for the application window opening on Wednesday, July 7, 2021.” November 6 Order at 16. In addition, the Order stated that:

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<sup>1</sup> By Order dated November 23, 2020, the Commission extended the deadline for submission of initial comments in this docket to Friday, December 4, 2020.

The Commission is not satisfied that it has sufficient proposals before it to modify the existing program to ensure that it functions as intended while still complying with the incentive eligibility constraints set by the General Assembly. Noting that the statute describes the solar rebate program as “offering reasonable incentives to residential and nonresidential customers for the installation of small customer owned or leased solar energy facilities participating in a public utility’s net metering tariff,” N.C.G.S. § 62-155(f) (emphasis added), the Commission is particularly interested in the viability of a tiered system aimed at incentivizing smaller solar installations with a declining incentive structure up to 10 kW for residential customer installations and 100 kW for nonresidential customer installations. One way to better utilize the rebates to encourage solar installations may be to target smaller systems, which are more likely to be installed by customers with greater budget constraints and, therefore, in greater need of an incentive. Further, a tiered system recognizes that the cost of solar installation per watt goes down as the size increases. While the Commission is particularly interested in the viability and structure of a tiered system, other proposals will be considered and fully evaluated. Id.

The Public Staff agrees with the Commission that a tiered rebate structure may provide incentives to “right-size” the system to meet the customer’s energy needs, as opposed to maximizing the eligible rebate amount, and may have the added benefit of increasing the amount of rebate capacity remaining for other interested customers to participate. The Public Staff does not have a tiered rebate proposal to present for consideration at this time, and believes that the additional input required by the Commission to be provided by DEC and DEP in their initial comments,<sup>2</sup> as well as the perspectives of the solar installers and marketers represented in the initial comments of the North Carolina Sustainable Energy Association and Southern Alliance for Clean Energy may provide insights on the

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<sup>2</sup> The Commission further directed DEC and DEP to “to include in its comments responsive to this Order information detailing the characteristics of the residential, commercial, and nonprofit installations receiving rebates, including but not limited to the distribution and average capacity of applications and installations for each customer group. Further, Duke shall include this same information in future annual program reports.” (November 6 Order at 16).

implementation and viability of a tiered rebate system, as opposed to the continued use of rebate incentive based on a flat dollar per kilowatt of capacity (\$/kW) rebate amount currently being utilized.

Consistent with the Public Staff's June 5, 2020 initial comments in this docket, the Public Staff continues to recommend that any adjustments to the rebate incentive amounts be revenue-neutral and do not result in any increase in the overall costs of the Solar Rebate Program, which are recovered from DEC and DEP customers in the Renewable Energy and Energy Efficiency Portfolio Standard Rider pursuant to N.C.G.S § 62-133.8(h)(1). Ensuring revenue neutrality of a tiered rebate structure is more complex than the current flat \$/kw amounts; nonetheless, the Public Staff recommends that any proposal for a tiered rebate structure include an evaluation of the program cost implications for consideration.

Respectfully submitted this the 4th day of December, 2020.

PUBLIC STAFF  
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Electronically submitted  
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**CERTIFICATE OF SERVICE**

I certify that a copy of these Initial Comments have been served on all parties of record or their attorneys, or both, by United States mail, first class or better; by hand delivery; or by means of facsimile or electronic delivery upon agreement of the receiving party.

This the 4th day of December, 2020.

Electronically submitted  
/s/ Tim R. Dodge