

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION  
DOCKET NO. E-2, SUB 1167  
DOCKET NO. E-7, SUB 1166

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) )

NCSEA’S REPLY  
COMMENTS RESPONSIVE  
TO COMMISSION ORDER

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Pursuant to the North Carolina Utilities Commission’s (“Commission”) *Order Modifying Fourth Year of Solar Rebate Program and Requesting Additional Comments* (“Rebate Order”) issued on November 6, 2020 in the above-captioned docket, the North Carolina Sustainable Energy Association (“NCSEA”) and submits the following reply comments.

I. NCSEA Opposes Duke’s Proposal to Reduce Incentive Amounts

NCSEA opposes Duke’s proposal to reduce the per watt rebate amounts for the residential and commercial and industrial customer classes. NCSEA does not believe this request is responsive to the Commission and belies the intent of the underlying statutory program. In the recent Rebate Order, the Commission directed, in pertinent part:

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.<sup>1</sup>

In response Duke, who, like NCSEA, actually opposes a tiered program, proposes only to lower the incentive amounts without any other mechanism to increase the number of customers to receive it: “the Companies respectfully request the Commission to decrease the rebate incentive amount per watt for residential customers to \$0.40 and for commercial customers to \$0.30, while retaining the rebate incentive amount for non-profit customers at \$0.75.”<sup>2</sup>

NCSEA strongly opposes this request and does not think this request benefits customers with “greater budget constraints” as outlined by the Commission in the Rebate Order. Duke’s requested change does nothing to address the issues in the underlying program and was not requested by the Commission. Furthermore, the Commission has already once *this year* rejected an attempt to lower the rebate amount.<sup>3</sup> There is simply no evidence that a lower rebate incentive, without increasing the number of customers who can receive a rebate, will cause the bi-yearly rollout to become less of a rush during each rollout while *also* furthering the “objective of the legislative solar rebate program [...] to provide an economic incentive for residential, commercial, and nonprofit customers to adopt solar power by reducing the upfront cost of installing solar equipment”, and NCSEA

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<sup>1</sup> Rebate Order, p. 16. (emphasis added).

<sup>2</sup> *Duke Energy Progress, LLC and Duke Energy Carolinas, LLC’s Initial Comments* (December 4, 2020) (“Duke Initial Comments”), p. 8.

<sup>3</sup> Rebate Order, pp. 16-17. While the Commission in the Rebate Order acknowledges a changing market and its potential effect on the rebate amounts (“[...] the Commission finds persuasive the Public Staff’s observation that solar installation costs are dropping and further notes that rebates, which are funded by ratepayers, should reflect true and reasonable costs. As such, the Commission will give due consideration to the Public Staff’s recommendation to adjust rebate amounts in the future”), NCSEA opposes reductions for all the reasons set forth herein and also does not believe such a change should be considered in the second rebate window of 2021. This would make the first window of 2021 even more valuable and potentially cause more rollout problems than before.

still maintains that currently “because so few solar customers are guaranteed a rebate, the ratepayer financed program does not appear to be fulfilling its purpose of driving the adoption of solar.”<sup>4</sup>

Furthermore, Duke also failed to consider external factors such as the federal investment tax credit which is set to lower its incentive amounts in 2021 and 2022 in proposing to decrease the rebate amount. Clearly the lowering of a federal tax incentive has direct bearing on the state incentive at issue here and whether the same demand will remain. Duke’s proposal does not address those issues and, if this proposal is adopted the customers who will suffer the most are those who are in most need of the incentive.

Adoption of Duke’s proposal will likely cut out lower or moderate-income customers, which certainly falls outside the intent of the General Assembly in N.C. Gen. Stat. § 62-155(f). Lowering the incentive amount simply will not drive the adoption of solar, especially among lower and more moderate-income customers. Furthermore, a lessened financial incentive, without increasing the customer pool in some way, will similarly fail to further the statutory goal to provide meaningful economic incentive to convince more customers to adopt solar. As noted by Duke, the residential rebate program is already skewed towards higher income individuals: “residential customers with higher incomes received a greater share of rebates.”<sup>5</sup> Surely, lowering the incentive amount will only further this disparity. In fact, Duke agrees that income-based rebates, which would reward customers with lower income, would further the intent of the statute, namely to get less-affluent customers access to residential solar: “[t]he Companies believe the best way to incentivize moderate income customers to participate is based on income, not system

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<sup>4</sup> *Id.* at 14.

<sup>5</sup> Duke Initial Comments, p. 3.

size.”<sup>6</sup> If this is the case, then it makes little sense to decrease incentive amounts unless the sole purpose is to simply reduce the cost of the program on a whole and not drive solar adoption.

Duke vaguely cites to data provided by NCSEA as the basis for some of their arguments, but NCSEA unequivocally states that nothing in their solar adoption data suggests that lowering the solar adoption incentive (without enlarging the potential customer pool) is a means to correct the issues set forth above. Furthermore, NCSEA’s position remains clear: the problem in this program is not that the incentives are too rich; the problem is that too few customers can participate in the program. The customers receiving distributed solar are not *yet*, from NCSEA’s estimation, a diverse slice of the socioeconomic pie, which is a worthy and continuing goal. Clearly, the underlying statute intended for more people, including those of lesser means, to have access to distributed solar, but Duke seeks to limit or even eliminate that. While NCSEA recognizes that the 2020 rollout was more expensive than prior years due to Duke’s technical issues, NCSEA will not support this smaller program for all the reasons set forth above, and we think the Commission should reject Duke’s request.

## II. NCSEA Restates its Opposition to a Tiered Rebate Program

None of the initial comments filed in these dockets in response to the Rebate Order proposed a tiered rebate proposal, but Duke, alternatively, suggested that if the Commission adopts a tiered rebate, it consider the same lowered rebate amounts discussed above. NCSEA opposes this alternative relief request. NCSEA also still opposes the concept of a tiered rebate program for all the reasons stated in its Initial Comments, and,

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<sup>6</sup> *Id.* at 7.

to that end, NCSEA requests that, should another party submit a proposal for a tiered program in its Reply Comments, that NCSEA be allowed to submit sur-reply comments on that proposal.

III. Conclusion

For the reasons set forth above, NCSEA requests the Commission deny the request by Duke to lower the rebate incentive amounts and, to the extent a tiered program is proposed in Reply Comments by another party, that the Commission allow for NCSEA to provide sur-reply comments on any such proposal.

Respectfully submitted, this the 15th day of December, 2020.

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**CERTIFICATE OF SERVICE**

I hereby certify that all persons on the docket service list have been served true and accurate copies of the foregoing document by hand delivery, first class mail deposited in the U.S. mail, postage pre-paid, or by email transmission with the party's consent.

This the 15th day of December, 2020.

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