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BEFORE THE NORTH CAROLINA UTILITIES COMMISSION
DOCKET NO. E-100, SUB 178

In the Matter of:	)	
Rulemaking Proceeding to Implement	)	**CITY OF CHARLOTTE INITIAL**
Performance-Based Regulation of	)	**COMMENTS**
Electric Utilities		

CITY OF CHARLOTTE INITIAL COMMENTS ON RULEMAKING PROCEEDING TO IMPLEMENT PERFORMANCE-BASED REGULATION OF ELECTRIC UTILITIES

Pursuant to the North Carolina Utilities Commission ("NCUC") *Order Requesting Comments and Proposed Rules* dated October 14, 2021, the City of Charlotte, through the undersigned attorney, respectfully submits the following comments on the *Rulemaking Proceeding to Implement Performance-Based Regulation of Electric Utilities.*

I. INTRODUCTION

The City of Charlotte ("City") is one of Duke Energy's largest customers and also represents a broader customer class of nearly 900,000 residents. Charlotte's City leadership, residents, and elected representatives recognize the growing urgency of addressing climate change and environmental inequities. In June 2018, the Sustainable and Resilient Charlotte by 2050 Resolution[1] was unanimously passed by City Council.

This resolution set ambitious municipal and community-wide greenhouse gas ("GHG") emissions reduction goals. Specifically, it states that the City will:

- Strive for all City fleet and facilities to be fueled by 100% zero-carbon sources by 2030, and
- Strive to transform Charlotte as a whole into a low carbon city by 2050 by reducing GHG emissions to below two tons of CO_2 equivalent per person annually.

A constructive and fruitful partnership with Duke Energy, coupled with the experienced guidance of this Commission, will be critical to achieving the City's goals.

[1]Resolution, available at:
sihttps://charlottenc.gov/CityCouncil/Committees/Achive%20Environment%20Committee%20documents/Sustainable%20and%20Resilient%20Resolution.pdf

To achieve these targets, the City worked with Duke Energy and other key partners to develop the Strategic Energy Action Plan[2] ("SEAP"), which holistically addresses equitable carbon reduction in both City buildings and fleet as well as citywide GHG emissions. The City and Duke Energy recognize the critical importance of a successful partnership and have fostered that in order to reach the SEAP goals. Charlotte's ability to achieve SEAP goals relies in part on the carbon intensity of Duke Energy's grid mix, and under the existing regulatory structure, Duke Energy and the NCUC have significant influence over this. Given the importance of the Rulemaking Proceeding to Implement Performance-Based Regulation of Electric Utilities in achieving the City's SEAP goals, the City submits the following comments.

II. COMMENTS - ENERGY BURDEN

Energy burden is the percentage of annual income that a household or individual pays toward their energy bills (electricity and gas). While all households experience a unique energy burden, a household is typically considered "in high burden" if their energy bills exceed 6% and in "severe energy burden" if their energy bills exceed 10% of their annual income. Energy burdens can be attributed to a number of causes such as poor insulation, outdated appliances and/or excessive energy use.[3]

Energy burden is not evenly shared across society and is quickly becoming known for its importance in energy-equity considerations. Low-income communities face energy burdens that far exceed national averages. Coupled with the fact that energy bills are the most common reason that people turn to short-term loan products, energy burdens are increasingly contributing to chronic poverty in the United States.[4] Equity is one of the pillars of the City's SEAP.

The City is working to address both variables of energy burden: income and energy spend. The City's RENEW program provides training to residents with barriers to employment for careers in the energy and sustainability sector earning family sustaining wages. The City has also partnered with Duke Energy in the past to maximize the utilization of programs that can improve energy efficiency in low income households (e.g. Duke Energy's Neighborhood Energy Saver program in the North End Smart District) in order to reduce their energy spend. In addition to these successful efforts, more can be done to address energy burden.

While the City's energy costs per kilowatt hour (kWh) are approximately 16%[5] lower than the national average, household energy burden remains an issue for many Charlotte families. Energy rate structures as well as shortcomings in energy efficiency are *part* of what drives these patterns of energy burden. As such, many of the City's comments are motivated by a strong desire to alleviate this burden on residents in a sustained way without exacerbating other health and environmental inequities.

The average energy burden for Charlotte is 4.2%, and Charlotte ranks 14th nationally among major cities for highest percentage of energy burdened households. In 2018, Charlotte had over 120,000 households (31% of households) with a high energy burden at or greater than 6%.

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[2] SEAP, available at: charlottenc.gov/seap

[3] Brown, MA, A Soni, MV Lapsa, KA Southworth, M Cox. *2020*. "High energy burden and low-income energy affordability: conclusions from a literature review," *Progress in Energy,* Vol 2, Issue 4. https://doi.org/10.1088/2516-1083/abb954

[4] Levy, R. and J. Sledge. 2012. A Complex Portrait: An Examination of Small-Dollar Credit Consumers. Chicago. Center for Financial Services Innovation.

[5] https://www.eia.gov/electricity/data/eia861/

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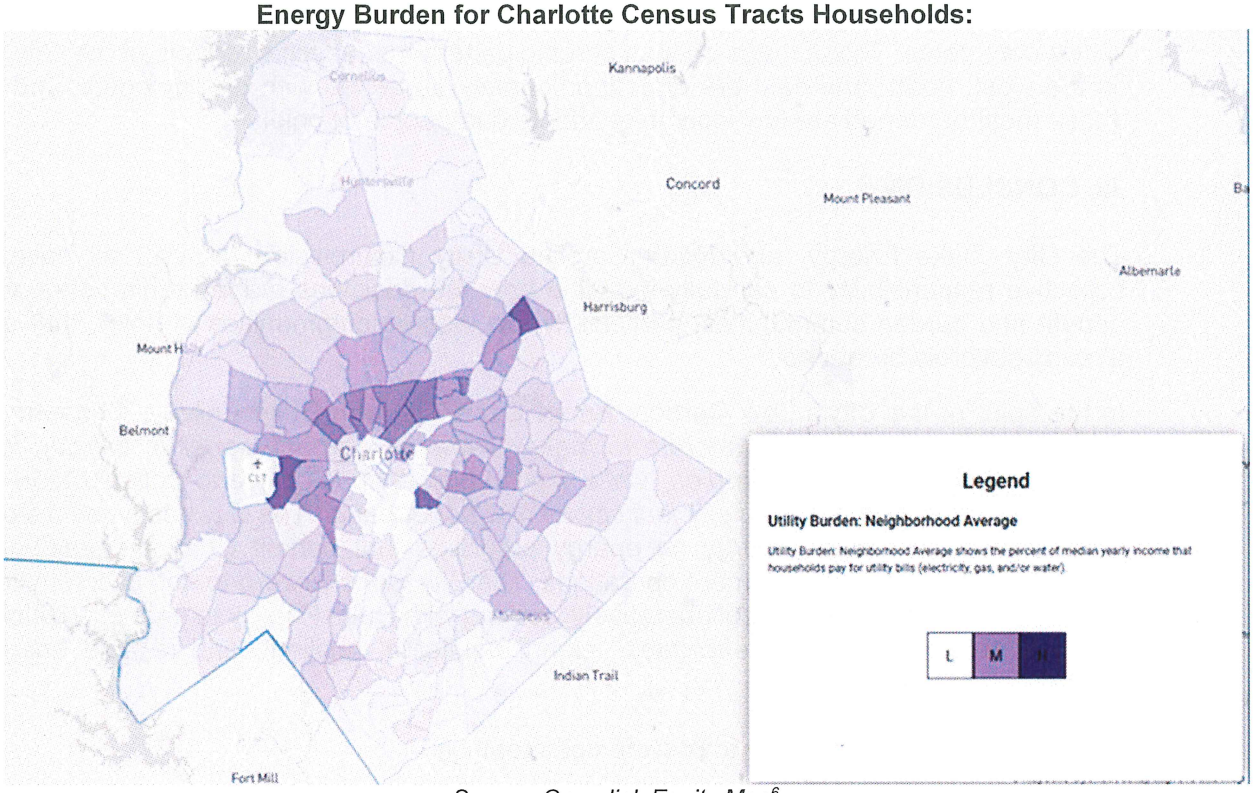
The map below plots the Charlotte households by census tract that have high levels of energy burden, spending 6% or more of their income on paying for energy bills. The darker shade of purple represents census tracts with highest energy burden (closer to 13%) and the lighter colors represent neighborhoods with lowest energy burden (3% or less).

Energy Burden for Charlotte Census Tracts Households:



Source: Greenlink Equity Map[6]

[6] www.equitymap.org

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Charlotte is also one of 17 cities across the nation where more than 25% of low-income households experience severe energy burden above 14%.[7] COVID-19 has increased the number of low-income Charlotteans experiencing energy burden and exacerbated the energy burden for many residents already struggling to pay their energy bills.

Additional maps have been included in the Appendix to highlight equity elements of the City's comments. These maps show a chronic pattern that specific regions of the City in the west, north, and east are disproportionately burdened with energy costs, and those most burdened are low income residents and people of color.

III. CONCLUSION

The City, Duke Energy, and North Carolina Utility Commission (NCUC) all have a collective responsibility to carefully examine how the decisions made in this venue will benefit and burden communities, particularly low income communities of color, that are already severely burdened.

In the spirit of the City's Low Carbon, Smart City MOU with Duke Energy, Charlotte is committed to, "*...seek to collaborate to make Charlotte a global leader in utilizing low carbon, local, renewable energies, while using data, technology, and collaboration to create a more sustainable and efficient city for all Charlotteans.*" The City has a rich history of partnering with Duke Energy on energy programs that benefit Charlotte residents, businesses, and local government operations. The City looks forward to and is committed to continue successfully and collaboratively working with Duke Energy to enable solutions that will accelerate a more affordable, clean, equitable, resilient, and reliable energy system.

Thank you for the opportunity to provide comments.

[Signature line on next page]

[7] Drehobl, A., & Ross L. (2016). Lifting the High Energy Burden in America's Largest Cities:How Energy an Improve Low-Income and Underserved Communities. American Council for an Energy-Efficient Economy.

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Respectfully submitted, this the 9th day of November, 2021.

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CERTIFICATE OF SERVICE

I hereby certify that all persons on the docket service list have been served a true and accurate copy of the foregoing City of Charlotte's Initial Comments on Rulemaking Proceeding to Implement Performance-Based Regulation of Electric Utilities 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 9th day of November, 2021

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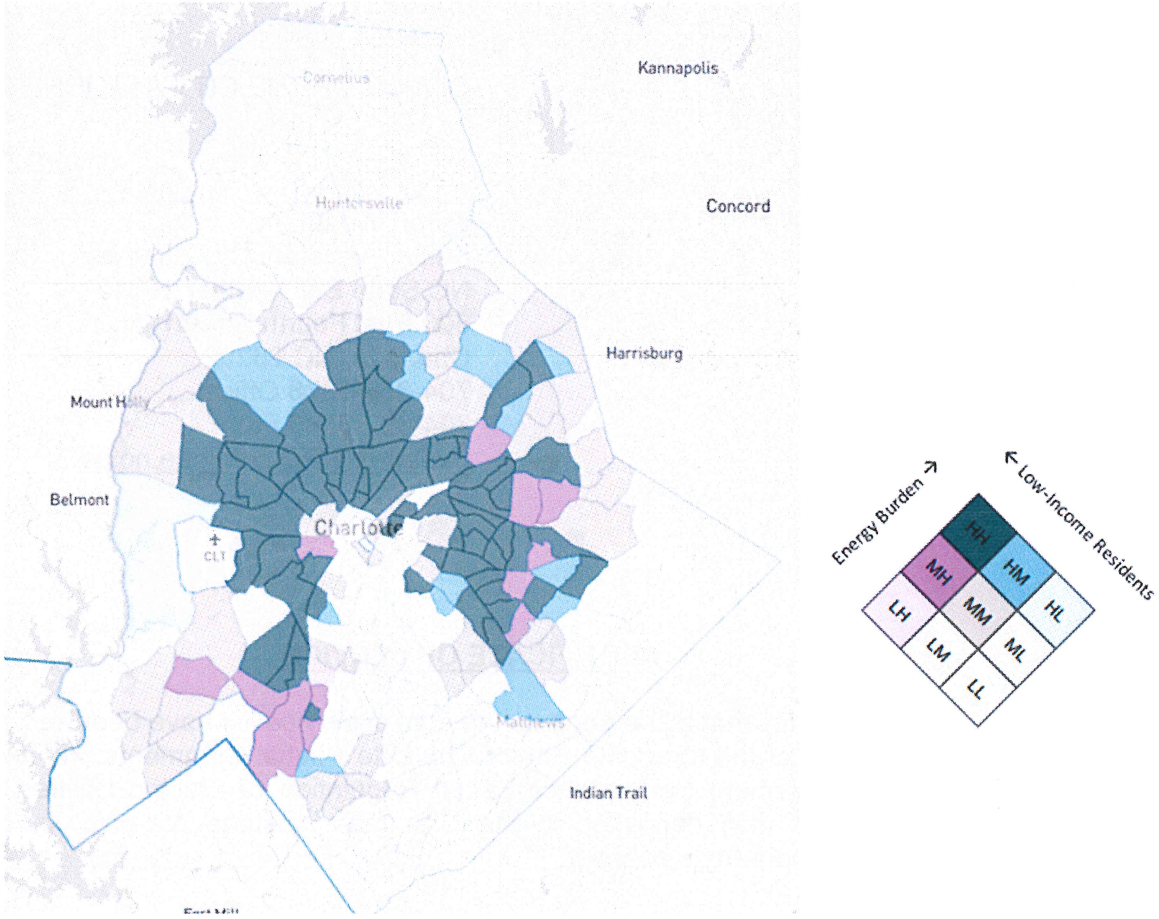
Appendix

Charlotte Census Tracts that Have High Energy Burdens and Low-Income Populations:



Source: Greenlink Equity Map

Areas in dark gray show the census tracts that are in the top third for both energy burden and low-income individuals. There are numerous low-income neighborhoods in Charlotte that bear high energy burdens.

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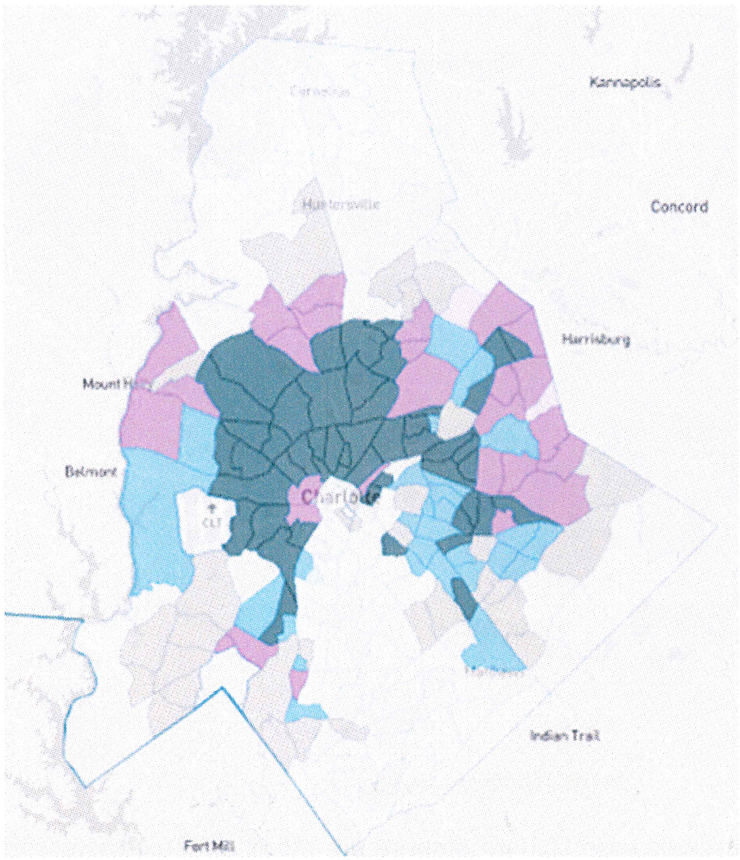
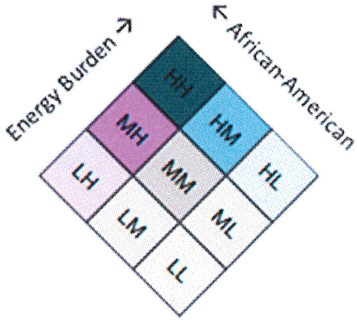
Charlotte Census Tracts that have High Energy Burdens and Dense African-American Residents:

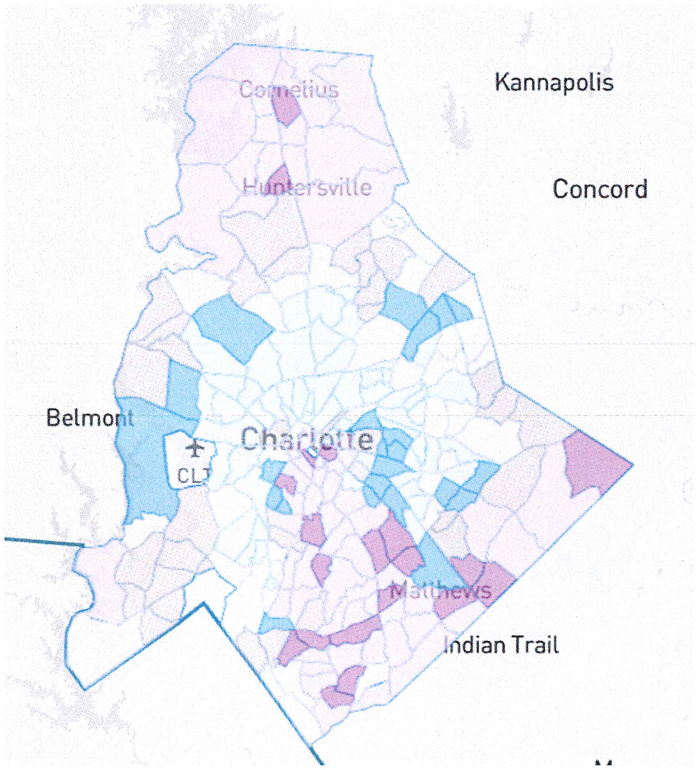


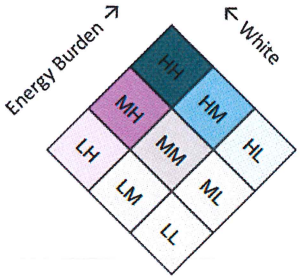


Source: Greenlink Equity Map

Areas in dark gray show the census tracts that are in the top third for both energy burden and African-American Residents. There are numerous predominantly African-American neighborhoods in Charlotte that bear high energy burdens.

Charlotte Census Tracts that have Low to Moderate Energy Burdens and White Residents:





Source: Greenlink Equity Map

Contrast this to the previous map. Whereas there are many census tracts with high populations of African-American residents bearing a high energy burden, there are not a significant number of census tracts with predominantly white residents who have high energy burdens. This is an example of how people of color bear disproportionately high levels of energy burden.

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