

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION
DOCKET NO. E-22, SUB 503

In the Matter of:)
Application by Virginia Electric and Power)
Company, d/b/a Dominion North Carolina)
Power, for Approval of Renewable Energy) POST-HEARING BRIEF
and Energy Efficiency Portfolio Standard)
Cost Rider Pursuant to G.S. 62-133.8 and)
Commission Rule R8-67)

NCSEA'S POST-HEARING BRIEF

The North Carolina Sustainable Energy Association ("NCSEA") submits this post-hearing brief in accordance with Commissioner Beatty's direction, made during the 13 November 2013 evidentiary hearing, that post-hearing briefs and proposed orders be filed by 4 December 2013. NCSEA does not argue herein that any costs Virginia Electric and Power Company d/b/a Dominion North Carolina Power ("Dominion") seeks to recover in this proceeding are unreasonable or were imprudently incurred. Rather, as more fully set out below, NCSEA prays the North Carolina Utilities Commission ("Commission") direct Dominion to file an annual report regarding REPS-related research studies being paid for by customers under N.C. Gen. Stat. § 62-133.8(h)(1)b. Imposition of such a requirement would ensure that Dominion reports on its REPS-related research in the same manner that Duke Energy Carolinas, LLC ("Duke") and Duke Energy Progress, Inc. ("Progress") report on their REPS-related R&D research.

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Dominion Is (Or Soon Will Be) Conducting REPS-Related
Research at North Carolina Ratepayer Expense

Dominion is (or soon will be) conducting REPS-related research at ratepayer expense. At the hearing, Dominion Witness Courts testified as follows, in pertinent part:

Dominion . . . plans to develop a microgrid project at its Kitty Hawk District Office. . . . The Company plans to commence construction in late 2013 and to commission and begin operation of the NC Microgrid in summer 2014. . . . The Company anticipates incurring the majority of costs for the NC Microgrid Project during calendar year 2014, the rate period for the Company's initial REPS Rider ("Rate Period"). . . . For purposes of the current Rider, forecasted NC Microgrid costs of \$591,970 to be incurred during the Rate Period have been provided . . . for inclusion in the Rate Period Rider RP revenue requirement. . . . The total gross incremental development cost of the NC Microgrid Project, before tax benefits, is projected to be approximately \$699,233. These costs, which are spread across calendar years 2013 and 2014 . . . will not exceed the \$1 million annual research cap¹¹ in either year.

Transcript of 13 November 2013 Hearing, Volume 1, pp. 50-55, Commission Docket No.

E-22, Sub 503 (20 November 2013).

Dominion Should be Required to File an Annual
Report Covering its Subsection (h) Research

N.C. Gen. Stat. § 62-36 authorizes the Commission to "require any public utility to file annual reports in such form and of such content as the Commission may require and special reports concerning any matter about which the Commission is authorized to inquire or to keep informed, or which it is required to enforce." Under its general oversight authority, *see, e.g.*, N.C. Gen. Stat. §§ 62-33 and 62-34, the Commission is – at

¹ N.C. Gen. Stat. § 62-133.8 sets out the standard by which the Commission gauges whether to approve recovery of incremental costs in connection with the Renewable Energy and Energy Efficiency Portfolio Standard ("REPS"), including the cost recovery being requested by Dominion in this docket. Subsection (h)(1) of the statute provides in pertinent part that

[f]or the purposes of this subsection, the term "incremental costs" means all *reasonable and prudent costs* incurred by an electric power supplier to:

- ...
 - b. Fund research that encourages the development of renewable energy, energy efficiency, or improved air quality; provided those costs do not exceed one million dollars (\$1,000,000) per year.

N.C. Gen. Stat. § 62-133.8(h) (emphasis added).

a minimum – authorized to inquire or keep informed about these studies that impact rates. *See Order Requiring Electric Membership Corporations and Municipal Power Suppliers to File Measurement and Verification Plans and Results for Energy Efficiency and Demand-Side Management Programs*, p. 4, Commission Docket No. E-100, Sub 113 (14 May 2012) (“The IOUs . . . observed that additional materials are available for audit, including third-party research.”) (emphasis added); *see also Order Granting Certificate and Accepting Registration*, Commission Docket No. EMP-61, Sub 0 (8 March 2012) (imposing pre- and post-construction research disclosure filing requirements on the developer of a wind farm).

The Commission has in fact exercised its authority under N.C. Gen. Stat. § 62-36 to require both Duke and Progress to file annual reports on their REPS-related research. In the final orders issued in Commission Docket Nos. E-7, Sub 1008 and E-2, Sub 1020, the Commission required, for example, that:

Duke shall file in its next REPS rider application results of studies the costs of which were recovered via its REPS EMF and rider and, for those studies that are subject to confidentiality agreements, information regarding whether and how parties can access the results of those studies.

Order, p. 18, Commission Docket No. E-7, Sub 1008 (16 August 2012); *see Order*, p. 13, Commission Docket No. E-2, Sub 1020 (16 November 2012) (substantially identical ordering language applicable to Progress). The Duke and Progress reporting requirements were further clarified earlier this year in the final orders issued in Commission Docket Nos. E-7, Sub 1034 and E-2, Sub 1032, with the Commission directing, for example, that:

DEC shall file in all future REPS rider applications the results of studies the costs of which were recovered via its REPS EMF and rider, including the overall program number and specific project number for each project

sponsored by EPRI; and, for those studies that are subject to confidentiality agreements, information (including an internet or mailing address) regarding how parties can access the results of those studies.

Order, p. 20, Commission Docket No. E-7, Sub 1034 (20 August 2013); *see Order*, p. 13, Commission Docket No. E-2, Sub 1032 (25 November 2013).

Consequently, the Commission can require Dominion to file an annual subsection (h)(1)b. report in which Dominion provides updates on customer-subsidized research including (1) summary updates on research in progress (together with expected completion dates), and (2) sufficiently-detailed abstracts of recently completed research including, at a minimum, summary results and key conclusions (together with information on whether and how the complete research results and conclusions can be accessed by customers or the public-at-large).

NCSEA believes the Commission should exercise its power to require such a report because increased transparency will promote customer and public-at-large confidence in the administration of the REPS law.² In a slightly different “data transparency” context, the Commission has “recognize[d] the value of making more . . . information public so as to improve customer confidence in the expenditures that are being made, as well as to potentially prompt further innovations and reductions in the cost of REPS compliance.” *Order Approving REPS and REPS EMF Riders and 2010*

² Whether research qualifies for cost recovery has been an issue in several dockets already, *see Order on 2008 REPS Compliance Report*, pp. 5-6, Commission Docket No. E-43, Sub 6 (3 May 2011); *Order Approving REPS and REPS EMF Riders*, pp. 7-9, Commission Docket No. E-2, Sub 974 (17 November 2010), indicating the existence of a public interest in “watchdogging” subsection (h) research to make sure it is advancing the goals of the REPS law, including potentially prompting further non-utility innovations and reductions in the cost of REPS compliance.

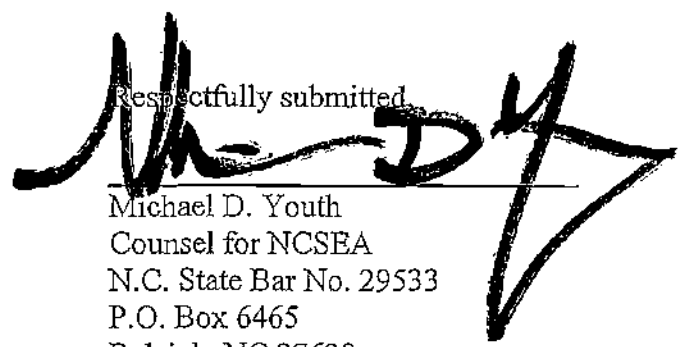
REPS Compliance, p. 12, Commission Docket No. E-7, Sub 984 (23 August 2011). The same rationale applies here and counsels in favor of imposing a reporting requirement.

Additionally, an annual report will enable the Commission to more easily exercise its oversight authority and ensure that research costs incurred at the outset of a study are yielding valuable information subsequent – sometimes years subsequent – to their incorporation into rates. In other words, a reporting requirement will better enable the Commission to determine if an “audit” of any third-party research is necessary – be it for informational or oversight purposes.

The imposition of a reporting requirement will not be unduly burdensome. Indeed, even in the absence of a requirement, Dominion has indicated it plans to report of its NC Microgrid Project, which is currently its only REPS-related research project. Dominion Witness Courts testified as follows: “Throughout the three-year demonstration period (summer 2014 to summer 2017), Dominion . . . will submit annual project updates to the Commission detailing study results to date. These updates will be filed with the Company’s annual REPS compliance reports after each year of the demonstration (2015 to 2017).” *Transcript of 13 November 2013 Hearing, Volume 1*, p. 56, Commission Docket No. E-22, Sub 503 (20 November 2013).

Conclusion

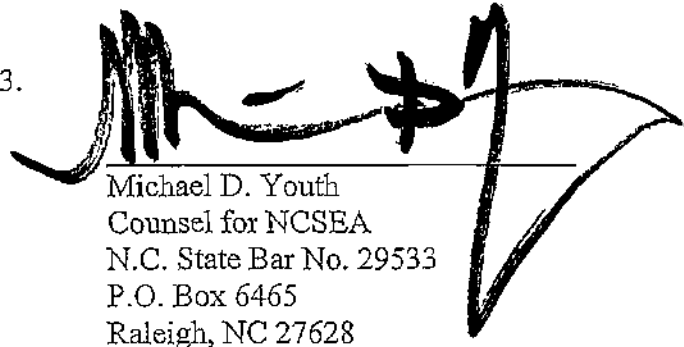
For the reasons set out in the foregoing brief, NCSEA prays the Commission direct Dominion to file an annual report regarding the research being funded by customers under subsection (h)(1)b., similar if not identical to the reports that Duke and Progress are required to submit.

respectfully submitted

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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 Post-Hearing Brief 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 31st day of December, 2013.


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