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May 5, 2020

VIA ELECTRONIC FILING

Ms. Kimberley A. Campbell
Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

**Re: Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's
Joint Response to Greenlots' Motion for Comments
Docket Nos. E-7, Sub 1195 and E-2, Sub 1197**

Dear Ms. Campbell:

Enclosed please find Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's Joint Response to Greenlots' Motion for Comments or filing in the above-referenced docket.

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Kendrick C. Fentress".

Kendrick C. Fentress

Enclosure

cc: Parties of Record

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1195

DOCKET NO. E-2, SUB 1197

In the Matter of:

Application by Duke Energy Carolinas, LLC and Duke Energy Progress, LLC for Approval of Proposed Transportation Project)	JOINT RESPONSE OF DUKE ENERGY CAROLINAS, LLC AND DUKE ENERGY PROGRESS, LLC TO GREENLOTS' MOTION FOR COMMENTS
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NOW COME Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP”) (collectively, the “Companies”) and hereby jointly respond to the Motion that Parties Be Allowed to Comment on Settlement Agreement, filed by Zeco Systems, Inc., d/b/a/ Greenlots (“Greenlots”) in the above-captioned dockets on April 24, 2020. The Companies do not agree that an additional round of comments in this proceeding is necessary or helpful for the Commission to determine that the Companies’ proposed Electric Transportation Pilot Program (“ET Pilot”) is in the public interest and should be approved. The Settlement Agreement between the Companies and ChargePoint does not alter the essential components of the proposal and, significantly, adds an Electric Transportation Collaborative to be convened within three months of approval of the ET Pilot. In support of this response, the Companies show the following:

1. On March 29, 2019, the Companies filed an application for approval of the proposed ET Pilot.
2. On April 4, 2019, the Commission issued an Order Requiring Comments on Proposed Electric Transportation Pilot Program, in which it allowed initial comments

to be filed by interested parties by May 6, 2019 and reply comments to be filed by interested parties by May 20, 2019.

3. On April 9, 2019, the North Carolina Sustainable Energy Association (“NCSEA”) filed a petition to intervene in these dockets, which the Commission allowed on the same day. On April 15, 2019, the Sierra Club filed a petition to intervene, and the intervention was allowed by the Commission on April 16, 2019. On April 24, 2019, ChargePoint filed a petition to intervene and the Commission allowed the intervention on May 1, 2019. On April 26, 2019, the Environmental Defense Fund (“EDF”) filed a petition to intervene, and the intervention was allowed by the Commission on May 3, 2019. On May 6, 2019, North Carolina Clean Energy Business Alliance (“NCCEBA”), Greenlots, and, jointly, Southern Alliance for Clean Energy and the North Carolina Justice Center (“SACE/NCJC”) filed petitions for intervention, which the Commission allowed by order issued May 17, 2019. The Public Staff’s intervention and participation are recognized pursuant to N.C. Gen. Stat. § 62-15(d) and Commission Rule R1-19(c).

4. After an extension of time, NCCEBA and SACE/NCJC filed initial Comments on July 3, 2019, and ChargePoint, EDF, Greenlots, NCSEA, the Public Staff and Sierra Club filed comments on July 5, 2019. The following parties filed Reply Comments after an extension of time: EDF on July 22, 2019, ChargePoint, the Companies, Greenlots, SACE/NCJC and Sierra Club on August 9, 2019.

5. In addition to the Comments and Reply Comments, the Commission received numerous statements of position and letters supporting the ET Pilot. The parties filing in support of the ET Pilot include: ADOMANI, Inc.; Advanced Energy; Alliance for Transportation Electrification; Blue Horizons Project; Brightfield Transportation

Solutions; Centralina Council of Governments; City of Asheville; City of Charlotte; Electrify America, LLC; EV Box, North America; EV Connect; GoDurham and City of Durham; Joint Automakers; Proterra, Inc.; Natural Resources Defense Council; Regional Transportation Alliance; SemaConnect, Inc.; Siemens Digital Grid; Southeast Energy Efficiency Alliance, and several individuals.

6. On October 25, 2019, the Commission issued its Order Scheduling Hearing, which scheduled a hearing on November 21, 2019 to obtain additional information on the public interest and ratemaking implications of the Companies' ET Pilot. The Companies presented Lang Reynolds, Director of Electric Transportation, and Laura Bateman, Director of the Carolinas Rates and Regulatory Strategy Group, and they responded to comprehensive questions from the Commission, as well as the Public Staff, on the aspects of the ET Proposal. The Companies then filed a late-filed exhibit in response to questions of the Commission at the hearing, and on February 23, 2020, the Companies filed their proposed order, as well as a Settlement Agreement with ChargePoint.

7. Only now, however, after waiting more than two months since the February 23 filing, Greenlots raises concerns about the Companies' Settlement Agreement with its market competitor, ChargePoint. Notably, no other party to the docket (and none of the other active supporters of the ET Pilot that filed letters in the docket) has requested any comments or filed any objection to the Settlement Agreement since February 23, 2020. The Settlement Agreement with ChargePoint is generally responsive to concerns from some parties regarding a perceived lack of competition and provides for the creation of an Electric Transportation Collaborative to address, among

other things, the issue of EV rate design. Specifically, the Settlement Agreement addresses concerns around the value of incorporating multiple charging networks and equipment vendors in the ET Pilot by enabling site hosts to choose charging station hardware and networking software from among qualified choices, and to set pricing to end use values. The Settlement Agreement has no effect at all on the Multi-Family Dwelling Charging Station Program or the Level 2 Charging Station Program of the ET Pilot. It did not alter the Companies' proposed budgets for ET Pilot, and it did not alter the amount of any customer incentives or participation numbers included in the Companies' initially filed tariffs. Finally, the Settlement Agreement is consistent with the ET Pilot's overall aim of helping to reach Executive Order 80's goal of 80,000 zero emission vehicles on North Carolina roads by 2025.

8. To illustrate the Settlement Agreement's scope and for the Commission's convenience, the Companies have attached a version of the Settlement Agreement, with underlined text showing how the Settlement Agreement differs from the initial proposal (Attachment A). The Companies appreciate the support that Greenlots has given the ET Pilot, but respectfully note that Greenlots' concerns in its request for comments now appear to stem more from competition with ChargePoint than with issues that were central to the other parties' positions in this docket. Accordingly, allowing another round of initial and reply comments, as requested by Greenlots, is not necessary based on the already robust record on EV market competition and the other issues established in this proceeding.

9. To the extent, however, that the Commission determines that another round of comments and reply comments are necessitated by the Settlement Agreement,

the Companies agree with Greenlots' recommended time frame of one week for comments and reply comments. The Companies also request, to the extent the Commission requests comments, that they be limited to the narrow revisions set forth in the Settlement Agreement.

WHEREFORE, the Companies respectfully request that the Commission issue an order denying Greenlots' motion for an additional round of comments and reply comments in this proceeding.

Respectfully submitted, this the 5th day of May 2020.



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**SETTLEMENT AGREEMENT BY AND BETWEEN DUKE ENERGY
CAROLINAS, LLC, DUKE ENERGY PROGRESS, LLC and CHARGEPOINT,
INC.**

I. TERMS AND CONDITIONS

- a. The Settling Parties, Duke Energy Carolinas, LLC (DEC), Duke Energy Progress, LLC (DEP) (and collectively, Duke Energy) and ChargePoint Inc. agree to North Carolina Utilities Commission approval of the Company’s proposed Electric Transportation Pilot and associated accounting and ratemaking treatment modified as follows:

i. Electric Transportation Pilot Programs

Description	Additional Details	Units	Budget (DEC/DEP)
Learn customer charging behavior and utility load management capabilities.	<ul style="list-style-type: none"> • Up to \$1,000 rebate to support installation of an Electric Vehicle Supply Equipment (EVSE) and gather baseline data on charging habits of DEC/DEP NC customers. • During the second and third years of the Pilot, the Company will perform a limited number of load management events. • <u>Participating customers shall have unlimited choice of EVSE hardware vendors.</u> 	Up to 800 rebates (500 DEC / 300 DEP)	\$1,175,000/ \$705,000
Provide rebate for up to 900 EVSE for public and private fleet	<p><u>FLEET:</u></p> <ul style="list-style-type: none"> • \$2,500 upfront rebate for each new installed EVSE port (6kW or higher). • Must install EVSE behind separate meter, taking service on applicable standard TOU rate. • <u>Participating customers shall have unlimited choice of EVSE hardware vendors.</u> 	Target 900 total EVSE rebates (500 DEC/400 DEP).	\$1,925,000/ \$1,540,000

<p>Install and own school bus EVSE</p>	<ul style="list-style-type: none"> • Budgeted \$215,000 per EVSE / bus. • Bus must be capable of bi-directional charging and participant must allow collection of charging data and testing of DR and bi-directional charging capabilities (will not impede operations). • Duke Energy will cover all costs associated with procurement and installation of EVSE, and maintain ownership of EVSE. Customer will be responsible for proper operation, maintenance, and will establish/maintain charging station network connectivity (for load control). • EVSE will be installed on customer side of the meter. • <u>Participating customers shall have unlimited choice of EVSE hardware vendors which shall be prequalified by Duke Energy to meet functional requirements</u> 	<p>Target 85 buses (55 DEC/30 DEP).</p>	<p><i>\$11,981,750/ \$6,535,500</i></p>

<p>Install and operate a foundational network of DC Fast Charging throughout DEC/DEP NC service territory. 2 stations at each location. Located at major interstates and highways.</p>	<ul style="list-style-type: none"> • Duke Energy to install, own, operate, and maintain DCFC throughout the Pilot term. • <u>Minimum of 2 DCFC per location capable of charging a single vehicle at a combined 100kW or more (“DCFC Location”).</u> • <u>Participating site hosts shall have choice of at least two vendors of EV charging hardware and software which shall be prequalified by Duke Energy to meet functional requirements. Duke Energy shall establish by RFP a base option for hardware and software, and site host shall be responsible for any incremental cost above the base option.</u> • <u>Base option is defined as a total cost, reflective of all hardware costs for each DCFC Location, including activation and other costs and the total cost to manage any and all network, software, and connectivity services for five years for each DCFC Location.</u> <p><u>No single vendor of EV charging hardware shall have more than 60% of the total installations. Once a percentage share for any single vendor of EV charging hardware exceeds 50%, Duke Energy will notify the vendor that it is approaching the threshold and establish a waiting list of customer applications for that vendor to be considered should other projects with other vendors not come to fruition.</u></p>	<p>120 stations across 60 sites (35 sites stations in DEC/25 in DEP)</p>	<p>\$20,107,500/ \$14,362,500</p>
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	<ul style="list-style-type: none"> • <u>Site Hosts have option of creating alternative pricing mechanisms for drivers, which, for purposes of this Pilot only due to its unique design, may not exceed the Fast Charge Fee by more than 20%. Site host shall be responsible for any shortfall between the actual price charged to drivers and the Fast Charge Fee.</u> • <u>The following reports shall be made to the Commission on an annual basis: (1) the Company shall provide data on the number of site hosts flowing through Fast Charge Fees to drivers, the number of site hosts using alternative pricing, as well as aggregate amounts of such fees collected by charger by year; and (2) site hosts offering alternative pricing mechanisms for drivers shall provide data on the aggregate amount collected under such arrangements by charger by year;</u> 		
<p>Install and own transit bus EVSE</p>	<ul style="list-style-type: none"> • DEC/DEP will provide up to \$75,000 per bus for all costs associated with procurement and installation of EVSE, and maintain ownership of EVSE. Customer will be responsible for proper operation, maintenance, and will establish/maintain 	<p>105 total charging stations/buses (60 DEC/45 DEP)</p>	<p>\$4,671,000/ \$3,503,250</p>

	<p>charging station network connectivity (for load control).</p> <ul style="list-style-type: none"> Participating customers shall have choice of two or more EV charging hardware and software vendors, which shall be prequalified by Duke Energy to meet functional requirements. 		
General Administrative and project management costs including ongoing O&M	<ul style="list-style-type: none"> Includes project management and administrative costs such as project management, networking, charger O&M, etc. 	-	\$1,125,000/ \$900,000
	[insert]		

ii. Electric Transportation Collaborative

Within 3 months after the pilot program is approved, Duke Energy will convene a series of Collaborative meetings to present interim Pilot progress and results and gather feedback from stakeholders on the Pilot. After the initial meeting, the Collaborative will convene at least annually, during the Pilot.

iii. Electric Vehicle Rate Design

Duke Energy agrees to leverage the learnings from the pilot as key inputs to the Comprehensive Rate Design Study proposed by Public Staff Witness Floyd’s testimony in Docket E-7 Sub 1213 to evaluate and develop effective rate design offerings for customers with Electric Vehicles. Additionally, Duke Energy commits to discuss the pilot results and Electric Vehicle rate design as a regular topic with the Electric Transportation Collaborative with the purpose of garnering stakeholder feedback into the development future Electric Vehicle rate structures and pricing programs.

iv. Time is of the Essence. The unique circumstances here make settlement prior to further allocation of funds from the Volkswagen Environmental Mitigation Trust

Fund reasonable. The Parties will work together to finalize and file a settlement agreement and additional documentation that might be required by the Commission. The Parties will request that the Commission issue an order accepting and approving this Settlement Agreement in accordance with its terms as soon as practicable to allow the timely implementation of the Electric Transportation Pilot programs in accordance with the terms of this Settlement Agreement.

II. PRESENTATION OF THE SETTLEMENT TO THE COMMISSION

- a.** The Settling Parties shall support this Settlement Agreement before the Commission and request that the Commission expeditiously accept and approve the Settlement Agreement. The concurrence of the Settling Parties with the terms of this Settlement Agreement is expressly predicated upon the Commission's approval of the Settlement Agreement in its entirety without any modification or any condition that may be unacceptable by any Settling Party. If the Commission does not approve the Settlement Agreement in its entirety and without change, the Settlement Agreement shall be null and void and deemed withdrawn, upon notice in writing by any Settling Party within fifteen (15) days after the date of the Final Order that any modifications made by the Commission are unacceptable to it.
- b.** The Settling Parties shall jointly move for leave to file this Settlement Agreement and supporting evidence. If necessary, the Settling Parties will file testimony or comments specifically supporting the settlement. The Settling Parties will work collaboratively in the preparation of the testimony or comments supporting the settlement agreement. Such evidence together with the comments previously prefiled by the Settling Parties in this Cause will be offered into evidence without objection and the Parties hereby waive cross-examination of each other's witnesses. The Settling Parties propose to submit this Settlement Agreement and evidence conditionally, and that, if the Commission fails to approve this Settlement Agreement in its entirety without any change or with condition(s) unacceptable to any Settling Party, the Settlement and supporting evidence shall be withdrawn and the Commission will continue to hear Docket Nos. E-2, Sub 1197 and E-7, Sub 1195 with the proceedings resuming at the point they were suspended by the filing of this Settlement Agreement.
- c.** The Settling Parties shall jointly agree on the form, wording and timing of public/media announcement (if any) of this Settlement Agreement and the terms thereof. No Settling Party will release any information to the public or media prior to the aforementioned announcement. The Settling Parties may respond individually without prior approval of the other Settling Parties to questions from the public or media, provided that such responses are consistent with such announcement and do not disparage any of the Settling Parties. Nothing in this Settlement Agreement shall limit or restrict the Commission's ability to publicly comment regarding this Settlement Agreement or any Order affecting this Settlement Agreement.

III. EFFECT AND USE OF SETTLEMENT

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- a.** It is understood that this Settlement Agreement is reflective of a negotiated settlement and neither the making of this Settlement Agreement nor any of its provisions shall constitute an admission by any Settling Party to this Settlement Agreement in this or any other litigation or proceeding. It is also understood that each and every term of this Settlement Agreement is in consideration and support of each and every other term.
 - b.** This Settlement Agreement shall not constitute and shall not be used as precedent by any person in any other proceeding or for any other purpose, except to the extent necessary to implement or enforce the terms of this Settlement Agreement.
 - c.** This Settlement Agreement is solely the result of compromise in the settlement process and except as provided herein, is without prejudice to and shall not constitute a waiver of any position that any of the Settling Parties may take with respect to any or all of the items resolved here and in any future regulatory or other proceedings.
 - d.** The Settling Parties agree that the evidence in support of this Settlement Agreement and the previously prefiled evidence constitute substantial evidence sufficient to support this Settlement Agreement and provide an adequate evidentiary basis upon which the Commission can make any findings of fact and conclusions of law necessary for the approval of this Settlement Agreement, as filed. The Companies, with the agreement of ChargePoint, shall prepare and file a proposed order with the Commission in support of the Settlement Agreement as soon as reasonably possible.
 - e.** The communications and discussions during the negotiations and conferences and any materials produced and exchanged concerning this Settlement Agreement all relate to offers of settlement and shall be privileged and confidential, without prejudice to the position of any Settling Party, and are not to be used in any manner in connection with any other proceeding or otherwise.
 - f.** The undersigned Settling Parties have represented and agreed that they are fully authorized to execute the Settlement Agreement on behalf of their designated clients, and their successors and assigns, who will be bound thereby.
 - g.** The Settling Parties shall not appeal or seek rehearing, reconsideration or a stay of the Final Order approving this Settlement Agreement in its entirety and without change or condition(s) unacceptable to any Settling Party (or related orders to the extent such orders are specifically implementing the provisions of this Settlement Agreement). The Settling Parties shall support or not oppose this Settlement Agreement in the event of any appeal or a request for a stay by a person not a party to this Settlement Agreement or if this Settlement Agreement is the subject matter of any other state or federal proceeding.
 - h.** The provisions of this Settlement Agreement shall be enforceable by any Settling Party before the Commission and thereafter in any state court of competent jurisdiction as necessary.

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- i.** This Settlement Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

ACCEPTED and AGREED as of the ___ day of February 2020.

**Duke Energy Carolinas, LLC /
Duke Energy Progress, LLC**

Douglas F. Esamann
Executive Vice President, Energy Solutions

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's Joint Response to Greenlots' Motion for Comments, in Docket Nos. E-7, Sub 1195 and E-2, Sub 1197, has been served by electronic mail, hand delivery, or by depositing a copy in the United States Mail, 1st Class Postage Prepaid, properly addressed to parties of record.

This the 5th day of May, 2020.



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