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VIA ELECTRONIC FILING

Ms. Gail Mount, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

**RE: Modifications to Duke Energy Progress, LLC
Residential New Construction Program -
Docket No. E-2, Sub 1021**

Dear Ms. Mount:

Enclosed for filing with the North Carolina Utilities Commission (the "Commission") are Duke Energy Progress, LLC's ("DEP" or "Company") modifications to its Residential New Construction Program ("Program" or "RNC"). These modifications are being submitted in accordance with the flexibility guidelines associated with the Program's approval by the Commission in its October 2, 2012 Order in Docket No. E-2, Sub 1021. This energy efficiency ("EE") program was filed and approved pursuant to Commission Rule R8-68 and the Commission's Orders dated February 29, 2008, and March 13, 2008, in Docket No. E-100, Sub 113, Rulemaking Proceeding to Implement Session Law 2007-397 (Senate Bill 3).

The Program changes incorporated in this filing are in response to recent evaluation, measurement, & verification study findings. These findings demonstrate that the kilowatt-hours ("kWh") saved, based on the Home Energy Rating System ("HERS") in RNC homes are less than 75% of those previously estimated. As a result, DEP's current incentives are providing fewer kWh savings than those anticipated under the current RNC program structure. Accordingly, DEP is modifying the RNC program in order to maintain both kWh savings and the continued cost effectiveness of the Program. The Program modifications contained in this filing involve changing the EE incentive structure from tiered structure based on a HERS score to an incentive-based structure recognizing modeled kWh savings that exceed the North Carolina Building Code.

In addition to modifications to the RNC incentive structure, two additional measures are being added to the Program: (1) programmable Wi-Fi enabled smart thermostats that are programmed at the time of the qualifying HVAC system installation;

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and (2) a Quality Installation provision that is intended to encourage the proper installation of high efficiency air conditioning systems and electric heat pumps based on manufacturer guidelines.

The Commission's October 2, 2012 Order in Docket No. E-2, Sub 1021 provided that the Company would seek advance Commission approval for any Program changes involving (1) the termination or temporary suspension of the Program, (2) any change that increases an incentive to a level 30% or more above, or reduces it to a level 30% or more below, currently approved levels, and (3) any change that increases the estimated total cost of the Program to a level 20% or more above, or reduces it to a level 20% or more below, currently approved estimated total cost. Any other Program changes would be filed with the Commission on an informational basis one week in advance of implementing the change.

The Program changes associated with this filing (1) do not provide for the termination or temporary suspension of the RNC Program, (2) do not increase Program incentives by 30% or more above, or reduce Program incentives by 30% or more below, currently approved levels, and (3) do not increase the estimated total costs of the RNC Program by 20% or more above, or reduce Program costs by 20% or more below, currently approved estimated total costs.

The RNC Program incentive structure modifications were introduced at DEP's Third Quarter DSM/EE Collaborative meeting held on September 8, 2015. In addition, homes that are listed as participating in the RNC Program prior to December 15, 2015, will be allowed to submit requests for incentive payments, pursuant to the currently effective Program tariff, RNC 1C, until June 30, 2016.

As the Program modifications incorporated in this informational filing comply with the flexibility conditions provided for in the Commission's October 2, 2012 Order issued in Docket No. E-2, Sub 1021, the Company intends to implement these modification on December 15, 2015.

Please contact me if you have any questions.

Respectfully submitted,


Brian L. Franklin

Enclosure

cc: Parties of Record

RESIDENTIAL SERVICE
RESIDENTIAL NEW CONSTRUCTION PROGRAM RNC-3

PURPOSE

The purpose of this Program is to incent residential construction that falls within the current North Carolina Residential Building Code to meet or exceed the whole house standards of the current North Carolina Energy Conservation Code ("NCECC") High Efficiency Residential Option ("HERO"). If elected by a builder or developer constructing to the HERO standard, the Program also offers the homebuyer an incentive guaranteeing the heating and cooling consumption of the dwelling's total annual energy usage. Additionally, the Program incents the installation of high-efficiency heating ventilating and air conditioning ("HVAC") and heat pump water heating ("HPWH") equipment in new residential construction and encourages the installation of a smart thermostat and/or Quality Installation of qualifying high efficiency central Air Conditioning ("AC") and heat pump HVAC systems.

AVAILABILITY

This Program is available to builders and developers of single family and multi-family residential dwellings (projects of three stories and less) that comply with all requirements of the current HERO standard and are served under any of the Company's residential schedules. Manufactured housing, multi-family residential housing projects over three stories, and any other dwellings which do not fall within the current North Carolina Residential Building Code, are not eligible for any whole house incentives.

The Program is also available to builders and developers installing high-efficiency HVAC and HPWH equipment in new single family, manufactured, and multi-family residential housing units that are served under any of the Company's residential rate schedules. Photovoltaic solar systems installed as part of a new home are allowed, but may not count toward the dwelling's confirmed kWh savings for incentive purposes.

The Program is also available to an initial homeowner served under any of Company's residential schedules for any home constructed to meet or exceed the HERO standard when the builder or developers elects to extend a heating and cooling energy usage guarantee to the homeowner.

INCENTIVE PAYMENTS APPLICABLE TO BUILDERS AND DEVELOPERS

For installations on and after January 1, 2016, builders and developers shall receive incentive(s) for either inclusion of high efficiency equipment or construction meeting the HERO standard, but not both. Upon Company's approval of the builder's or developer's application, the following incentive payment(s) are applicable to a builder, developer, Home Energy Rating System ("HERS") rater or other designee:

Equipment Measures

	Incentive Description	Incentive
Tier 1	AC or heat pump with SEER of 14 or greater but less than 15. The HVAC system must meet the Quality Installation Standard of 90%. High Efficiency Heat Pumps: the unit(s) shall be a minimum SEER (Seasonal Energy Efficiency Ratio) of 14 with ECM. High Efficiency Central AC: the unit(s) shall be a minimum SEER of 14 with ECM.	\$ 250.00
Tier 2	AC or heat pump with SEER of 15 or greater but less than 17	\$ 300.00
	Quality Installation Standard (Optional for Tier 2)	\$ 75.00

	Incentive Description	Incentive
Tier 3	AC or heat pump with SEER of 17 or greater.	\$ 400.00
	Quality Installation Standard (Optional for Tier 3)	\$ 75.00

- a) For Wi-Fi enabled Smart Thermostat installed and programmed per Company requirements at time of qualifying HVAC system installation, \$125 per unit.
- b) For Quality Installation provided at time of the qualifying HVAC system installation, \$75 per measure for Tier 2 and Tier 3. A Quality Installation requires completion of a HVAC installation checklist, or Company approved alternate method, to achieve 90% net capacity of the system as rated by AHRI (Air Conditioning Heating and Refrigeration Institute).
- c) For the installation of HPWH(s), \$350 per unit. The unit(s) shall be Energy Star qualified and have a minimum Energy Factor of 2.0.
- d) The minimum payment for Equipment Measure incentives under this program is \$75.

Whole House Measures

	Eligibility Requirement	Incentive
HERO	Meet 2012 NCECC HERO standards	\$750
HERO plus HERS score	Meet HERO standards and submit confirmed annual kWh savings from the Energy Summary Report.	\$0.90/kWh

- a) The maximum amount of kWh savings per dwelling (classified by Premise number) considered for incentive payments shall be 10,000 kWh. A minimum of 699 heated square footage is required for homes meeting HERO standards, but not achieving a HERS score, to be considered for the Whole House Measures incentive payment.
- b) Incentive payments for the Whole House Measures will be made for dwellings achieving annual energy savings of 275 kWh or more.
- c) Homes that are listed in the RNC Program software as a participant prior to December 15, 2015 are allowed to submit for the incentive payments as stipulated in the tariff for Program RNC-1 until June 30, 2016.

INCENTIVES APPLICABLE TO HOMEOWNERS

At the sole option of the builder or developer, homeowners may be offered an incentive guaranteeing the heating and cooling portion of the dwelling's total annual energy costs. Homeowners participating in the guarantee may receive a payment based on heating and cooling energy usage that is deemed to exceed the stated guarantee. The guarantee is applicable solely to the initial homeowner and offers payment based on annual usage that exceeds estimated usage based upon the HERO standard used in constructing the dwelling. The guarantee shall apply for no longer than three years from registration. Guarantee incentives are only available at the end of each full year of electric service. Upon Company's review of valid homeowner claims for payments, including a review of prudent energy management practices as defined in the guarantee, a homeowner shall receive a qualifying payment.

RESPONSIBILITY OF PARTIES

The builder, developer or designated representative shall complete and submit an application with supporting documentation, and if applying for whole house incentives, a REM/Rate™ Home Summary Report (or any Company approved Energy Software modeling report) issued by a third-party HERS Rater. The application for equipment incentives must include purchasing and contractor servicing invoices. Applications for whole house incentives must include HERO compliance verification and a REM/Rate Home Summary Report as assessed by a qualified HERS rater recognized by the Residential Energy Services Network ("RESNET") or any Company approved Energy Services Network.

The homeowner agrees to exercise prudent energy management of the home, as defined in the Responsibilities Section of the Heating and Cooling Limited Usage Guarantee.

CONTRACT TERM

The builder, developer or a designated representative shall complete and submit an application with supporting documentation, and if applying for whole house incentives, a REM/Rate™ Home Summary Report, no later than 6 months after completion of the dwelling established as the date the Company's electric meter is installed. Incentive application requests received after 6 months may not be accepted by the Company. All dwellings receiving incentives shall be subject to inspection by Company for the purpose of Program evaluation, measurement, and verification.

For each qualifying home, that is built by an approved Builder or Developer Program participant who agrees to the terms and payment of the Guarantee, which is built to all minimum standards and requirements of the Program, the Guarantee start date is defined as the first day of the second calendar month after the date of sales closing or lease signing.

COMPANY RETENTION OF PROGRAM BENEFITS

Incentives and other considerations offered under the terms of this Program are understood to be an essential element in the recipient's decision to participate in the Program. Upon payment of these considerations, Company will be entitled to any and all environmental, energy efficiency, and demand reduction benefits and attributes, including all reporting and compliance rights, associated with participation in the Program.

GENERAL

Service rendered under this Program is subject to the provisions of the Service Regulations of the Company on file with the state regulatory commission.

Supersedes Program RNC-1C

Effective for service rendered on and after December 15, 2015

NCUC Docket No. E-2, Sub 1021