

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

**DOCKET NO. E-100, SUB 150**

<b>In the Matter of</b> <b>Rulemaking Proceeding to Implement</b> <b>G.S. 62-110.8</b>	) ) )	<b>NCEMC’S ADDITIONAL</b> <b>REPLY COMMENTS</b>
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**NOW COMES** the North Carolina Electric Membership Corporation (“NCEMC”) and, pursuant to the North Carolina Utilities Commission (“Commission”) *Order Allowing Additional Reply Comments and Modifying Procedural Schedule* issued on September 13, 2017, submits the following comments for the Commission’s consideration:

1. NCEMC is a generation and transmission cooperative responsible for supplying power to its 25 member distribution EMCs, which are located throughout the State of North Carolina. NCEMC meets its members’ power needs through a portfolio of resources, including power purchased from Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP”) for resale to its member EMCs. NCEMC’s member EMCs, in turn, supply power to their member-consumers.
2. Throughout the stakeholder process that led to the enactment of N.C. Sess. Law 2017-192 (frequently referred to as “HB589”), NCEMC’s member EMCs sought recognition – by stakeholders, legislators, and others involved in the process – of the increasing system costs and impacts of unchecked “PURPA-put” renewable integration and the fact that these costs are being shouldered by all North Carolinians. In this proceeding, NCEMC renews its focus on costs and calls on the Commission to recognize the impact its rulemaking could have on retail and wholesale customers. The EMCs offer these brief comments to underscore that HB589 was passed as a reform measure intended

to save customers – wholesale as well as retail – from unchecked increasing system costs. Rules promulgated by the Commission to implement HB589 should not create ambiguity that might threaten the legislature’s purpose.

3. DEC’s/DEP’s September 8, 2017 *Reply Comments* contemplate a competitively procured pro forma contract with a 20-year, levelized long-term rate based chiefly on a Commission-approved avoided cost methodology “in effect at the time the solicitation is held,” to be used to determine the cost-effectiveness of the procured resources. *Reply Comments* at p. 27. But DEC’s/DEP’s proposed rule requires, in subsection (g)(2)(vi), that “[e]ach year, beginning in 2018, each electric utility ... shall file ... an updated ... plan ... includ[ing] ... the current and projected levelized avoided cost rates for a 20-year or other term, as determined by the Commission, for each year *for solar and non-solar renewable energy facilities*.” (Emphasis added.) In other words, DEC and DEP are proposing – by way of their proposed rule language – to develop a separate “solar energy-specific avoided cost framework,” in addition to the standard, non-solar, avoided cost typically determined by the Commission. *Reply Comments* at p. 27.

4. However, DEC’s/DEP’s proposed rule and comments do not (and perhaps cannot) authoritatively state whether the solar avoided cost methodology mentioned therein will, via inclusion of a valuation of renewable attributes, result in costs above or below the traditional or non-solar avoided cost methodology approved by the Commission.

5. NCEMC understands that the solar avoided cost rate mentioned in DEC’s/DEP’s proposed rule would yield a lower avoided cost rate than the non-solar avoided cost rate mentioned in DEC’s/DEP’s proposed rule. NCEMC supports this approach; NCEMC


would object to a higher solar avoided cost rate as NCEMC believes such a rate would be contrary to the intent of HB589.

6. A higher solar avoided cost rate would undermine the reform at the heart of HB589 that was intended to save customers from unchecked increasing system costs. If anything, HB589 contemplated an avoided cost rate structure in which solar resources in specific locations might be offered a reduced avoided cost rate if the specific solar resource created “the potential for increased delivered cost to a public utility’s customers ... including additional costs of ancillary services that may be imposed due to the operational or locational characteristics of a specific renewable energy resource technology, such as nondispatchability, unreliability of availability, and creation or exacerbation of system congestion that may increase redispatch costs.” N.C. Gen. Stat. § 62-110.8(c)(iii). Such costs associated with integrating CPRE solar justify a reduction in the amounts paid to those generators.

7. NCEMC may have additional comments when the Commission issues its proposed rule for comment as well as when DEC and DEP make their November filings.

Respectfully submitted, this the 22<sup>nd</sup> day of September, 2017.

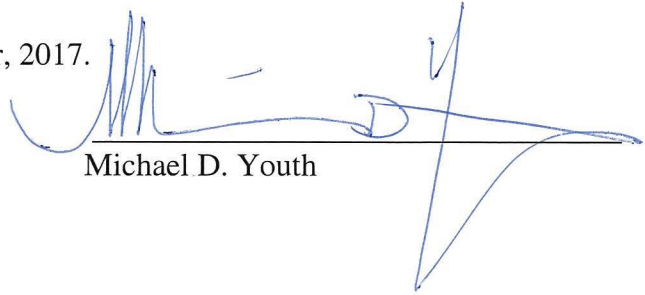
**NORTH CAROLINA ELECTRIC  
MEMBERSHIP CORPORATION**

By:   
Michael D. Youth  
Associate General Counsel  
Post Office Box 27306  
Raleigh, North Carolina 27611  
Telephone: (919) 875-3060  
Email: michael.youth@ncemcs.com

## CERTIFICATE OF SERVICE

It is hereby certified that the foregoing document has been served upon all parties of record by electronic mail, or depositing the same in the United States mail, postage prepaid.

This the 22<sup>nd</sup> day of September, 2017.



Michael D. Youth