

DOCKET NO. E-100, SUB 150

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	ADDITIONAL REPLY
Rulemaking Proceeding to Implement)	COMMENTS OF THE
G.S. 62-110.8)	PUBLIC STAFF

NOW COMES THE PUBLIC STAFF – North Carolina Utilities Commission, by and through its Executive Director, Christopher J. Ayers, and respectfully submits the following comments pursuant to the Commission’s September 13, 2017, *Order Allowing Additional Reply Comments and Modifying Procedural Schedule (“Order Allowing Additional Comments”)* in the above-captioned docket.

In its letter filed on September 8, 2017, the Public Staff noted that it had participated in discussions with counsel from Duke Energy Carolinas, LLC and Duke Energy Progress, LLC (collectively, Duke) and separately with the North Carolina Sustainable Energy Association (NCSEA) and the North Carolina Clean Energy Business Alliance (NCCEBA) regarding the initial comments filed by the parties and the draft proposed rule filed by Duke on August 16, 2017, and that noted our general agreement with the Competitive Procurement of Renewable Energy (CPRE) Program Rule that Duke filed on September 8, 2017. We noted that we wished to continue discussions with Duke and other parties regarding the consideration of pricing or cost information included with utility self-build proposals in Rule R8-xx(f)(2)d., as well as regarding the treatment of selected projects at the expiration of the initial contract term or the expiration of the term of the market-based cost recovery mechanism, as discussed in proposed Rule R8- xx(m)(4).

In the nine days since the Commission's Order Allowing Additional Comments, the Public Staff met with Duke, NCCEBA, and NCSEA on multiple occasions to discuss the issues identified above, as well as other issues related to CPRE Program filed by Duke and the additional reply comments and draft CPRE Rule filed by NCSEA and NCCEBA. As a result of the discussions, Duke developed a Revised CPRE Program Rule (Duke Revised CPRE Rule) that the Public Staff understands Duke is filing today. The Public Staff believes that the language included in Subsection (f)(2)(iv) of the Duke Revised CPRE Rule requiring a utility that submits a self-build proposal to include "a total revenue requirement comparable to bids submitted by third-party market participants" helps to provide the Independent Evaluator (IE) and other parties with better information to more appropriately compare the utility self-build proposals with third-party proposals. In addition, the Public Staff believes that to the extent a self-build proposal is ultimately selected, it would have a further opportunity to review cost information as part of any expedited CPCN proceeding for that facility. These steps are key to ensuring that customers are receiving the lowest cost options for compliance.

With regard to the Public Staff's concerns regarding the treatment of selected projects at the expiration of the initial contract term or the expiration of the term of the market-based cost recovery mechanism, the Duke Revised CPRE Rule now recognizes the guidance in G.S. 62-110.8(a) that any further offerings after the initial 45 month period of a new renewable energy resources competitive procurement and the amount to be procured would be determined by the

Commission, based on a showing of need evidenced by the electric public utility's most recent biennial integrated resource plan or annual update approved by the Commission pursuant to G.S. 62-110.1(c). This determination by the Commission would be key to determining whether parties would be able to enter into a new contract or continue to receive authorized revenue based on an updated market based mechanism.

The Duke Revised CPRE Rule included further changes that reflected additional conversations between the parties which the Public Staff supports. In particular, the Public Staff believes that the defined CPRE Program Methodology to be used to evaluate all bids received in a given CPRE RFP Solicitation is in line with the statutory intent in G.S. 62-110.8(d) that “the third-party entity shall develop and publish the methodology used to evaluate responses received pursuant to a competitive procurement solicitation and to ensure that all responses are treated equitably.” The use of the defined term throughout the Duke Revised CPRE Rule helps to clarify that a single methodology will be used throughout the evaluation process.

In conclusion, the Public Staff generally agrees with the Duke Revised CPRE Rule being filed by Duke and appreciates the opportunity provided by the Commission to submit additional comments on the draft rule as we continue to work towards implementation of the CPRE Program in a way that is most beneficial to customers.

Respectfully submitted this the 22nd day of September, 2017.

PUBLIC STAFF
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Electronically submitted
s/ Tim R. Dodge
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CERTIFICATE OF SERVICE

I certify that I have served a copy of the foregoing comments on all parties of record in accordance with Commission Rule R1-39, by United States mail, postage prepaid, first class; by hand delivery; or by means of facsimile or electronic delivery upon agreement of the receiving party

This the 22nd day of September, 2017.

Electronically submitted
s/ Tim R. Dodge