

# SOUTHERN ENVIRONMENTAL LAW CENTER

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August 7, 2019

## VIA ELECTRONIC FILING

Acting Chief Clerk  
North Carolina Utilities Commission  
430 North Salisbury Street  
Raleigh, North Carolina 27606-5926

Re: Duke Energy Carolinas, LLC's Motion to Withdraw Program  
**Docket No. E-7, Sub 1155**

Dear Acting Chief Clerk:

On behalf of the Southern Alliance for Clean Energy ("SACE"), I write in support of the Residential New Construction Program ("Program") and request that the Commission reject Duke Energy Carolinas, LLC's ("DEC" or "Company") motion to withdraw its application in the above referenced docket. Instead, we request that the Commission consider approving the Program or holding an informational hearing to evaluate issues that lead to DEC's request to withdraw the Program. The Program was first proposed by the Company in September 2017 and encourages energy savings in new residential construction by providing incentives for the use of energy efficiency building practices and the installation of energy-efficient appliances. Public Staff noted in supportive comments that the total net present value of benefits over life of the Program would be over \$56 million, 57% of which would come from energy savings.<sup>1</sup>

SACE remains supportive of the Program, as it has provided consistent energy savings in Duke Energy Progress' ("DEP") territory where it has been implemented since 2012.<sup>2</sup> The Program properly aligns incentives between builders and homebuyers. Without the Program, builders are incentivized to prioritize short-term costs at the expense of long-term efficiency benefits. However, homebuyers benefit from long-term persistent savings that come from energy-efficient homes. The Program helps align these contrasting incentives and results in long-term cost-effective energy savings.

DEC's decision to request withdraw of its application was based on fears of "potential unintended consequences" expressed by natural gas utilities.<sup>3</sup> While not

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<sup>1</sup> Public Staff Comments on Application for Program Approval, Docket No. E-7, Sub 1155 (October 23, 2017).

<sup>2</sup> Order Approving Program, Docket No. E-2, Sub 1021 (October 2, 2012).

<sup>3</sup> Duke Energy Carolinas, LLC's Motion to Withdraw Program, Docket No. E-7, Sub 1155 (June 7, 2019).

disclosed in DEC's filing, the feared unintended consequences are likely concerns over fuel switching. These concerns are overblown and should not overshadow the benefits of the Program. First, a program that provides incentives for more efficient construction of a new home are explicitly provided for under the Commission rules implementing the promotional incentives statute. Rule R8-68; Rule 8 Appendix. Nor are incentive programs like this Program prohibited by statute. N.C. Gen. Stat. § 62-140(c).

Second, the Program would not encourage consumers to choose a particular energy source. The Program's largest incentives are for whole-house building practices, which are not dependent on the home's fuel sources. The Program's smaller equipment-only incentives are also fuel-agnostic. There is no requirement that the consumer chooses electric appliances to qualify, and there are both natural gas and electric appliances that meet the required standards. The Company noted in its application that "[t]he Program does not provided [*sic*] any inducement or incentive affecting participant's decision to install or adopt natural gas or electric service."<sup>4</sup>

SACE is pleased to support the Residential New Construction Program and respectfully requests that the Commission deny the Company's motion to withdraw its application. We encourage the Company to engage in further discussions with the concerned natural gas companies, recognizing the benefits created for builders, consumers, and the energy system as a whole. To foster resolution of this docket, the Commission could order an information hearing for DEC and its affiliated gas company to discuss concerns and potential solutions to those concerns.

Thank you for considering these comments.

Sincerely,  
s/ David L. Neal

cc: Parties of Record

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<sup>4</sup> Proposed Residential New Construction Program, Docket No. E-7, Sub 1155 (September 21, 2017) at 7.