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Sep 17 2021

September 17, 2021

VIA Electronic Filing

Ms. Antonia Dunston, Interim Chief Clerk
North Carolina Utilities Commission
Dobbs Building
430 North Salisbury Street
Raleigh, North Carolina 27603

*Re: Duke Energy Carolinas, LLC's and Duke Energy Progress, LLC's Motion
to Modify GSA Program
Docket Nos. E-2, Sub 1170 and E-7, Sub 1169*

Dear Ms. Dunston:

Enclosed for filing in the above-referenced proceedings is Duke Energy Carolinas, LLC's and Duke Energy Progress, LLC's Motion to Modify GSA Program.

Please feel free to contact me should you have any questions. Thank you for your assistance with this matter.

Very truly yours,

/s/E. Brett Breitschwerdt

EBB:kjg

Enclosure

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 1170
DOCKET NO. E-7, SUB 1169

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Petition of Duke Energy Progress, LLC,)	DUKE ENERGY CAROLINAS, LLC’S
and Duke Energy Carolinas, LLC,)	AND DUKE ENERGY PROGRESS,
Requesting Approval of Green Source)	LLC’S MOTION TO MODIFY GSA
Advantage Program and Rider GSA to)	PROGRAM
Implement N.C.G.S. § 62-159.2)	

NOW COME Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP”) (collectively, the “Companies” or “Duke Energy”), and pursuant to North Carolina Utilities Commission (“Commission”) Rule R1-7, hereby motion the Commission to modify the Green Source Advantage (“GSA”) Program and GSA Facility eligibility criteria to align with the Companies’ generator interconnection Definitive Interconnection Study Process under the North Carolina Interconnection Procedures¹ (“NCIP”) effective as of August 20, 2021.

BACKGROUND

1. On February 1, 2019, the Commission issued its *Order Modifying and Approving Green Source Advantage Program, Requiring Compliance Filing and Allowing Comments* (“GSA Program Order”) in the above-captioned dockets. As background, the GSA Program is a renewable energy program established by Session Law 2017-192 (“House Bill 589”) and implemented pursuant to N.C. Gen. Stat. § 62-159.2. The GSA

¹ Terms not defined herein shall have the same meaning as assigned in the NCIP.

Program offers large business customers, major military installations, and public universities (“GSA Customer”) an option to work with DEC and DEP to directly procure new renewable energy resources and allows the GSA Customer to select and negotiate price terms directly with a prospective renewable energy supplier of their choice (“GSA Facility”). The GSA Program is available to eligible participants on a first-come, first-served basis (subject to allocated capacity reserved for military and university customers) until the 600 MW of program capacity is fully subscribed. Unreserved GSA Program capacity remains available.²

2. As directed by the GSA Program Order, the Companies jointly submitted their GSA Program Compliance Filing on March 18, 2019 (“Compliance Filing”). The Compliance Filing proposed that potential GSA Facilities be required to have completed the System Impact Study under the NCIP and obtained a System Impact Study Report in order to be eligible to participate in the GSA Program.³ This requirement was designed to ensure that any potential GSA Facility has made sufficient progress in the interconnection process to be aware of potential System Upgrades required to interconnect the GSA Facility and to be able to achieve commercial operation in a timely manner. Absent this requirement, there would be a risk that speculative projects early in the development process could consume available GSA Program capacity even though substantial and perhaps insurmountable interconnection cost hurdles exist to successful project completion.

² On March 2, 2020, the Commission issued its *Order on Petition for Approval to Reallocate Unreserved Capacity* allowing capacity not reserved for military and university customers to be equally available to both DEC and DEP customers eligible for the GSA Program.

³ As background, the System Impact Study is the initial modeling study under the NCIP serial generator interconnection study process that is designed to assess the impact of interconnecting the generating facility with the Companies’ distribution or transmission system and includes an initial cost estimate of the required Interconnection Facilities and transmission and distribution Network Upgrades.

3. On August 5, 2019, the Commission issued its *Order Approving Compliance Filing*, finding the Companies' Compliance Filing to be consistent with the GSA Program Order and directing the Companies to open the GSA Program to eligible customers within 60 days of the date of the Order. The *Order Approving Compliance Filing* approved the Companies' proposal to require GSA Facilities to have a completed System Impact Study Report to be eligible to participate in the GSA Program, accepting the Companies' explanation that the cost of Interconnection Facilities and any applicable distribution and transmission System Upgrades can only be meaningfully estimated through the GSA Facility's completion of a System Impact Study, as required under the then-current NCIP.⁴

4. On May 15, 2020, after a robust stakeholder process, the Companies filed their Queue Reform Proposal, which proposed to transition to a Definitive Interconnection Study Process for all Section 4 Generating Facility Interconnection Requests versus the then-existing serial interconnection study process. The Definitive Interconnection Study Process imposes more significant financial security and project readiness demonstrations at the outset of the interconnection study process to incentivize submission of only ready projects into the queue (and disincentivizes speculative, or non-ready projects) and implements a Cluster Study process that groups projects together for system impact study to share System Upgrade costs. Duke Energy's Queue Reform Proposal further explained that the Companies also planned to seek approval of the Proposal before the Federal Energy Regulatory Commission ("FERC") and the Public Service Commission of South Carolina

⁴ *Order on Compliance Filing*, at 6.

(“PSCSC”) to implement the Definitive Interconnection Study Process for all federal and state jurisdictional interconnections within DEC and DEP’s territories.

5. On October 15, 2020, the Commission issued its *Order Approving Queue Reform*, approving the Companies’ Definitive Interconnection Study Process modifications to the NCIP. The Order further explained that once the FERC and the PSCSC similarly approved Duke Energy’s Queue Reform Proposal, the Commission would issue an order establishing the effective date of the newly revised NCIP implementing the Definitive Interconnection Study Process.

6. On June 18, 2021, the PSCSC issued its *Order Approving Modifications to South Carolina Generator Interconnection Procedures to Implement Queue Reform and Appendix Duke CS*, approving the Companies’ Queue Reform Proposal in South Carolina.⁵

7. On August 6, 2021, the FERC issued its *Order Accepting Tariff Revisions* approving the Companies’ Queue Reform Proposal for FERC-jurisdictional interconnection customers.⁶

8. On August 19, 2021, the Commission issued its *Order Implementing Queue Reform* establishing the effective date for the updated NCIP implementing Duke Energy’s Definitive Interconnection Study Process.

REQUEST TO MODIFY GSA FACILITY ELIGIBILITY REQUIREMENTS

9. Pursuant to the *Order Approving Compliance Filing*, the GSA Program currently requires a prospective GSA Facility to have a completed System Impact Study Report prior to a prospective GSA Customer being allowed to submit a GSA Program

⁵ Order No. 2021-439, P.S.C.S.C. Docket No. 2019-326-E (June 18, 2021).

⁶ *Order Accepting Tariff Revisions*, 176 FERC ¶ 61,075 (Aug. 6, 2021).

Application identifying that GSA Facility as the renewable energy project that will participate in the Program.

10. Now that queue reform has been fully approved and the updated NCIP is effective, the requirement for a prospective GSA Facility to have completed System Impact Study is no longer necessary or congruent with the new Definitive Interconnection Study Process where the Definitive Interconnection System Impact Study (“DISIS”) is a multi-phased study process requiring more significant financial security and project readiness demonstrations at the outset of the interconnection study process and where preliminary interconnection cost information is provided after each phase of the DISIS. Accordingly, the Companies are seeking Commission approval to modify the GSA Program eligibility requirements—which are currently based on the serial study process—to align with the new Definitive Interconnection Study Process.

11. To align the GSA Program with the Definitive Interconnection Study Process, the Companies request to allow potential GSA Facilities that have signed a DISIS Agreement and met all Readiness Milestone 1 requirements⁷ to enter the DISIS Cluster Phase I study process to be eligible to proceed to a GSA term sheet and to allow a prospective GSA Customer to submit a GSA Program Application identifying that prospective GSA Facility to participate in the GSA Program. More specifically, and pursuant to the updated NCIP, a potential GSA Facility must have executed a DISIS Agreement and either paid the initial security deposit and/or made the Readiness Milestone 1 commitment pursuant to Sections 4.4.1 and 4.4.5 of the NCIP to enter Phase I of DISIS.

⁷ See NCIP §§ 4.4.1, 4.4.5, 4.4.10.1.

12. Because the Definitive Interconnection Study Process incentivizes “ready” projects to enter DISIS by requiring increasing financial commitments via the Readiness Milestones at the beginning and throughout DISIS, the Companies do not have the same concerns about speculative projects entering DISIS. Potential facilities that are in DISIS and are seeking to participate in the GSA Program are more likely to complete the interconnection process and to achieve commercial operation in a timely manner. In other words, by requiring potential GSA Facilities to have entered DISIS under the Definitive Interconnection Study Process, the Companies achieve the same result as requiring potential GSA Facilities to have a completed System Impact Study Report under the serial process and help ensure that potential GSA Facilities will achieve commercial operation.

13. Prior to commencing the Definitive Interconnection Study Process in 2022, the Companies are undertaking the NCIP Section 1.10 Transitional Study processes commencing in fall 2021, which include the Transitional Serial and Transitional Cluster Study processes.

14. As addressed in NCIP Section 1.10.1, projects proceeding through the Transitional Serial study process are already in Facilities Study and have met the pre-existing “System Impact Study Report-completed” requirements of the existing GSA Program. Accordingly, any projects that proceed into the Transitional Serial process are definitively ready to interconnect and would be eligible for the GSA Program.

15. After discussions with interested stakeholders and to avoid material delays in GSA Program availability for prospective GSA customers that are negotiating with potential GSA Facilities eligible for the Transitional Cluster process, the Companies propose to require a prospective GSA Facility to commit to enter the Transitional Cluster

Phase I process by meeting all NCIP Section 1.10.2.1 readiness requirements. This approach requires an initial project readiness and will allow Transitional Cluster eligible projects to become a GSA Program-eligible project as of the close of the 60-day eligibility window on October 31, 2021, versus approximately 120 days later at commencement of Transitional Cluster Phase 2 when more significant financial security is required.⁸ The Companies recognize that the initial Transitional Cluster study Phase 1 process does not require the same level of project readiness and upfront significant financial security as DISIS Phase 1 and identify for interested parties that there is an increased risk of withdrawal by projects during Transitional Cluster Phase 1. However, to continue to encourage participation in the GSA Program, Duke Energy supports this Transitional Cluster eligibility criteria as non-discriminatory and appropriate for the one-time Transitional Cluster process.

16. Counsel for Duke Energy has shared this Petition and proposed GSA Program modifications with the Carolinas Clean Energy Business Association (“CCEBA”), and CCEBA has authorized the Companies to state that it does not object to the GSA Program modifications proposed herein.

WHEREFORE, Duke Energy Carolinas, LLC and Duke Energy Progress, LLC respectfully request that the Commission amend the GSA Program eligibility requirements for prospective GSA Facilities by (i) aligning the GSA Program with readiness commitments under the future Definitive Interconnection Study Process by allowing Interconnection Customers that meet the Readiness Milestone 1 requirements and enter DISIS Phase 1 to be eligible GSA Facilities; (ii) during the initial transition period, allow

⁸ NCIP §§1.10.2.3-1.10.2.4.

Interconnection Customers that commit to enter either the Transitional Serial or Transitional Cluster study process to be eligible GSA Facilities; and (iii) provide any such further direction and relief as the Commission deems appropriate.

Respectfully submitted, this 17th day of September, 2021.

/s/E. Brett Breitschwerdt

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*Counsel for Duke Energy Carolinas, LLC and
Duke Energy Progress, LLC*

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Duke Energy Carolinas, LLC's and Duke Energy Progress, LLC's Motion to Modify GSA Program, as filed in Docket Nos. E-2, Sub 1170 and E-7, Sub 1169, was served via electronic delivery or mailed, first-class, postage prepaid, upon all parties of record.

This, the 17th day of September, 2021.

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