

**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,)
and Duke Energy Carolinas, LLC,) ORDER GRANTING MOTION
Requesting Approval of Green Source) TO MODIFY GSA PROGRAM
Advantage Program and Rider GSA to)
Implement N.C.G.S. § 62-159.2)

BY THE COMMISSION: On September 17, 2021, Duke Energy Carolinas, LLC (DEC), and Duke Energy Progress, LLC (DEP), (collectively Duke), filed a motion to modify the Green Source Advantage Program (GSA Program) (Motion). As background, and as explained in the Motion, 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 approving DEC and DEP's GSA Program. The GSA Program is a customer-directed renewable energy procurement program established by Session Law 2017-192 (House Bill 589) and implemented pursuant to N.C. Gen. Stat. § 62-159.2. The GSA 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.

As directed by the GSA Program Order, DEP and DEC 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 North Carolina Interconnection Procedures (NCIP) and obtained a System Impact Study Report in order to be eligible to participate in the GSA Program. The Compliance Filing explained that 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.

On August 5, 2019, the Commission issued its Order Approving Compliance Filing, finding Duke's Compliance Filing to be consistent with the GSA Program Order and directing Duke to open the GSA Program to eligible customers within 60 days of the date of the order. The Order Approving Compliance Filing also approved Duke's proposal to require prospective GSA Facilities to have a completed System Impact Study Report to be eligible to participate in the GSA Program, accepting Duke's 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.

On May 15, 2020, after a robust stakeholder process, Duke filed a Queue Reform Proposal in Docket No. E-100, Sub 101, 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 ready projects into the queue (and to disincentivize 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's Queue Reform Proposal further explained that Duke also planned to seek approval of the Proposal before the Federal Energy Regulatory Commission (FERC) and the Public Service Commission of South Carolina (PSCSC) to implement the Definitive Interconnection Study Process for all federal and state jurisdictional interconnections within DEC and DEP's territories.

On October 15, 2020, the Commission issued its Order Approving Queue Reform, approving Duke's Definitive Interconnection Study Process modifications to the NCIP. The Order further explained that once the FERC and the PSCSC similarly approved Duke'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.

On August 11, 2021, Duke notified the Commission that complementary PSCSC and FERC approvals of Queue Reform had been obtained, and moved the Commission for authorization to implement queue reform effective August 20, 2021. On August 19, 2021, the Commission issued its Order Implementing Queue Reform establishing August 20, 2021, as the effective date for the updated NCIP implementing Duke's Definitive Interconnection Study Process.

Duke now requests the Commission modify the GSA Program and GSA Facility eligibility criteria to align with Duke's generator interconnection Definitive Interconnection Study Process and Transitional Cluster process under the currently effective NCIP. As explained in the Motion, 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 Application identifying that GSA Facility as the renewable energy project that will participate in the Program. However, now that queue reform has been 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.

To align the GSA Program with the Definitive Interconnection Study Process, Duke's Motion requests that the Commission modify the GSA Program to allow potential GSA Facilities that have signed a DISIS Agreement and met all Readiness Milestone 1 requirements 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 have 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. Duke's Motion explains that by requiring potential GSA Facilities to have entered DISIS under the Definitive Interconnection Study Process, Duke achieves 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.

As to the new NCIP Section 1.10 Transitional Study process, Duke's Motion requests approval to modify the GSA Program by requiring 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. Duke's Motion states that it recognizes 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, Duke states that to continue to encourage participation in the GSA Program, Duke supports this Transitional Cluster eligibility criteria as non-discriminatory and appropriate for the one-time Transitional Cluster process.

Duke Energy's Motion concludes by stating that Carolinas Clean Energy Business Association has authorized Duke to state that it does not object to the GSA Program modifications proposed by Duke.

No other parties to the above-captioned GSA Program dockets have filed comments on Duke's motion.

The Public Staff presented this matter at the November 1, 2021 Regular Commission Staff Conference. The Public Staff stated that it had reviewed Duke's Motion

and recommended it be granted. Specifically, the Public Staff recommended the Commission enter an order modifying 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 have met the Readiness Milestone 1 requirements and entered DISIS Phase 1 to be eligible GSA Facilities and (ii) during the initial transition period, allow Interconnection Customers that have entered either the Transitional Serial process or Transitional Cluster Phase 1 study process to be eligible GSA Facilities.

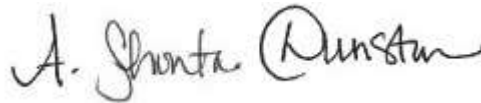
After careful consideration, the Commission finds good cause to grant Duke's motion to modify the GSA Program eligibility requirements for prospective GSA Facilities by (i) aligning the GSA Program with readiness commitments under the future Definitive Interconnection Study Process by allowing Interconnection Customers that have met the Readiness Milestone 1 requirements and entered DISIS Phase 1 to be eligible GSA Facilities and (ii) during the initial transition period, allowing Interconnection Customers that have entered either the Transitional Serial process or the Transitional Cluster Phase 1 study process to be eligible GSA Facilities.

IT IS, THEREFORE, SO ORDERED.

ISSUED BY ORDER OF THE COMMISSION.

This the 3rd day of November, 2021.

NORTH CAROLINA UTILITIES COMMISSION

A handwritten signature in black ink, appearing to read "A. Shonta Dunston". The signature is written in a cursive, flowing style.

A. Shonta Dunston, Chief Clerk

Commissioner Lyons Gray did not participate in this decision.