

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-100, SUB 157

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
2018 Biennial Integrated Resource Plans) ORDER PROVIDING NOTICE OF
and Related 2018 REPS Compliance) HEARING TOPICS
Plans)

BY THE PRESIDING COMMISSIONER: On August 27, 2019, the Commission issued an Order Accepting Integrated Resource Plans and REPS Compliance Plans, Scheduling Oral Argument, and Requiring Additional Analyses (IRP Order) in the above-captioned docket. Among other things, the IRP Order scheduled an oral argument in this docket on Wednesday, January 8, 2020, at 10:00 a.m. Further, the IRP Order designated Duke Energy Carolinas, LLC, and Duke Energy Progress, LLC (collectively, Duke), the Public Staff, North Carolina Sustainable Energy Association (NCSEA), and jointly Southern Alliance for Clean Energy, Sierra Club, and the Natural Resources Defense Council (SACE, et al.), as the presenters at the oral argument, with each having 30 minutes to present their positions. The general topics identified for discussion at the hearing were Duke's load forecasts and reserve margins. In addition, the IRP Order included an Appendix A containing questions and information requests to be answered by Duke and the Public Staff on or before November 4, 2019. Duke and the Public Staff filed their responses on that date.

The Commission appreciates the responses to the questions posed in the Commission's IRP Order. Many of the responses provided, in particular those by Duke, leverage the information contained in the 2016 Resource Adequacy Studies performed by Astrapé Consulting. At the hearing the Commission may ask specific clarifying questions about these reports especially related to the characterization of risk at various reserve margin levels. For example, additional characterization of risks associated with firm load shed events may be the subject of certain questions. Therefore, Duke is required to have personnel available to effectively respond to questions on the 2016 Resource Adequacy Studies.

The North Carolina Clean Energy Plan published in October 2019 (NC CEP) requires a report to be developed that recommends carbon-reduction policies and the specific design of such policies that best advance core values, such as GHG emission reductions, electricity affordability, and grid reliability. In this context, the Commission is interested in how to best inform the evaluation of policies and actions through a thorough evaluation of risks. Relative to the risks associated with resource adequacy, the Commission is particularly interested in a more complete characterization of the risks customers might be subject to at various planning reserve margins and the costs to mitigate those risks. The intent of Commission question 1(f) in the IRP Order was to add

to this discussion by recognizing the work of The Brattle Group and Astrapé Consulting in developing their report for the FERC entitled “Resource Adequacy Requirements: Reliability and Economic Implications.” The Commission does not view the responses to question 1(f) as sufficient to inform its review of this report. There will not be time to delve into the details of this report during the hearing, however, the Presiding Commissioner requests the parties to summarize what they believe the Commission should draw from this report, especially considering the questions below.

1. The role reserve margins have traditionally played in the IRP process is well-defined. Is it time to consider changes in the treatment of reserve margins in the IRP to aid in the advancement of other goals and actions, such as those discussed in the NC CEP? Is resource adequacy, expressed through reserve margins, still a primary goal of the IRP process, or is it one among several different goals? If the latter, then should the IRP consider a range of reserve margins rather than a single planning target, with different reserve margin levels correlated to different outcomes that are based on metrics other than those that measure resource adequacy?
2. Should the IRP include evaluation of alternative scenarios built on resource adequacy metrics other than “loss of load expectation” (LOLE), including “loss of load hours” (LOLH) and/or “expected unserved energy” (EUE)?
3. Under either of the variations identified in items 1 and 2 preceding, how would the IRP need to be modified to provide a more robust discussion of the risks and costs to mitigate risks arising from scenarios that might depart from the traditional once-in-ten-years LOLE metric?

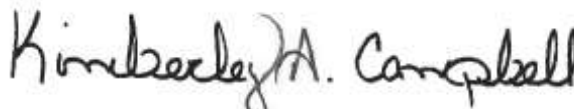
Based on the foregoing and the record, the Presiding Commissioner directs that Duke, the Public Staff, NCSEA, and SACE, et al., have available at the hearing personnel who are prepared to address the above topics, as well as other tangential issues.

IT IS, THEREFORE, SO ORDERED.

ISSUED BY ORDER OF THE COMMISSION.

This the 23rd day of December, 2019.

NORTH CAROLINA UTILITIES COMMISSION



Kimberley A. Campbell, Chief Clerk