

October 24, 2018

Ms. Lynn Jarvis
Chief Clerk
North Carolina Utilities Commission
430 N. Salisbury Street
Raleigh, NC 27603

**RE: Agreement and Stipulation of Partial Settlement By and Between NCCEBA,
UNC-Chapel Hill, and SACE
NCUC Docket Nos. E-2, Sub 1170, and E-7, Sub 1169**

Dear Ms. Jarvis:

Please find enclosed the Agreement and Stipulation of Partial Settlement By and Between the North Carolina Clean Business Alliance (“NCCEBA”), the University of North Carolina at Chapel Hill (“UNC-Chapel Hill”), and the Southern Alliance for Clean Energy (“SACE”) (“Stipulation”) in the above-captioned proceeding.

UNC-Chapel Hill is a party to the Stipulation, and supports the Alternative Bill Credit for the Self-Supply option as a reasonable compromise to this disputed issue in this proceeding. As noted in its Comments, representatives of UNC-CH were involved in meetings related to the language of N.C. Gen. Stat. § 62-159.2(e). The Alternative Bill Credit agreed to in the Stipulation is not inconsistent with its understanding of the intent of the stakeholders at the time the legislation was adopted. Moreover, if the Commission were to adopt the Alternative Bill Credit as proposed in the Stipulation, UNC-Chapel Hill would be willing to enter into discussions with renewable energy providers to receive and evaluate proposals for procurement of energy within the framework of Duke Energy Carolina, LLC’s proposed GSA Program.

SACE is a party to the Stipulation and supports the Alternative Bill Credit for the Self-Supply option as presented in the Stipulation. SACE considers the Alternative Bill Credit to be a reasonable compromise position in this proceeding and is a concession from SACE’s position in Comments that the Bill Credit should align with the full term of the GSA Service Agreement.

The Public Staff is not a party to the Stipulation, but does not object to the Alternative Bill Credit included as Exhibit A to the Stipulation being offered in conjunction with the bill credit mechanism proposed in the Agreement and Stipulation of Partial Settlement

Ms. Paige Morris
Deputy Clerk
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entered into between Duke Energy Carolinas, LLC, Duke Energy Progress, LLC (collectively, “Duke”), and Wal-Mart Stores East, LP, and Sam’s East, Inc. (“Walmart Settlement”).

The North Carolina Sustainable Energy Association (“NCSEA”) is not a party to the Stipulation because NCSEA believes that the bill credit for the Self-Supply option of the GSA Program should be fixed for the entire term of the GSA Service Agreement (instead of being limited to ten years as provided for in the Alternative Bill Credit in the Stipulation). However, NCSEA, does not object to the Alternative Bill Credit and the Stipulation.

The United States Department of Defense and all other Federal Executive Agencies do not object to the Alternative Bill Credit and the Stipulation.

Thank you in advance for your assistance.

Very truly yours,

/s/Karen M. Kemerait

Enclosures

cc: Parties of Record

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,
Requesting Approval of Green Source
Advantage Program and Rider GSA to
Implement G.S. 62-159.2

**AGREEMENT AND STIPULATION
OF PARTIAL SETTLEMENT BY AND
BETWEEN NCCEBA, UNC-CHAPEL
HILL, AND SACE**

The North Carolina Clean Energy Business Alliance (“NCCEBA”), the University of North Carolina at Chapel Hill (“UNC-Chapel Hill”), and the Southern Alliance for Clean Energy (“SACE”) (together, the “Stipulating Parties”) through counsel and pursuant to N.C. Gen. Stat. § 62-69 respectfully submit this Agreement and Stipulation of Partial Settlement (“Stipulation”) for consideration by the North Carolina Utilities Commission (“Commission”) in the above-captioned proceeding.

The Stipulating Parties agree and stipulate as follows:

I. PROCEDURAL HISTORY

On July 27, 2017, Governor Cooper signed into law House Bill 589 (Session Law 2017-192). *See* N.C. Gen. Stat. § 62-159.2. House Bill 589 (Part III), codified at N.C. Gen. Stat. § 62-159.2, mandates that each electric utility serving more than 150,000 North Carolina retail jurisdictional customers, as of January 1, 2017, file with the Commission an application requesting approval of a new program to procure renewable resources on behalf of North Carolina’s major military installations, the University of North Carolina systems, and large nonresidential customers (collectively, “GSA

Customers”) served by such utilities. N.C. Gen. Stat. § 62-159.2 requires the procurement of up to 600 MW of new renewable energy capacity for GSA Customers over the next five years or until December 31, 2022, whichever is later.

On January 23, 2018, Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP”) (together, “Duke”) jointly filed a petition for approval of the Green Source Advantage Program (“GSA Program”) and the corresponding Rider GSA (for DEC) and Rider GSA-1 (for DEP).

On February 23, 2018, NCCEBA, UNC-Chapel Hill, and SACE filed Initial Comments. On April 20, 2018, NCCEBA, UNC-Chapel Hill, and SACE filed Reply Comments.

On August 16, 2018, Duke and Wal-Mart Stores East, LP and Sam’s East, Inc. filed an Agreement and Stipulation of Partial Settlement (“Walmart Settlement”). The Walmart Settlement provides a bill credit proposal for the Self-Supply option of the GSA Program that is acceptable to Duke and Walmart.

NCCEBA, UNC Chapel-Hill, and SACE participated in oral argument before the Commission on September 4, 2018.

II. ADDITIONAL BILL CREDIT PROPOSAL

In addition to the bill credit proposal in the Walmart Settlement, the Stipulating Parties hereby agree that they support a bill credit for the Self-Supply option of the GSA Program as shown in Exhibit A attached hereto and incorporated herein by reference (“Alternative Bill Credit”).

A. Non-Participating Customers Held Neutral

The Stipulating Parties agree that the Alternative Bill Credit utilizing avoided

costs rates is appropriate to ensure that non-participating customers are held neutral, neither advantaged nor disadvantaged, from the impact of the renewable energy procured on behalf of the GSA Customer, as required by N.C. Gen. Stat. § 62-159.2(e). The Stipulating Parties further agree that administratively established avoided cost rates will achieve the “neutrality” requirement in N.C. Gen. Stat. § 62-159.2(e).

B. Balance Between Reasonable Price Certainty and Risk to Non-Participating Customers

The Stipulating Parties agree that the Alternative Bill Credit strikes an appropriate balance between providing reasonable certainty to GSA Customers regarding their electricity costs and ensuring that the projection of costs is accurate. This balance is accomplished through a fixed bill credit established over a reasonable--and limited--period of time (for a maximum of ten years). As the initial term of the bill credit is limited to ten years, non-participating customers are protected from any risk of overpayment.

The Alternative Bill Credit is designed as follows:

- The bill credit is fixed for an initial period equal to the shorter of (i) the term of the GSA Service Agreement, (ii) ten years, or (iii) such shorter period as may be mutually agreed to by Duke and the GSA Customer.
- For a GSA Service Agreement with a term of ten years or longer, the initial fixed term of the bill credit shall be ten years unless shortened by mutual agreement of the parties.
- Where the GSA Service Agreement has a term that exceeds the initial fixed term of the bill credit, the bill credit for subsequent years shall be “refreshed” for the

subsequent fixed term.

- Unless otherwise agreed to by the parties, the duration of the subsequent fixed term of the bill credit shall be equal to the shorter of (i) the remainder of the term of the GSA Service Agreement, or (ii) ten years.

The Alternative Bill Credit further reduces the risk of overpayment (*i.e.*, “stale rates”). The initial avoided cost rates for the initial bill credit are based upon the Commission’s most recently approved avoided cost methodology in effect at the time that the Commission approves the GSA Program. The bill credit for any subsequent term will equal Duke’s avoided cost rates based on the Commission’s most recently approved avoided cost rates in effect at the time of the “refresh”.

C. Other GSA Program Issues

This Stipulation does not address any GSA Program issues other than the bill credit for the Self-Supply option addressed in Section II.A and B of this Stipulation.

This Agreement and Stipulation of Partial Settlement is executed this 24th day of
October, 2018.

NORTH CAROLINA CLEAN ENERGY
BUSINESS ALLIANCE

By: Karen Kim

Attorney for NCCERA

UNIVERSITY OF NORTH CAROLINA AT
CHAPEL HILL

By: M. Greg Styer, Jr.

Attorney for UNC-Chapel Hill

SOUTHERN ALLIANCE FOR CLEAN ENERGY

By: See next page

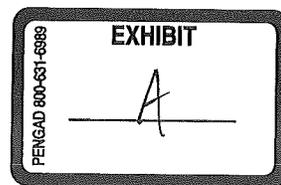
This Agreement and Stipulation of Partial Settlement is executed this 24th day of
October, 2018.

NORTH CAROLINA CLEAN ENERGY
BUSINESS ALLIANCE

By: _____

SOUTHERN ALLIANCE FOR CLEAN ENERGY

By: *Peter D. Stein*
Peter D. Stein
Counsel for SACE



BILL CREDIT

The Bill Credit shall be fixed for an initial period equal to the shorter of (i) the term of the GSA Service Agreement, (ii) ten (10) years, or (iii) such shorter period as may be mutually agreed to by the utility and the GSA Customer. For the avoidance of doubt, for a GSA Service Agreement with a term of ten years or longer, the initial fixed term of the Bill Credit shall be ten (10) years unless shortened by mutual agreement of the parties. Where the GSA Service Agreement has a term that exceeds the initial fixed term of the Bill Credit, the Bill Credit for subsequent years shall be refreshed for a subsequent fixed term. Unless otherwise mutually agreed to by the parties, the duration of the subsequent fixed term of the Bill Credit shall be equal to the shorter of (i) the remainder of the term of the GSA Service Agreement, or (ii) ten (10) years.

The initial fixed term of the Bill Credit shall begin to run when the Renewable Supplier commences delivery of power, but no later than thirty (30) months from the date of the GSA Customer's submittal of its application to the GSA Program unless construction of the Renewable Supplier's facility is nearly complete and the Renewable Supplier demonstrates that it is making a good faith effort to complete its facility in a timely manner.

The Bill Credit for the initial fixed term shall equal the utility's avoided cost calculated over the term of the GSA Service Agreement, but not to exceed a 10-year avoided cost calculation. The initial avoided cost rates applicable to the initial Bill Credit shall be based on the Commission's most recently approved avoided cost methodology in effect, and applicable avoided cost inputs, at the time that the Commission approves the GSA Program, and shall be included by the utility (for periods from two to ten years) in its final GSA Program Plan. Beginning thirty (30) days after the first date that prospective GSA Customers are allowed to submit applications to the utility's GSA Program, and every sixty (60) days thereafter, each utility shall update its avoided cost rates applicable to the initial Bill Credit every sixty (60) days based on the Commission's most recently approved avoided cost methodology and an update of applicable avoided cost inputs. The Bill Credit for any subsequent fixed term(s) shall equal the utility's avoided cost calculated over the subsequent fixed term(s) and shall be based on the Commission's most recently approved avoided cost methodology in effect at the time of the refresh and current applicable avoided cost inputs as of the time of the refresh.

OFFICIAL COPY

Oct 24 2018

CERTIFICATE OF SERVICE

I hereby certify that all persons on the docket service list have been served true and accurate copies of the foregoing Agreement and Stipulation of Partial Settlement by hand delivery, first class mail deposited in the U.S. mail, postage pre-paid, or by email transmission to all parties of record.

Respectfully submitted, this the 24th day of October, 2018.

SMITH MOORE LEATHERWOOD LLP

BY: 

Karen M. Kemerait
Attorneys for North Carolina Clean
Energy Business Alliance