

STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH

DOCKET NO. SP-13695, SUB 1  
BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of:

Orion Renewable Resources LLC

)  
) **PREFILED SECOND SUPPLEMENTAL**  
) **REBUTTAL TESTIMONY OF**  
) **TIMOTHY LASOCKI ON BEHALF OF**  
) **ORION RENEWABLE RESOURCES**  
) **LLC**  
)

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Jun 21 2021

## **INTRODUCTION**

**Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.**

A. My name is Timothy Lasocki. I am Vice President for Origination and Finance with Orion Renewable Energy Group LLC (“OREG”), located at 155 Grand Avenue, Suite 706, Oakland, California. OREG is an affiliate of Orion Renewable Resources LLC (“Orion”).

**Q. ARE YOU THE SAME TIMOTHY LASOCKI THAT PROVIDED DIRECT TESTIMONY AT THE NOVEMBER 2, 2020 EVIDENTIARY HEARING, AND PREFILED SUPPLEMENTAL REBUTTAL TESTIMONY ON MAY 12, 2021?**

A. I am.

**Q. WHAT IS THE PURPOSE OF YOUR SECOND SUPPLEMENTAL REBUTTAL TESTIMONY?**

A. The purpose of my testimony is discuss additional information provided to Orion by Accion Group, LLC (“Accion”), the CPRE Independent Administrator, pursuant to the Commission’s June 4, 2021 *Order Postponing Hearing, Granting Orion's Motion to Compel, and Permitting Orion to File Limited Supplemental Testimony* (the “Order”). This information relates to certain representations made in the corrected Late-Filed Exhibit prepared by Duke and Accion and filed in this docket on November 25, 2020 (“LFE”). Specifically, the LFE stated that:

15 projects were also eliminated in Tranche 1 based on a determination of negative Net Benefits *after* the application of T&D costs determined in Step 2. Extensive further analysis would therefore be needed to assess each such Proposal to determine whether the applicable T&D costs, in addition to causing the Proposals to have a negative Net Benefit, also would have exceeded the Maximum Allowable T&D Upgrade Cost. Depending on the outcome of such hypothetical analysis, all of the questions above would then need to be resolved with respect to such additional Proposals. (LFE at 7)

The LFE went on to state that:

Some of these 15 Proposals may pass “Maximum Allowable T&D Upgrade Costs” screen. (LFE at 8).

In my Supplemental Rebuttal Testimony, I noted that information about the “Maximum Allowable T&D Upgrade Costs” would be required to determine whether any of the 15 projects referenced in the LFE were, in fact, below the Avoided Cost Cap, but that Orion did not have that information in its possession.

**Q. WHAT ADDITIONAL INFORMATION DID ACCION PROVIDE, AND WHEN DID ORION RECEIVE IT?**

A. On June 14, 2021, Accion delivered to Orion a document (Attachment B) setting forth: (1) a narrative “clarification” regarding the statement in the LFE that 15 proposals were eliminated from the Step 2 T&D analysis on the basis of having a negative net benefit, “as compared to [Accion’s] representation on the table produced in response to Orion’s DR 1-1, that proposals 9, 14, 17, 21, 24, and 26, were impacted by a transmission constraint and therefore were not selected in Step 2 despite having a positive net benefit”; and (2) additional information about those 15 proposals, as required by the Commission’s Order.<sup>1</sup>

**Q. PLEASE SHARE YOUR ANALYSIS OF THE ADDITIONAL INFORMATION RECEIVED FROM ACCION.**

A. In my Prefiled Supplemental Rebuttal Testimony, I discussed the 15 projects that were, according to the Late-Filed Exhibit, eliminated from Step 2 because they had a negative Net Benefit. In my previous testimony I noted that according to information provided by Accion, the proposals with rank numbers 9, 14, 17, 21, 24, and 26 were eliminated not based on a Net Benefit analysis, but because they were impacted by transmission constraints on Duke’s system. Attachment B, provided by Accion in response to the Commission’s Order, confirms this analysis,

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<sup>1</sup> Information designated by Accion as confidential is not relevant to my testimony, and has been redacted from Attachment B so that the document can be filed on the public record.

stating that these six proposals “were subject to fatal transmission constraints” and thus the Duke T&D team never calculated their T&D Upgrade costs.

**Q. WHAT ABOUT THE OTHER PROJECTS?**

A. In addition to the six proposals eliminated from Tranche 1 due to fatal transmission constraints, nine proposals (nos. 10, 15, 16, 20, 28, 34, 38, 47, and 48) were eliminated because they had a negative Net Benefit after T&D Upgrade costs were considered. In the LFE, Duke raised the question of whether T&D Upgrade costs, “in addition to causing [these] Proposals to have a negative Net Benefit, also would have exceeded the Maximum Allowable T&D Upgrade Cost.” LFE at 7. For any given proposal, only if the cost of its Upgrades was less than the “Maximum Allowable T&D Upgrade Costs” would the proposal be below the Avoided Cost Cap.

Accion has now provided calculations of the Maximum Allowable T&D Upgrade Costs for each of these nine projects, as set forth in the table on page 3 of Attachment B. This information confirms that for each of the nine proposals not eliminated due to transmission constraints, the cost of T&D Upgrades exceeded the Maximum Allowable T&D Upgrade costs. In other words, each of these proposals not only had a negative Net Benefit, but was also above the Avoided Cost Cap and was properly eliminated from consideration in Tranche 1.

**Q. WHAT DOES THIS MEAN FOR ORION’S TRANCHE 1 PROPOSAL?**

A. This means that if Accion had correctly (in Orion’s view) employed the Avoided Cost Cap, rather than Net Benefit, as the cost-effectiveness standard in Tranche 1, none of the 15 proposals referenced in the LFE would have been selected, and Orion’s proposal would have been offered a PPA. No further analysis of interconnection issues is required.

**Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

A. Yes, it does.

## **Attachment B**

In its recent Order the Commission requested clarification regarding the statement in the LFE that 15 proposals were eliminated from the Step 2 T&D analysis on the basis of having a negative net benefit as compared to its representation on the table produced in response to Orion's DR 1-1, that proposals 9, 14, 17, 21, 24, and 26, were impacted by a transmission constraint and therefore were not selected in Step 2 despite having a positive net benefit. Order at 7. The latter statement was attempting to explain the status of six Proposals in CPRE Tranche 1.

Footnote 1 on the table provided in response to Orion's DR 1-1 attempted to clarify why those six projects were not selected, as follows:

The bolded projects are located within or near a constrained region identified in the Tranche 1 locational guidance maps. As a result, the projects were dependent on substantial network upgrades that exceed \$10M but that were assigned to earlier queued projects or were otherwise dependent on other substantial upgrades. In light of the potential uncertainty regarding the ultimate cost responsibility for such upgrades and the potential for such projects to have a negative net benefit after application of the upgrades, the projects were not advanced.

Stated differently, the 15 proposals were evaluated by the IA in Step 1 of the CPRE Tranche 1 evaluation process and provided to the Duke T&D team as eligible for the Step 2 T&D system upgrade cost evaluation. The Duke T&D team determined that all 15 proposals had significant costs or other issues which would prevent them from moving forward in Tranche 1. Accion received this information and classified those proposals as having negative net benefits based on the understanding that the costs would exceed the benefits, so further calculations were not done during the Tranche 1 process. Subsequent to the closing of Tranche 1 and in response to Orion's DR 1-1, Accion and Duke retrieved available information on the T&D system upgrade cost estimates performed at that time for these projects. None of the 15 projects had completed, full system upgrade cost estimates; the available the cost estimates were developed up to the point where the Duke T&D team determined those projects could not move forward due to excessive system upgrade costs, other issues as identified in footnote 1, or both.

It is also understood that these six projects were not studied further due to the circuits on which the six Projects would interconnect, the system upgrade costs, and that the long lead time required to complete the system upgrades would prevent the Projects from being completed within a number of years. Accion was advised that because of these constraints the Duke T&D team did not complete calculations of system upgrade costs for the projects and therefore did not return those Proposals to Accion for the final Step 2 ranking.

The IA's statement that the projects would have a negative net benefit was intended to convey that had the full cost of system upgrade costs been calculated and provided by the Duke

T&D team to Accion, those six Proposals would have had a negative net benefit. In addition, the IA understands that six of those projects were subject to fatal transmission constraints.

As presented in Table 1 provided herein, if the nominal upgrade costs were applied (that is, without considering the explanation in footnote 1 to the LFE), Proposals 9, 14, 17, 21, 24, and 26 would have a positive Net Benefit, but for the determination by the Duke T&D team that the full cost of system upgrades would not be determined because of the reasons provided in footnote 1 to the LFE.



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April 20, 2021 - Data Request from Orion, Item #1

June 11, 2021 - Update per June 4, 2021, NCUC Order

Highlighted Cells are Confidential

CPRE Tranche 1 for DEC: Orion 4/20/2021 Data Request, Item #1, Updated on June 11, 2021												
Bid No.	Step 1 Rank (out of 58 Proposals)	Market Participant	Project Name	Queue #	Generating Capacity MW AC	Proposal Decrement	Step 1 - Net Benefit (\$/MWh) without T&D Costs	Step 1 - Net Benefit (\$) without T&D Costs	Duke T&D Evaluation Team Step 2 system upgrade costs (capital \$) * see footnote 1 below	Step 2 - Net Benefit (\$) with T&D Costs	“Maximum Allowable T&D Upgrade Costs”, [See: February 28, 2020 IA Memo] applied to T- 1 Proposals. * see footnote 2 below	Proposal awarded a PPA in Tranche 2?
	9						9.8989	\$6,616,200	\$5,283,835	\$780,400	\$6,976,180	no
	10						9.8141	\$10,573,500	\$15,000,000	-\$5,993,400	\$11,954,940	no
	14						9.6682	\$7,026,300	\$5,521,066	\$928,500	\$7,972,980	no
	15						8.3235	\$14,699,500	\$40,000,000	-\$29,478,900	\$16,460,300	no
	16						8.2945	\$14,555,200	\$44,000,000	-\$34,041,100	\$16,347,310	no
	17						8.1607	\$14,097,800	\$11,205,470	\$1,721,800	\$16,226,980	no
	20						7.9074	\$12,205,900	\$20,000,000	-\$9,883,300	\$14,157,150	no
	21						7.3657	\$9,217,100	\$7,500,000	\$933,700	\$10,581,070	no
	24						6.9122	\$11,091,800	\$8,867,279	\$1,298,200	\$13,392,510	no
	26						6.3989	\$5,647,600	\$4,544,744	\$628,100	\$8,554,780	no
	28						5.9411	\$10,385,400	\$15,000,000	-\$6,181,500	\$10,678,200	no
	34						4.2335	\$3,732,300	\$20,000,000	-\$18,356,900	\$5,188,550	no
	38						3.3413	\$6,507,600	\$15,000,000	-\$10,059,300	\$9,485,680	no
	47						2.0479	\$1,120,100	\$4,000,000	-\$3,297,700	\$3,030,020	no
	48						1.7561	\$2,190,800	\$14,000,000	-\$13,271,600	\$4,660,040	no

FN1. The bolded projects are located within or near a constrained region identified in the Tranche 1 locational guidance maps. As a result, the projects were dependent on substantial network upgrades that exceed \$10M but that were assigned to earlier queued projects or were otherwise dependent on other substantial upgrades. In light of the potential uncertainty regarding the ultimate cost responsibility for such upgrades and the potential for such projects to have a negative net benefit after application of the upgrades, the projects were not advanced.

FN 2. "Maximum Allowable T&D Upgrade Costs" methodology was developed in February 2020 based on discussions with Duke and Public Staff and in response to requests made during the Stakeholder process regarding modifications to apply to CPRE Tranche 2. [Refer to February 28, 2020, IA Memo, "DUKE CPRE TRANCHE 2 SCREENING AND SELECTION PROCESS".]