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Mar 27 2019

March 27, 2019

VIA ELECTRONIC FILING

M. Lynn Jarvis
Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

**RE: Duke Energy Progress, LLC and Duke Energy Carolinas, LLC's
Solar Rebate Program Annual Report
Docket Nos. E-2, Sub 1167 and E-7, Sub 1166**

Dear Ms. Jarvis:

Pursuant to the Commission's April 3, 2018 *Order Modifying and Approving Riders Implementing Solar Rebate Program* and the September 20, 2018 *Order Modifying First Year of Solar Rebate Program*, please find enclosed Duke Energy Carolinas, LLC's and Duke Energy Progress, LLC's Solar Rebate Program Annual Report.

If you have any questions, please let me know.

Sincerely,

Kendrick C. Fentress

Enclosure

cc: Parties of Record

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-2, SUB 1167

DOCKET NO. E-7, SUB 1166

In the Matter of:)	
)	DUKE ENERGY PROGRESS,
Application of Duke Energy Progress, LLC)	LLC’S AND DUKE ENERGY
and Duke Energy Carolinas, LLC Requesting)	CAROLINAS, LLC’S ANNUAL
Approval of Solar Rebate Program Pursuant to)	SOLAR REBATE PROGRAM
N.C. Gen. Stat. § 62-155(f))	REPORT

This annual informational filing is provided to the North Carolina Utilities Commission (“Commission”) in accordance with the April 3, 2018, *Order Modifying and Approving Riders Implementing the Solar Rebate Program*, in the above-captioned dockets. Duke Energy Carolinas, LLC and Duke Energy Progress, LLC (collectively “Duke Energy” or the “Companies”) make their annual informational filing for the 2018 calendar year in these proceedings.

Overview of the 2018 Program Year

The goal of the Solar Rebate Program is to provide an economic incentive for residential, nonresidential and non-profit customers in North Carolina to adopt solar power by reducing the upfront costs of installing solar equipment. During the 2018 program year, a total of 1,863 rebates were paid, with an associated installed capacity of approximately 14,264 kilowatts (“kW”).

Participation Rates

Appendix A provides detail regarding the breakout of rebates paid as well as rates of participation by customer class, including reserved and approved installed capacity for each participant class and those for which a set-aside capacity is reserved.

Program Costs

Program costs as of December 31, 2018 were \$6.7 million, as shown in the table below.

	DEC	DEP
Rebates Paid to Customers	\$3,274,806	\$2,984,742
Program Administrative Labor Costs	\$220,669	\$215,755
Program Administrative Expenses (<i>including marketing</i>)	\$7,688	\$7,791
Total Program Costs	\$3,503,163	\$3,208,288

Fraud

No potential instances of fraud were identified within the rebate application process.

Assignment of Rebates to Third Parties

Duke Energy has been engaged with both solar installers and customers regarding the Solar Rebate Program, and has not received feedback that the inability to assign solar rebate payments to third parties caused any issues during the first year of the Solar Rebate Rider.

Rejected Applications

In accordance with the program terms and conditions, applications may be rejected for several reasons if they do not meet all the criteria to be eligible for a rebate. The charts below provide detail regarding the number of applications rejected during the 2018 program year, and reasons those applications were rejected.

	DEC	DEP	Total
Residential	119	103	222
Non-Residential	10	9	19
Non-Profit	3	0	3
Non-Profit (NC Greenpower)	0	0	0
Total Number of Applications Rejected	132	112	244

Reason Application was Rejected	Number Rejected
DEC	
Customer did not acknowledge within 30 days	11
Duplicate Application	100
Interconnection request (project ID and customer name) cannot be found	5
Interconnection request has been Withdrawn	4
Interconnection request has been Cancelled/Terminated	2
Customer is not on a Net Metering rate schedule	1
Not a Duke Energy North Carolina customer	0
Meter was set prior to 1/1/18	1
Purchased Power to Net Metering conversion	2
Project was completed more than 90 days prior to application submission	6
DEP	
Customer did not acknowledge within 30 days	3
Duplicate Application	97
Interconnection request (project ID and customer name) cannot be found	1
Interconnection request has been Withdrawn	1
Interconnection request has been Cancelled/Terminated	0
Customer is not on a Net Metering rate schedule	1
Not a Duke Energy North Carolina customer	1
Meter was set prior to 1/1/18	5
Purchased Power to Net Metering conversion	0
Project was completed more than 90 days prior to application submission	3

Applications Cancelled at Year-End

As stated in the Solar Rebate Rider, in the event previously accepted applications are rejected, applications will continue to be accepted after annual participation limits are achieved, but all applications will be rejected and cancelled at year-end. The chart below provides detail regarding the number of applications cancelled at year-end.

	DEC	DEP	Total
Residential	84	72	156
Non-Residential	36	15	51
Non-Profit	0	0	0
Non-Profit (NC Greenpower)	0	0	0
Total Number of Applications Cancelled	120	87	207

Early Termination

Per the Solar Rebate Rider, the contract period for service under the rider is 10 years from the date of initial participation. An early termination fee applies unless the termination is for good cause or a new customer takes over the site and assumes the customer's obligations under the rider. Prior to payment of the rebate, customers must be participating in the Net Metering Rider NM. On a quarterly basis, the Solar Rebate Program team performs a review to ensure all customers paid a rebate have not disconnected their service, and are still participating in the Net Metering Rider NM. As of December 31, 2018, no early termination fees had been assessed. There were no customers who had disconnected and did not have a new customer at the site who had either already connected, or were actively working with Duke Energy to connect their system and participate in the Net Metering Rider NM.

NC Solar Rebate Program Going Forward

Since 2018 was the first year for the NC Solar Rebate Program, Duke Energy has monitored and performed analysis as to the reasonableness of the incentives offered through the program as well as the method in which the incentives are calculated.

The Companies are not aware of any significant issues and have not received any escalated complaints related to not utilizing a conversion factor for direct current to alternating current for purposes of calculating the accurate amount of solar rebate to which applicants are entitled. Also, NCSEA did not provide a conversion factor to Duke Energy for consideration. Therefore, the Companies do not propose to use any such conversion factor or modify the method in which the incentives are calculated.

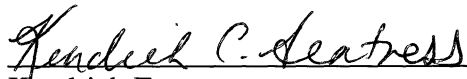
Duke Energy developed the original design of the rebate program based on other programs nationally as well as customer research. When determining the rebate amounts, the Companies reviewed the projected installation costs, anticipated system sizes, and rebate sizing limitations addressed in HB589. The Companies recognized that nonresidential, residential, and non-profit customers do not face the same total costs with acquiring solar. By creating different rebate prices, the Companies balanced the benefit of the rebate incentives ensuring all customer classes a reasonable opportunity for participation. Further, HB589 specifically sets aside capacity for non-profit customers. The Companies intended for the increased amount for non-profits to provide an avenue for those customers to take advantage of those incentives. Due to their inability to capture tax credits associated with solar, non-profit customers are more disadvantaged from participating in such programs than a typical nonresidential customer. Therefore, when evaluating whether revisions are needed to the solar rebate incentive amounts for the three years of the Solar Rebate Program remaining, the Companies reconsidered this balance of the benefits to ensure all customer classes had a reasonable opportunity to participate. Additionally, the Companies considered that there have been no significant changes to the inputs described above or complaints from stakeholders regarding the incentive amounts. Based on that review, the Companies do not believe that changes to the rebate incentive amounts are necessary at this time.

Since the non-profit segment was not fully subscribed in 2018, consideration was also given to the possibility of reallocating excess non-profit capacity rather than continuing to roll it over into the subsequent year's allocation. However, since the program has been active for less than a year and the sales cycle for non-profit installations is

typically longer than other customer types, no changes will be made at this time. The Companies are planning additional marketing efforts, such as an email and direct mail campaign to raise awareness of the rebate program among these customers.

In accordance with the *Order Modifying First Year of Solar Rebate Program*, issued by the Commission on September 20, 2018, the Companies have continued posting weekly status updates for the Solar Rebate Program on its website since the 2019 program year launched in January. However, now that the residential and nonresidential capacity limits have been reached and the initial launch period has passed, the Companies intend to continue with only monthly updates. Weekly updates will resume for the launch of the 2020 program year.

Respectfully submitted, this 27th day of March, 2019.



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Rebates Paid and Rates of Participation by Customer Class

(all values presented in kW-AC unless otherwise noted)

DEC								
Customer Type	Guidelines (Max of 10,000 kW-AC annually)	Capacity Installed in 2018 (Applications Accepted- Connected)	Capacity Assigned Per 2018 Reallocation	Total 2018 Capacity Assigned	2018 Reserved Capacity to Carry Forward to 2019 (Applications Accepted- Not Connected)	Number of Customers Paid Rebates in 2018 Program Year	Rebates Paid in 2018 Program Year ¹ (\$)	Final 2018 Program Year Capacity Awarded ²
Residential	7,500 (max of 2,500 for Non-Res.)	4,516	1,599	6,115	420	901	\$ 3,680,292	6,010
Non-Residential		841	540	1,381	1,627	39	\$ 692,365	1,385
Non-Profit	2,450	185	0	185	903	9	\$ 381,600	185
Non-Profit (NC Greenpower)	50	15	0	15	30	3	\$ 30,000	15

DEP								
Customer Type	Guidelines (Max of 10,000 kW-AC annually)	Capacity Installed in 2018 (Applications Accepted- Connected)	Capacity Assigned Per 2018 Reallocation	Total 2018 Capacity Assigned	2018 Reserved Capacity to Carry Forward to 2019 (Applications Accepted- Not Connected)	Number of Customers Paid Rebates in 2018 Program Year	Rebates Paid in 2018 Program Year ¹ (\$)	Final 2018 Program Year Capacity Awarded ²
Residential	7,500 (max of 2,500 for Non-Res.)	4,777	1,499	6,276	254	885	\$ 3,751,056	6,194
Non-Residential		236	185	421	2,166	23	\$ 213,180	420
Non-Profit	2,450	55	0	55	318	3	\$ 41,400	55
Non-Profit (NC Greenpower)	50	0	0	0	5	0	\$ -	0

Notes:

1. Rebates paid in the 2018 program year differ from those paid as of December 31, 2018, as payments related to the 2018 program year are still ongoing. Numbers shown above reflect payments through February 28, 2019.
2. To ensure that all incentive payments are made accurately to customers, the Rebates team performs a final review of the application and completed Interconnection project prior to processing. This due diligence often results in small adjustments to the approved kW-AC for the project. Some examples may include: the customer applied for the same project more than once so the second rebate reservation needs to be cancelled, a typographical error on

the kW-AC that was placed on the application compared to the actual nameplate rating of the inverter, the application is for a second install on a property so only the increase in size is eligible for the program. The adjustment totals by jurisdiction will be applied to the 2023 program year where any remaining capacity can be applied for.

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's Solar Rebate Program Annual Report in Docket Nos. E-2, Sub 1167 and E-7, Sub 1166 has been served by electronic mail, hand delivery, or by depositing a copy in the United States Mail, 1st Class Postage Prepaid, properly addressed to parties of record.

This the 27th day of March, 2019.



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