

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-100, SUB 150
DOCKET NO. E-2, SUB 1159
DOCKET NO. E-7, SUB 1156

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-100, SUB 150)	
)	
In the Matter of)	
Rulemaking Proceeding to Implement)	
G.S. 62-110.8)	
)	
DOCKET NO. E-2, SUB 1159)	
DOCKET NO. E-7, SUB 1156)	
)	
In the Matter of)	
Joint Petition of Duke Energy Carolinas,)	
LLC, and Duke Energy Progress, LLC,)	
for Approval of Competitive)	
Procurement of Renewable Energy)	
Program)	

**COMMENTS OF THE PUBLIC
STAFF IN RESPONSE TO
ORDER APPROVING INTERIM
MODIFICATIONS TO NORTH
CAROLINA INTERCONNECTION
PROCEDURES FOR TRANCHE 1
OF CPRE RFP**

NOW COMES THE PUBLIC STAFF – North Carolina Utilities Commission, by and through its Executive Director, Christopher J. Ayers, and respectfully submits the following comments in response to the Commission's October 5, 2018 *Order Approving Interim Modifications to North Carolina Interconnection Procedures for Tranche 1 of CPRE RFP* ("the Order") allowing the parties to file comments relative to the timing of potential revisions to the CPRE rules and Duke's CPRE Program plan for future tranches on or before November 5, 2018 in the above captioned dockets.

In the Order, the Commission states that it will consider several potential revisions to the CPRE rules including:

1) change the CPRE program plan to remove the ability of Duke to recover grid upgrade costs in base rates; 2) change the CPRE program plan to require the initial bid to contain all of the Interconnection Customer's costs; 3) revise the CPRE process to allow competitive bidders to refresh their bids based upon the assessment of grid upgrades identified in Step Two of the CPRE RFP bid evaluation process; and 4) explore options for Duke to more specifically direct generators to locations on the system that will not involve major network upgrades. (Order, at pp 12-13)

The Commission allows the parties to submit comments to address whether changes to the rules should be pursued immediately via a round of submittals, or whether it is preferable to wait for further lessons from Tranche 1, before initiating the necessary revisions. The Public Staff offers the following comments in response to the request for comments relative to the timing of amending the CPRE rules.

A. Delay Tranche 2 to allow Parties to Review the Results of Tranche 1

The Public Staff believes it is appropriate to consider the changes enumerated by the Commission and additional changes to the CPRE rules and RFP documents prior to the issuance of the Tranche 2 RFP Solicitation. In its CPRE Program Guidelines ("Guidelines"), Duke Energy Progress and Duke Energy Carolinas (collectively, "Duke") estimated it will issue the RFP Solicitation for Tranche 2 in February of 2019. See Duke's CPRE Guidelines, Petition for Approval of CPRE Program to Implement N.C. Gen. Stat. § 62-110.8 CPRE Program filed on January 27, 2017 in Docket Nos. E-2, Sub 1159 and E-7, Sub 1156, at p 27. The Guidelines further estimate that the Tranche 3 RFP Solicitation

will issue in November of 2019 and the Tranche 4 RFP Solicitation will issue in November of 2020.

More recently, in its 2018 Biennial Integrated Resource Plan filing ("2018 IRP"), Duke revises its CPRE RFP Solicitation targets and states that the Companies expect to issue three tranches of RFP Solicitations, rather than four tranches. See Duke Energy Carolinas North Carolina Integrated Resource Plan, 2018 Biennial Report, filed on September 5, 2018, at p 23. The potential reduction of RFP Solicitation tranches is due to Duke's forecast that there will be a reduced capacity target to be procured pursuant to N.C. Gen. Stat. § 62-110.8. The CPRE capacity target of 2,660 MWs will be reduced by the transition megawatts¹ if they exceed 3,500 MWs. In the 2018 IRP, Duke estimates the transition megawatts may exceed 3,500 MWs by up to 1,200 MWs, thereby reducing the CPRE target of 2,660 MWs by up to 1,200 MWs and eliminating the need for the fourth and last tranche.

In light of the forecasted reduced capacity targets in the CPRE due to the increased forecast of transition megawatts, Duke has proposed to begin the Tranche 2 RFP in July of 2019. 2018 IRP, at p 261. The Public Staff supports the delay of the Tranche 2 RFP solicitation to July 2019, or longer, as needed, to allow the parties to gather information and apply any lessons learned from Tranche 1. The Public Staff believes that Tranche 2 can be delayed without impeding Duke's

¹ Duke defines transition megawatts as "total capacity of renewable generation projects in the combined Duke Balancing Authority area that are (1) already connected; or (2) have entered into purchase power agreements (PPAs) and interconnection agreements (IAs) as of the end of the 45-month competitive procurement period, provided that they are not subject to curtailment or economic dispatch." 2018 IRP, at 23.

ability to meet the statutory deadline to procure the statutorily mandated CPRE capacity target in 45 months.²

B. Independent Administrator Reporting Requirements

In order to expedite the potential rule revisions and the sharing of information amongst the parties, the Public Staff recommends that the Commission order the Independent Administrator ("IA") to report information regarding the Tranche 1 RFP solicitation consistent with the schedule recommended by Duke in their filing on September 28, 2018 in these dockets as follows:

The following additional interim reports could be provided by the IA and/or Duke Energy to inform the Commission regarding the status and results of the Tranche 1 RFP:

- 1) Later of mid-November or five (5) business days of date on which DEP/DEC Proposal Team submits any Asset Acquisition Proposals** – With respect to all bids received, provide the total number of bids, total MW broken down between DEP and DEC, and an overview of generation types received.
- 2) December 2018** – With respect to the Competitive Tier, provide the total number of bids, total MW broken down between DEP and DEC, and an overview of generation types in the Competitive Tier.
- 3) Mid-March 2019** – Overview of the then-available results of the Step 2 evaluation results, including overview of any potential contingencies (if available).
- 4) April / May 2019** – Final report on Tranche 1 RFP in accordance with the Commission's June 25, 2018 order issued in Docket Nos.

² The Public Staff also notes that N.C. Gen. Stat. § 62-110.8(h)(5) directed the Commission to adopt rules to establish "... a procedure for the Commission to modify or delay implementation of the provisions of this section in whole or in part if the Commission determines that it is in the public interest to do so." This provision was adopted by the Commission in Rule R8-71(i)(2) and provides the Commission with an important safeguard to ensure that the CPRE Program is implemented in accordance with the public interest.

E-2, Sub 1159 and E-7, Sub 1156 (no later than 10 days after conclusion of contracting period for Tranche 1).

See Duke's Post-Oral Argument Responses to Commission Questions, at p 4 Docket Nos. E-100, Sub 101, E-2, Sub 1159, and E-7, Sub 1156.

In addition to supporting the reporting schedule recommended above by Duke, the Public Staff recommends that the initial interim report include price information. To the extent price information is considered confidential to the project bid, the Public Staff recommends that the IA provide a stratification of bid prices in a way that conceals the identities of the bidders but provides a general range of bid prices received in Tranche 1 that can be filed publicly.

C. Energy Storage Protocol, PPA, and other RFP Documents

In addition to the potential rule revisions being considered by the Commission, the Public Staff believes it would be helpful to apply any lessons learned from the participation or lack thereof in the Tranche 1 RFP solicitation to determine whether changes are needed to the pro forma PPA, and specifically, to the Energy Storage Protocol included as Exhibit 10 to the pro forma PPA.

The Public Staff notes that House Bill 589 directed the North Carolina Policy Collaboratory at the University of North Carolina at Chapel Hill to study the value of energy storage to consumers and to make policy recommendations to the General Assembly by December 1, 2018. See S.L. 2017-192, Section 12. The Public Staff recommends that energy storage policies recommended by that report be considered by all the parties when discussing potential changes to the Energy Storage Protocol going forward.

In addition to the Energy Storage Protocol, the Public Staff recommends that the Commission allow time for the parties to review all RFP documents, including the pro forma PPA and the self-developed and asset acquisition contracts, and to continue discussions regarding the provisions of those documents with the assistance of the IA.

Respectfully submitted this the 5th day of November, 2018.

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Electronically submitted
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CERTIFICATE OF SERVICE

I certify that a copy of these comments have been served on all parties of record or their attorneys, or both, by United States mail, first class or better; by hand delivery; or by means of facsimile or electronic delivery upon agreement of the receiving party.

This the 5th day of November, 2018.

Electronically submitted
/s/ Layla Cummings