

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-100, SUB 149

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	)	
2016 REPS Compliance Plans and	)	ORDER APPROVING 2015 REPS
2015 REPS Compliance Reports	)	COMPLIANCE REPORTS
	)	AND ACCEPTING 2016 REPS
	)	COMPLIANCE PLANS

BY THE COMMISSION: North Carolina’s Renewable Energy and Energy Efficiency Portfolio Standard (REPS), codified at G.S. 62-133.8, requires all electric power suppliers in North Carolina to meet specific percentages of their retail sales using renewable energy and energy efficiency. General Statutes Section 62-133.8(c) sets out the percentage requirements that apply to electric membership corporations (EMCs) and municipalities that sell electric power to retail electric power customers in North Carolina, and provides the options available to these EMCs and municipalities for meeting the REPS requirements. These options include generating electric power at a new renewable energy facility, reducing energy consumption through the implementation of demand side management (DSM) and energy efficiency (EE) measures, and purchasing renewable energy certificates (RECs) derived from in-state and out-of-state renewable energy facilities. Pursuant to G.S. 62-133.8(k), the Commission has developed, implemented, and maintains the North Carolina Renewable Energy Tracking System (NC-RETS) to verify REPS compliance and to facilitate the establishment of a market for the purchase and sale of RECs.

Pursuant to G.S. 62-133.8(i), the Commission adopted Commission Rule R8-67 to implement the provisions of the REPS. Commission Rule R8-67(c) requires each EMC and municipal electricity supplier, or its utility compliance aggregator, to file a verified REPS compliance report on or before September 1 of each year, describing its compliance with the REPS during the previous calendar year. Commission Rule R8-67(c)(1) provides a list of the supporting documentation required to be included in the compliance report, including, the results of each EE and DSM program’s measurement and verification (M&V) plan, or other documentation supporting an estimate of the program’s energy reductions achieved in the previous year, pending implementation of a measurement and verification plan. Commission Rule R8-67(b) requires each electric power supplier, or its utility compliance aggregator, to file a REPS compliance plan on or before September 1 of each year setting forth its plan for future compliance with the REPS during the three-year period beginning with the current calendar year. Commission Rule R8-67(b)(1) provides a list of the minimal information required to be included in each electric power supplier’s compliance plan. Commission Rule R8-67(h) requires each electric power supplier to participate in NC-RETS and to

provide data to NC-RETS to calculate its REPS obligation and demonstrate its compliance with the REPS requirements.

Between August 23, 2016, and September 12, 2016, the following electric power suppliers or compliance aggregators filed their respective 2015 REPS compliance reports and 2016 REPS compliance plans in this docket: Town of Fountain (Fountain); EnergyUnited EMC (EnergyUnited); North Carolina Eastern Municipal Power Agency (NCEMPA), on behalf of its 32 municipal members; North Carolina Municipal Power Agency Number 1 (NCMPA1), on behalf of its 19 municipal members; Fayetteville Public Works Commission (Fayetteville PWC); GreenCo Solutions, Inc. (GreenCo), on behalf of its member cooperatives and three other electric power suppliers;<sup>1</sup> Halifax EMC(Halifax),<sup>2</sup> the Tennessee Valley Authority (TVA), on behalf of itself, Blue Ridge Mountain EMC, Mountain Electric Cooperative, Murphy Electric Power Board, and Tri-State EMC (collectively, the TVA distributors); and the town of Waynesville (Waynesville).<sup>3</sup>

On January 6, 2017, the Commission issued an Order Establishing Dates for Comments on REPS Compliance Plans and REPS Compliance Reports.

On February 14, 2017, as updated and corrected on February 22, 2017, the Public Staff filed comments addressing the following: the 2015 compliance reports filed in this docket, including specific comments on the individual reports; issues related to earning energy efficiency credits (EECs) from lighting measures; the 2016 compliance plans filed in this docket, including specific comments on the individual plans; compliance with the swine and poultry waste set-aside requirements; and compliance with the REPS cost cap. Based on its review of the compliance reports, the Public Staff concludes that each EMC and municipal electric power supplier met its 2015 REPS requirements within the annual spending limit.<sup>4</sup> Based on its review of the compliance plans, the Public Staff concludes

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<sup>1</sup> In its compliance report, GreenCo identifies the following EMCs as member cooperatives: Albemarle EMC, Brunswick EMC, Cape Hatteras EMC, d/b/a Cape Hatteras Electric Cooperative, Carteret-Craven EMC, d/b/a Carteret-Craven Electric Cooperative (EC), Central EMC, Edgecombe-Martin County EMC, Four County EMC, French Broad EMC, Haywood EMC, Jones-Onslow EMC, Lumbee River EMC, Pee Dee EMC, Piedmont EMC, Pitt & Greene EMC, Randolph EMC, Roanoke EMC, d/b/a Roanoke EC, South River EMC, Surry-Yadkin EMC, Tideland EMC, Tri-County EMC, Union EMC, d/b/a Union Power Cooperative, and Wake EMC. In addition, GreenCo states that it performs REPS compliance services on behalf of Mecklenburg EC, headquartered in Chase, Virginia; Broad River EC, headquartered in Gaffney, South Carolina; and the Town of Oak City (Oak City), which is a wholesale customer of Edgecombe-Martin County EMC, whose requirements are included with those of Oak City.

<sup>2</sup> The Commission addresses Halifax EMC's 2015 compliance report by separate order issued contemporaneous with this order.

<sup>3</sup> In its filing, Waynesville states that prior to 2016, Waynesville was served under a wholesale power agreement with Duke Energy, which included purchasing or generating RECs on behalf of Waynesville; however, Waynesville further states that the wholesale power contract expired at the end of 2015, so beginning in 2016 Waynesville will be responsible for its own compliance. Accordingly, Waynesville filed in this docket a 2016 REPS compliance plan, but not a 2015 REPS compliance report.

<sup>4</sup> Due to rounding, there are minor discrepancies between the number of RECs that the Public Staff states are required for REPS compliance and the number that were actually submitted by several

that each of the plans filed by the EMCs and municipal electric power suppliers (or their REPS compliance aggregators) contains the information required by Commission Rule R8-67(b) and indicates that the EMC and municipal electric power suppliers will achieve the general REPS requirements and the solar set-aside requirements in 2016. However, the Public Staff states that the majority of the EMC and municipal electric power suppliers do not expect to be able to meet the swine and poultry waste set-aside requirements during the planning period. The Public Staff concludes its comments by recommending the following: 1) that the Commission approve the 2015 REPS compliance reports, 2) that the Commission find that the 2016 REPS compliance plans indicate that the municipal and EMC electric power suppliers should be able to meet their REPS requirements, with the exception of the swine and poultry waste set-aside requirements, during the planning period without nearing or exceeding the cost cap, and 3) that the Commission adopt other specific recommendations as addressed below.

On March 1, 2017, GreenCo filed a letter stating its support for the Public Staff's recommendations.

## REPS REQUIREMENTS FOR EMCs AND MUNICIPALITIES

For 2015, G.S. 62-133.8(c) requires that each EMC or municipality that sells electric power to retail electric power customers in the State meet the equivalent of six percent of its 2014 retail sales by using renewable energy or by reducing energy consumption through implementation of DSM or EE measures. Within this six percent requirement, each EMC and municipality must meet the requirements of the REPS by using a specified amount of renewable energy from solar, swine waste, and poultry waste resources. These EMCs and municipalities are permitted to incur incremental costs to comply with the REPS requirements up to the total annual limit established in G.S. 62-133.8(h)(3) and (4). As reflected in the following discussion, the Commission considered the 2015 REPS compliance reports and 2016 REPS compliance plans filed in this docket and the comments of the Public Staff in determining whether these EMCs and municipalities met their REPS obligations and reporting requirements.

### REPS Set-Aside Requirements

The REPS set-aside requirements are established in G.S. 62-133.8(d) for solar, subsection (e) for swine waste, and subsection (f) for poultry waste. For 2015, the solar set-aside requirements provide that each EMC and municipality shall supply 0.14 percent of its 2014 retail sales through the use of solar energy resources. For 2016, the solar set-aside requirement continues at 0.14 percent. Pursuant to the authority granted to the Commission in G.S. 62-133.8(i)(2), the 2015 swine and poultry waste set-aside requirements were modified and/or delayed by the Commission's Order Modifying the Swine and Poultry Waste Set-Aside Requirements and Providing Other Relief issued on December 1, 2015, in Docket No. E-100, Sub 113 (2015 Delay Order). The 2015 Delay Order further modified the swine and poultry waste set-aside requirements by delaying

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electric power suppliers. The Commission has noted similar discrepancies in the past and makes clear that an electric power supplier must always round up to the next whole REC in calculating its REPS obligations.

the 2015 swine waste set-aside requirements, and the scheduled increases in those requirements, for one additional year, by maintaining the 2015 poultry waste set-aside requirements at the same level as the 2014 requirement (170,000 MWh), and by delaying the scheduled increases in the poultry waste set-aside requirements by one year. Similar to the 2015 Delay Order, the Commission's Order Modifying the Swine and Poultry Waste Set-Aside Requirements and Providing Other Relief issued on October 17, 2016, in Docket No. E-100, Sub 113 (2016 Delay Order), modified the swine waste set-aside requirements by delaying the 2016 swine waste set-aside requirements and the scheduled increases by one additional year, and modified the 2016 poultry waste set-aside requirements by maintaining the 170,000 MWh requirement and delaying the scheduled increases by one year. Therefore, beginning in 2017, the electric power suppliers, in the aggregate, are required to comply with the REPS through the use of swine waste resources representing at least 0.07 percent of the total electric power sold and through the use of poultry waste resources representing 700,000 MWh of total electric power sold.

In its comments, the Public Staff states that all of the EMCs and municipalities met the solar set-aside requirements, but have been able to comply with the poultry waste set-aside requirements only to a "very limited extent." Further, the Public Staff states that these electric service providers will have "great difficulty" in complying with the swine waste set-aside requirements when it comes into effect. Nevertheless, the Public Staff opines that "the REPS statute has served as a stimulus for important advances in waste-to-energy technology." The Public Staff describes the stakeholder meetings that it hosted, at the Commission's request, to provide a forum for facilitating discussion on compliance with these set-aside requirements. The Public Staff states that the meetings were productive, and that it intends to hold more meetings in the future as requested by the Commission's 2016 Delay Order. The Public Staff concludes this section of its comments by stating that the Public Staff's view is that the lack of swine and poultry waste-to-energy facilities is the result of the following: 1) limited technology development and expertise due to the fact that currently North Carolina continues to be the only state with swine and poultry waste set-aside requirements; 2) the utilities' reluctance to commit to purchase contracts they deem too expensive for speculative technologies; 3) limited availability of satisfactory financing terms for developers; and 4) uncertainty over REC prices.

The Commission finds the Public Staff's comments helpful and requests that the Public Staff continue to file comments specifically addressing compliance with the solar, swine, and poultry waste set-aside requirements in future proceedings established to review EMC and municipalities' REPS compliance.

### REPS Cost Cap

General Statutes Section 62-133.8(h)(3) and (4) limit an electric power supplier's annual REPS spending by providing that the total annual incremental costs to be incurred by an electric power supplier and recovered from the electric power supplier's customers shall not exceed an amount equal to the per-account annual charges applied to the total

number of customers. “Incremental costs” means all reasonable and prudent costs incurred by an electric power supplier to comply with the REPS requirements that are in excess of the electric power supplier’s avoided costs. G.S. 62-133.8(h)(1). For 2015, the total annual spending limit, or “cost cap,” that applies to each electric power supplier is the total of the following annual per-account charges applied to the total number of customers: \$34 for each residential customer account; \$150 for each commercial customer account; and \$1,000 for each industrial customer account. G.S. 62-133.8(h)(3) and (4).

In its comments, the Public Staff states that the incremental costs of REPS compliance incurred by each EMC and municipality were below the annual spending limit provided in G.S. 62-133.8(h)(3) and (4). The Public Staff notes, however, that some very small electric power suppliers, such as Fountain, are approaching the cost cap and might have difficulty meeting their REPS obligations while staying below the spending limit in the future. The Public Staff summarizes projected REPS incremental costs as compared to the future annual cost cap in Table 3 of its comments. The Public Staff’s comments and the summary table indicate that each EMC and municipality is projected to be well below its respective spending limit through 2018.

The Commission recognizes the challenges small electric power suppliers face in meeting their REPS requirements while incurring incremental costs below the annual limit. Therefore, the Commission finds the Public Staff’s comments helpful and requests that the Public Staff continue to file comments in future proceedings specifically addressing compliance with the REPS cost cap.

### EECs from CFL Programs

General Statutes Section 62-133.8(c)(2) permits EMCs and municipalities to meet the REPS requirements by reducing energy consumption through the implementation of EE measures. An “energy efficiency measure” means an equipment, physical, or program change implemented after January 1, 2017, that results in less energy used to perform the same function. G.S. 62-133.8(a)(4). Commission Rule R8-67(c)(ix) requires each EMC and municipal electric supplier to include in its REPS compliance report an M&V plan for each energy efficiency or demand-side management program. The Commission specifically addressed lighting programs implemented by EMCs and municipalities in the Order Approving 2014 REPS Compliance Reports issued on March 29, 2016, in Docket No. E-100, Sub 145 (Order Approving 2014 REPS Compliance Reports). Pursuant to that Order, for the 2015 REPS compliance reports, the Commission requires EMCs and municipalities to use M&V studies that are no older than 2015 for EE programs implementing compact florescent lighting (CFL) measures. The Commission tracks the implementation of EE programs or measures through issuance, tracking, transferring, and retiring of energy efficiency credits (EECs).

In its comments, the Public Staff discusses the broad range of EE programs that the municipal and EMC electric service providers use to meet their REPS requirements by reducing energy consumption. The Public Staff observes that only EnergyUnited,

Fayetteville PWC, and GreenCo included EECs from CFL lighting measures in their respective 2016 compliance plans. The other municipalities and EMC's either did not include any EECs from CFL lighting measures or stated that they would no longer offer EE lighting programs. As reflected below, the Commission considered these programs in reviewing each of these electric power suppliers' 2015 compliance reports.

The Public Staff further states that lighting-related measures have been trending toward a light emitting diode (LED) baseline technology, and that since the time of the last REPS compliance filings, DEC and DEP have both been actively revising their current EE programs to utilize LED bulbs in place of CFL. Although CFL lighting measures have provided some electric power suppliers with a steady supply of EECs to meet their REPS compliance obligations for several years, the Public Staff asserts that these measures no longer promote energy efficiency as well as they once did and that EECs should only be produced from EE lighting measures that demonstrate a reduction in energy usage from the baseline lighting measure. The Public Staff argues that, as LED technology surpasses CFL technology, the changing baseline will remove CFL as an EE measure, rendering them obsolete. For these reasons, the Public Staff recommends that the Commission disallow the use of EECs for REPS compliance purposes that are associated with CFL installations on or after January 1, 2017. The Public Staff also recommends that the Commission require the EMCs and municipalities to utilize Duke Energy Progress Energy Efficient Lighting Program (PY2014) Evaluation Report – FINAL (DEP's 2016 EE Lighting Study) in determining the energy savings claimed after 2015 from CFL's installed before January 1, 2017.

The Commission addressed this, and related issues, in the Order issued on January 24, 2017, in Docket No. E-2, Sub 1109 (DEP REPS Rider Order), concluding that the Commission's proceedings held pursuant to G.S. 62-133.9 and the evaluation, measurement, and verification process required in those proceedings allows room for consideration of what baseline an EE measure should be compared to in establishing the amount of reduced consumption. As in that proceeding, the Public Staff argues here that the "lighting market has been rapidly undergoing a new baseline shift," and that "this shift will continue to diminish the potential for new EECs from any CFL measure." Similar to the conclusions reached in the DEP REPS Rider Order, the Commission concludes that it is appropriate to require the municipal and EMC electric service providers to consider a new baseline for EE programs that use new lighting technology in their respective M&V processes. The Commission finds the Public Staff's recommendations on these issues helpful, but concludes that it is appropriate to allow the EMC and municipal electric power suppliers the flexibility to conduct the M&V studies without prescribing a specific study to be used. Therefore, in future REPS compliance proceedings, the Commission will require each EMC and municipal electric power supplier that is claiming EECs from lighting measures to address in its M&V study process whether a new baseline for lighting-based EE programs is appropriate. Those EMC and municipal electric service providers that are earning EECs from a lighting program that uses CFL, shall provide the Commission an explanation for the continued use of CFL that addresses the costs and benefits of the continuation of the program in light of the issues raised by the Public Staff.

Finally, the Commission finds the Public Staff's comments on these issues helpful and requests that the Public Staff continue to file comments in future proceedings specifically addressing the earning of EECs from lighting-based EE measures where EMCs and municipalities seek to use EECs derived from these measures to meet their REPS compliance obligations.

## 2015 REPS COMPLIANCE REPORTS

Each EMC and municipal electric power supplier (or its REPS compliance aggregator)<sup>5</sup> filed in this docket the 2015 REPS compliance report required by Commission Rule R8-67(c). In its comments filed with the Commission, the Public Staff reviewed and commented on each compliance report filed in this docket. Based on its review, the Public Staff states that all EMC and municipal electric power suppliers met the 2015 general REPS requirements of G.S. 62-133.8(c) and the 2015 solar set-aside requirements of G.S. 62-133.8(d). As reflected in Table 1 in the Public Staff's comments, the Public Staff concludes that the total 2015 incremental costs incurred by each EMC and municipality to meet its REPS requirements were below the total annual cost cap established by G.S. 62-133.8(h)(3) and (4). As discussed above, the Public Staff states that these EMCs and municipalities have been able to comply with the poultry waste set-aside requirements only to a limited extent, and that these EMCs and municipalities will have difficulty meeting the requirements of the swine waste set-aside requirements. As reflected in the following discussion, in determining whether each EMC or municipal electric power supplier met its 2015 REPS obligations and reporting requirements, the Commission reviewed and considered the 2015 compliance report filed by each EMC or municipal electric power supplier (or its compliance aggregator), the records in NC-RETS, and the Public Staff's comments.

### EnergyUnited

On August 31, 2016, EnergyUnited filed its 2015 REPS compliance report. EnergyUnited's report demonstrates that EnergyUnited's 2014 total retail sales were 2,427,479 MWh; therefore, EnergyUnited's general REPS obligation of six percent of 2014 retail sales is 145,649 RECs, and its solar set-aside requirement, based on 0.14 percent of 2014 sales, is 3,399 solar RECs. Further, EnergyUnited's share of the 2015 poultry waste requirement is 3,100 poultry waste RECs. EnergyUnited's 2015 compliance sub-account in NC-RETS evinces that EnergyUnited met its 2015 REPS requirements by submitting the required number of RECs for retirement based upon the foregoing sales levels and REPS requirements.

The Public Staff states that EnergyUnited's compliance report and NC-RETS sub-account indicate that EnergyUnited met its REPS requirements for 2015. The Public Staff notes that EnergyUnited included EECs from two programs, the Commercial Lighting Program and the Heat Pump Rebate Program. The Public Staff agrees with the M&V results for these programs, and therefore, recommends that the Commission

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<sup>5</sup> Waynesville was not required to submit a 2015 REPS compliance report. See fn. 3, *supra*.

approve EnergyUnited's 2015 compliance report, including the M&V results for the EECs that EnergyUnited earned in 2015.

Based upon the foregoing and the record in this proceeding, including EnergyUnited's REPS compliance report, the data in EnergyUnited's 2015 compliance sub-account in NC-RETS, and the comments of the Public Staff, the Commission concludes that EnergyUnited complied with its 2015 REPS requirements, and therefore, the RECs and EECs in EnergyUnited's 2015 compliance sub-account in NC-RETS should be retired. The Commission further concludes that EnergyUnited's 2015 compliance report includes the information and supporting documentation required by Commission Rule R8-67(c), and therefore, EnergyUnited's 2015 compliance report should be approved.

#### Fayetteville PWC

On September 1, 2016, Fayetteville PWC filed its 2015 REPS compliance report. Fayetteville PWC's report demonstrates that Fayetteville PWC's 2014 total retail sales were 2,087,801 MWhs, and therefore, Fayetteville PWC's general REPS obligation of six percent is 125,268 RECs and its solar set-aside requirement, based on 0.14 percent of 2014 sales, is 2,923 solar RECs. Further, Fayetteville PWC's share of the aggregate poultry waste set-aside requirement for 2015 is 2,666 poultry waste RECs. Fayetteville PWC's compliance sub-account in NC-RETS evidences that Fayetteville PWC met its 2015 REPS requirements by submitting the required number of RECs for retirement based upon the foregoing sales levels and REPS requirements.

The Public Staff states that Fayetteville PWC's report and the data in Fayetteville PWC's 2015 compliance sub-account in NC-RETS indicate that Fayetteville PWC met its REPS requirements for 2015. The Public Staff further states that Fayetteville PWC did not use any EECs for REPS compliance in 2015, but is implementing five EE programs: 1) CFL Distribution Program, 2) LED Street Lighting Pilot Program, 3) Refrigerator Incentive Program, 4) HVAC Residential Program, and 5) Sustainable Sandhills Go Green Program. As stated in its report, Fayetteville PWC performed M&V and banked EECs for the LED Street Lighting Program, the HVAC Residential Program, and CFL Distribution Program, and used data from DEP and data from the Mid-Atlantic Technical Reference Manual. The Public Staff considers this acceptable data, but notes that the Order Approving 2014 REPS Compliance Reports requires electric power suppliers to use M&V studies no older than 2015 if the electric power supplier intends to earn EECs from a lighting-based EE program. Since Fayetteville PWC discontinued distribution of CFL bulbs, the Public Staff assumes that Fayetteville PWC does not intend to resume distributing CFL bulbs or claiming EECs from this program. The Public Staff further notes that Fayetteville PWC began providing LED bulbs for its CFL Distribution Program, but did not change the program name. The Public Staff suggests that the name of the program be updated to reflect the change to LED bulbs. Finally, the Public Staff recommends that the Commission approve Fayetteville PWC's 2015 compliance report.

Based upon the foregoing and the record in this proceeding, including Fayetteville PWC's REPS compliance report, the data in Fayetteville PWC's 2015 compliance sub-account in NC-RETS, and the comments of the Public Staff, the Commission concludes that Fayetteville PWC complied with its 2015 REPS requirements and therefore, the RECs and EECs in Fayetteville PWC's 2015 compliance sub-account in NC-RETS should be retired. The Commission further concludes that Fayetteville PWC's 2015 compliance report includes the information and supporting documentation required by Commission Rule R8-67(c), and therefore, Fayetteville PWC's 2015 compliance report should be approved. Finally, the Commission agrees with the Public staff that Fayetteville PWC should consider updating the name of its CFL Distribution Program to reflect the change to distributing LED bulbs. Therefore, the Commission directs Fayetteville PWC to address this matter in its 2016 compliance report and 2017 compliance plan.

### Fountain

On August 23, 2016, Fountain filed its 2015 REPS compliance report. Fountain's compliance report demonstrates that Fountain's 2014 total retail sales were 3,486 MWh; therefore, Fountain's general REPS obligation of six percent is 210 RECs and its solar set-aside requirement of 0.14 percent is 5 solar RECs. Further, Fountain's share of the aggregate poultry waste set-aside requirement for 2015 is 4 poultry waste RECs. Fountain's 2015 compliance sub-account in NC-RETS evidences that Fountain met its 2015 REPS requirements by submitting the required number of RECs for retirement based upon the foregoing sales levels and REPS requirements.

In its comments, the Public Staff states that Fountain's compliance report and NC-RETS sub-account indicate that Fountain met its REPS requirements for 2015. Additionally, the Public Staff states that although Fountain's incremental costs of REPS compliance remained below the cost cap for 2015, Fountain may have difficulty in staying below the cost cap in future years due to its small number of customers (299). The Public Staff notes that Fountain's administrative costs for REPS were roughly 71 percent of its total REPS costs, and that other small municipalities have been able to reduce their REPS compliance costs by contracting for compliance services with larger electric power suppliers. The Public Staff recommends this course of action for Fountain.

Based upon the foregoing and the record in this proceeding, including Fountain's 2015 REPS compliance report, the data in Fountain's 2015 compliance sub-account in NC-RETS, and the comments of the Public Staff, the Commission concludes that Fountain complied with its 2015 REPS requirements and therefore, the RECs and EECs in Fountain's 2015 compliance sub-account in NC-RETS should be retired. The Commission further concludes that Fountain's 2015 compliance report includes the information and supporting documentation required by Commission Rule R8-67(c), and therefore, Fountain's 2015 compliance report should be approved. Finally, the Commission agrees with the Public Staff's recommendation that Fountain should consider contracting for compliance services with a larger electric supplier as an option for Fountain to continue to meet its REPS requirements while maintaining incremental

costs of compliance below the annual cost cap. Therefore, the Commission directs Fountain to address this matter in its 2017 REPS filings.

### GreenCo

On September 1, 2016, GreenCo filed its 2015 REPS compliance report. GreenCo's compliance report indicates that the combined 2014 total retail sales of GreenCo members and REPS compliance participants were 12,991,053 MWh. Therefore, GreenCo's 2015 REPS obligation, based on six percent of 2014 total retail sales, is 779,464 RECs; its 2015 solar set-aside requirement, based on 0.14 percent of 2014 total retail sales, is 18,188 solar RECs; and GreenCo's share of the aggregate poultry waste set-aside requirement is 16,587 poultry waste RECs. GreenCo's 2015 compliance sub-account in NC-RETS evidences that GreenCo met its 2015 REPS compliance requirements by submitting the required number of RECs for retirement based upon the foregoing sales levels and REPS requirements.

In its comments, the Public Staff states that GreenCo's report and NC-RETS sub-account indicate that GreenCo met its REPS requirements for 2015. The Public Staff notes that GreenCo members earn EECs from the following EE programs: Agricultural EE, Commercial EE, Commercial New Construction, Community Efficiency (low income), EnergyStar Appliances, EnergyStar New Home Construction, EnergyStar Lighting, Energy Cost Monitor, Refrigerator/Freezer Replacement, and Water Heating Efficiency. GreenCo bases the energy savings for these programs on data and analyses from GDS's 2012 market potential study. The Public Staff further notes that GreenCo's administrative costs, as a percentage of its incremental REPS compliance costs, is much higher than most of the other EMC and municipal electric power suppliers. The Public Staff recommends that the Commission approve GreenCo's 2015 report, including the M&V results for the EECs it earned for 2015 REPS compliance.

Based on the foregoing and the record in this proceeding, including GreenCo's 2015 REPS compliance report, the data in NC-RETS, and the Public Staff's comments, the Commission concludes that GreenCo's member EMCs, along with Mecklenburg EC, Broad River EC, and Oak City, met their 2015 REPS requirements and therefore, the RECs and EECs in GreenCo's 2015 compliance sub-account in NC-RETS should be retired. The Commission further concludes that GreenCo's 2015 compliance report includes the information and supporting documentation required by Commission Rule R8-67(c), and therefore, GreenCo's 2015 compliance report should be approved. Finally, the Commission concludes that it is appropriate for GreenCo to address its disproportionately high administrative costs. Therefore, the Commission will require GreenCo to include such an explanation in its 2016 compliance report and/or 2017 compliance plan, and the Commission requests that the Public Staff provide comments on this issue in that proceeding.

## NCEMPA

On August 31, 2016, NCEMPA filed its 2015 REPS compliance report. NCEMPA's compliance report states that NCEMPA's total 2014 retail sales were 7,118,072 MWh. Based on six percent of its 2014 retail sales, NCEMPA's 2015 REPS obligation is 427,085 RECs, and based on 0.14 percent of NCEMPA's total 2014 retail sales, its solar set-aside obligation is 9,966 solar RECs. NCEMPA's share of the poultry waste set-aside requirement is 9,088 poultry waste RECs. Consistent with these requirements, the data in NC-RETS evidences that NCEMPA submitted the required number of RECs for retirement based upon the foregoing sales levels and REPS requirements, including the use of SB 886 RECs.<sup>6</sup>

In its comments, the Public Staff states that NCEMPA's compliance report and NC-RETS compliance sub-account indicate that NCEMPA met its REPS requirements for 2015. The Public Staff recommends that the Commission approve NCEMPA's 2015 report.

Based upon the foregoing and the record in this proceeding, including NCEMPA's 2015 compliance report, the data in NC-RETS, and the Public Staff's comments, the Commission concludes that the NCEMPA municipalities met their 2015 REPS obligations, and therefore, the RECs and EECs in NCEMPA's 2015 compliance sub-account in NC-RETS should be retired. The Commission further concludes that NCEMPA's 2015 compliance report includes the information and supporting documentation required by Commission Rule R8-67(c), and therefore, NCEMPA's 2015 compliance report should be approved.

## NCEMPA1

On August 31, 2016, NCEMPA1 filed its 2015 REPS compliance report. NCEMPA1's compliance report states that NCEMPA1's total 2014 retail sales were 4,966,126 MWh. Based upon the six percent requirement, NCEMPA1's 2015 REPS obligation is 297,968 RECs. Based upon the 2015 solar set-aside requirement of 0.14 percent, NCEMPA1's solar set-aside obligation is 6,953 solar RECs. NCEMPA1's share of the poultry waste set-aside requirements is 6,341 poultry waste RECs. Consistent with these requirements, the data in NC-RETS evidences that NCEMPA1 met its REPS requirements by submitting the required number of RECs for retirement based upon the foregoing sales levels and REPS requirements.

In its comments, the Public Staff states that NCEMPA1's compliance report and NC-RETS compliance sub-account indicate that NCEMPA1 met its REPS requirements for 2015. The Public Staff recommends that the Commission approve NCEMPA1's 2015 compliance report.

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<sup>6</sup> SB 886 RECs are those available under S.L. 2011-279 (Senate Bill 886). These RECs are assigned triple credit, with each SB 886 REC being assigned credit for two poultry waste RECs and one REC eligible to meet the general REPS requirements.

Based upon the foregoing and the record in this proceeding, including NCEMPA1's 2015 compliance report, the data in NC-RETS, and the Public Staff's comments, the Commission concludes that the NCEMPA1 municipalities met their 2015 REPS obligations, and therefore, the RECs and EECs in NCEMPA1's 2015 compliance sub-account in NC-RETS should be retired. The Commission further concludes that NCEMPA1's 2015 compliance report includes the information and supporting documentation required by Commission Rule R8-67(c), and therefore, NCEMPA1's 2015 compliance report should be approved.

## TVA

On September 1, 2016, TVA filed its 2015 REPS compliance report. TVA's compliance report indicates that its total 2014 retail sales were 604,268 MWh. Based upon the six percent requirement, TVA's 2015 REPS requirement is 36,256 RECs. Based on the solar set-aside requirement of 0.14 percent, TVA's 2015 solar set-aside requirement is 846 solar RECs. TVA's share of the 2015 aggregate poultry waste set-aside requirement is 729 poultry waste RECs. The data in TVA's 2015 compliance sub-account in NC-RETS evidences that TVA met its REPS requirements for 2015 by submitting the required number of RECs for retirement based upon the foregoing sales levels and REPS requirements.

In its comments, the Public Staff states that TVA's 2015 compliance report and NC-RETS compliance sub-account indicate that TVA met the requirements for general RECs and solar RECs for 2015. The Public Staff discusses an error with NC-RETS that initially created an inconsistency between TVA's filed report and its NC-RETS sub-account pertaining to the compliance year's sales. This error caused incorrect REC requirements for all REPS components of TVA's compliance year. However, the Public Staff further states that the NC-RETS coordinator, in cooperation with TVA, corrected the error in NC-RETS, and the number of RECs TVA submitted for retirement in NC-RETS is now correct for TVA's actual 2014 sales. Finally, the Public Staff notes that TVA did not use any EECs for REPS compliance in 2015, and that TVA provides REPS compliance services at no cost to the four distributors of its electricity in North Carolina. The Public Staff recommends that the Commission approve TVA's 2015 compliance report.

Based upon the foregoing and the record in this proceeding, including TVA's 2015 REPS compliance report, the data in NC-RETS, and the Public Staff's comments, the Commission concludes that TVA's electric distributors complied with their 2015 REPS requirements, and therefore, the RECs and EECs in TVA's 2015 compliance sub-account in NC-RETS should be retired. The Commission further concludes that TVA's 2015 compliance report includes the information and supporting documentation required by Commission Rule R8-67(c), and therefore, TVA's 2015 compliance report should be approved.

## 2016 REPS COMPLIANCE PLANS

Each EMC and municipal electric power supplier (or its REPS compliance aggregator) filed in this docket the 2016 REPS compliance plan required by Commission Rule R8-67(b).<sup>7</sup> In its comments, the Public Staff states that the plans filed in this docket contain the information required by Commission Rule R8-67(b) to demonstrate how each municipal and EMC electric service provider intends to comply with the REPS requirements for 2016, 2017, and 2018 (the relevant planning period for the 2016 compliance plans). The Public Staff further states that all of the EMC and municipal electric service providers indicate that they will satisfy the general REPS requirements and the solar set-aside requirements during the planning period and that their incremental costs to do so will not exceed the annual cost cap established in G.S. 62-133.8(h)(3) and (4). The Public Staff notes that the majority of the EMC and municipal electric power suppliers do not expect to be able to comply with the swine or poultry waste set-aside requirements during the planning period unless they receive assistance from a larger utility. The Public Staff also commented on each REPS compliance plan filed in this docket. In determining whether each EMC or municipal electric power supplier met its reporting requirements for REPS compliance planning, the Commission reviewed and considered the 2016 compliance plan filed by each EMC or municipal electric power supplier (or its compliance aggregator) and the comments of the Public Staff.

Based upon the foregoing and the record in this proceeding, including the 2016 REPS compliance plans filed by each EMC and municipal electric service provider (or its REPS compliance aggregator) and the comments on the plans filed by the Public Staff, the Commission concludes that each EMC and municipal electric service provider has met its obligation under Commission Rule R8-67(b) and therefore, these REPS compliance plans should be accepted.

## CONCLUSIONS

Based on the foregoing, and the entire record in this proceeding, the Commission concludes that the EMC and municipal electric service providers have met their respective 2015 REPS compliance requirements and filed 2015 compliance reports and 2016 compliance plans that meet the requirements of Commission Rule R8-67. Further, the Commission concludes that the incremental costs incurred by each of these EMC and municipal electric service providers to satisfy the 2015 REPS requirements are below the total annual spending limit applicable to each electric power supplier as established in G.S. 62-133.8(h)(3) and (4). As noted in this order, these conclusions do not encompass Halifax's REPS filings, which are addressed by separate order issued contemporaneous with this order in this proceeding. Finally, the Commission concludes that these electric power suppliers have demonstrated sufficient planning to meet their future REPS

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<sup>7</sup> The Commission addresses Halifax EMC's 2016 compliance plan by separate order issued contemporaneous with this order.

obligations, including, individually and collectively making reasonable efforts to achieve compliance with the swine and poultry waste set-aside requirements.

IT IS, THEREFORE, ORDERED, as follows:

1. That EnergyUnited, Fayetteville PWC, Fountain, GreenCo, NCEMPA, NCEMPA1, and TVA met their 2015 REPS obligations or those obligations on behalf of the electric power suppliers that they serve, and that the RECs and EECs in the 2015 compliance sub-accounts in NC-RETS of each of these electric power suppliers or REPS compliance aggregators shall be, and hereby are, retired;

2. That EnergyUnited, Fayetteville PWC, Fountain, GreenCo, NCEMPA, NCEMPA1, and TVA filed 2015 REPS compliance reports that meet the requirements of Commission Rule R8-67, and that these 2015 REPS compliance reports shall be, and hereby are, approved;

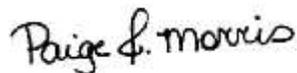
3. That EnergyUnited, Fayetteville PWC, Fountain, GreenCo, NCEMPA, NCEMPA1, TVA, and Waynesville filed 2016 REPS compliance plans that meet the requirements of Commission Rule R8-67, and that these 2016 REPS compliance plans shall be, and hereby are, accepted; and

4. That the Chief Clerk shall send a copy of this Order to Duke Energy Carolinas, LLC, Duke Energy Progress, LLC, and Virginia Electric Power Corporation, d/b/a, Dominion North Carolina Power.

ISSUED BY ORDER OF THE COMMISSION.

This the 14<sup>th</sup> day of June, 2017.

NORTH CAROLINA UTILITIES COMMISSION



Paige J. Morris, Deputy Clerk