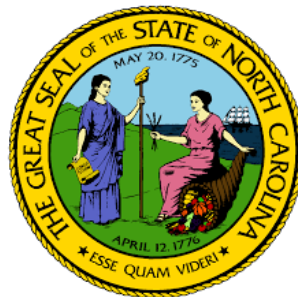


North Carolina Utilities Commission Public Staff

**Christopher J. Ayers
Executive Director**



What is the Public Staff?

- Established in 1977 by N.C. Gen. Stat. § 62-15
- Represents the using and consuming public in North Carolina Utilities Commission proceedings
 - Not the public at-large
 - Economic regulator and advocate
- Eighty staff members: engineers, accountants, economists, attorneys, analysts

Key Functions of Public Staff

- Auditing regulated utilities in Commission proceedings and presenting testimony of findings
- Investigating customer complaints
- Assisting legislative staff, legislators and Governor's office regarding proposed legislation and constituent services
- Working with other State agencies, counties, and municipalities on regulated utility matters
- Undertaking studies and making recommendations to the Commission regarding:
 - New service offerings and changes to existing services
 - Construction of new generating facilities and transmission lines
 - Mergers and acquisitions involving public utilities
- Facilitating stakeholder and working groups as requested by the Commission
- Serve as educational resource to customers and educational institutions

Differences Between NCUC and Public Staff

- Independent agencies
 - Separate staffs, leadership and budgets
- NCUC does not direct or oversee the Public Staff's operations
- Public Staff appears as a party before the NCUC
 - Public Staff subject to ex parte rules and cannot independently communicate with NCUC on pending matters
 - Public Staff does not participate in NCUC decision-making
- Staff roles
 - NCUC staff is an advisory staff
 - Public Staff is an audit/advocacy staff

Competitive Procurement Rule

- Independent Administrator
- Program guidelines
- Solicitation structure and process
- Communication restrictions
- Reporting requirements
- Cost recovery

Independent Administrator

- Selected and approved by the Utilities Commission
- Monitor for compliance with program requirements
- Review and comment on draft program filings and plans
- Facilitate and monitor permissible communications between participants
- Develop and publish the program evaluation methodology
- Receive proposals
- Independently evaluate all proposals
- Monitor post-proposal negotiations between winning bidders and utilities
- Maintain a website housing all relevant documents

Program Guidelines

- Utilities must develop and obtain approval of guidelines, including:
 - Planned allocation of the 2,660 MW during the period
 - Proposed timeframe for each solicitation and procurement amount
 - Minimum requirements for participation in the solicitation
 - Proposed evaluation factors
 - Pro forma contracts

Program Guidelines

Highlights of proposed guidelines

- Duke Energy Carolinas (DEC) and Duke Energy Progress (DEP) will jointly issue the RFP solicitations
 - Separate planning, reporting and cost recovery
- Four RFP solicitations over the 45 month period
 - First solicitation target date of May 2018
 - Target 600 MW in DEC and 80 MW in DEP
- Draft power purchase agreement
 - Includes control instructions to provide utility rights to dispatch, operate and control facilities
- Requires submission of interconnection request
- Proposal for handling upgrade costs

Solicitation Structure and Process

1. Draft RFP solicitation publicly shared and input received
2. IA publishes the final RFP solicitation
3. IA accepts and evaluates proposals using the evaluation factors
4. Utility reviews anonymous proposals and accepts rank order recommendations of IA unless specific project would undermine adequate and reliable electric service
5. IA identifies winning participants to utility
6. Contracts executed between utility and winning participants

Communications Restrictions

- Strict parameters regarding communications between bidders, IA, and utility
 - Any communications must go through the independent administrator
 - All other communications are prohibited
- Utility bidder teams and utility evaluation teams must be separate and may not communicate with one another
- Information must be shared with all participants
- Designed to ensure level playing field

Reporting Requirements

- Annual plan filed by each utility
 - Due September 1 each year
 - Provides planning details for upcoming procurement periods
- Annual compliance report filed by each utility
 - Includes description and explanation of proposals eliminated by utility in selection process
 - Cost information
 - IA certification of process
 - Subject to Utilities Commission approval

Cost Recovery

- Annual rider hearing for each utility to review costs to comply with G.S. 62-110.8
 - Includes public hearing
 - Utility allowed to adjust rider to “recover in a timely manner the reasonable and prudent costs incurred and anticipated to incur”
 - Contains a “true-up” mechanism
- Limited to 1% cap
 - Excess costs can be carried forward to a future period

Solar Energy Facility Leasing Rule

- General requirements
- Application requirements
- Compliance and enforcement

General Requirements

- Applies to lessors and marketers
- Must have adequate knowledge of the business of owning and leasing solar facilities
- Financially solvent
 - Maintain adequate insurance protection
 - Financial ability to settle damage claims for which it is liable
- Minimum limits of liability insurance
- Compliance with statutory lease requirements
- Consent to audit of books and records by Public Staff and Utilities Commission
- Compliance with all federal and state laws, regulations, and rules

Application Requirements

- Requires submission of application for approval by Utilities Commission
 - Form application has been approved
- Must demonstrate compliance with rule requirements
- Notice provided to each utility where the applicant will operate
- Hearing required if material protest received within 30 days
- Certificate transfer or sale
 - Requires approval by Utilities Commission
 - Buyer must demonstrate compliance with all requirements of a new applicant

Compliance and Enforcement

- Annual reporting requirement
- Utilities Commission investigate complaints and allegations of noncompliance against lessors
 - May suspend the certificate pending investigation
 - Penalties include:
 - Suspension or revocation of certificate
 - \$10,000 fine per occurrence
- Administrative revocation
 - Failure to file annual certificate of compliance
 - Failure to comply with federal and state laws

Pending Dockets

- Community solar program
 - Utility proposals due January 23, 2018
- Green source rider
 - Utility proposals due January 23, 2018
- Solar rebate program
 - Utility program must be filed by January 23, 2018
- Net metering
 - No deadline currently established

HB 589: Areas for Potential Clarification

- PURPA changes did not address nonrenewable Qualifying Facilities (QFs) such as combined heat and power QFs
 - Commission handled those issues in its most recent avoided cost order consistent with HB 589
- Solar rebates
 - Clarity on amount and eligibility criteria
- Extent to which local ordinances and regulations regarding third party solar leasing are preempted

Public Staff Areas of Focus

- Effecting the legislative intent behind HB 589
 - Cost savings to customers
 - Organized and cost-effective integration of renewable generation
- Ensuring that discrete program costs remain self-contained within individual programs
 - Community solar
 - Green source rider
 - Net metering
- Maintaining integrity and objectivity of the competitive procurement process
- Protecting customers that lease solar facilities