



# North Carolina Utilities Commission's Implementation of H.B. 589

Presentation to the N.C. House Committee  
on Energy and Public Utilities

Chairman Edward S. Finley, Jr.

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## The Commission's Role in Energy Policy

- The Commission is a creature of statute, and exercises only that authority delegated to it by the General Assembly.
- The Commission is a quasi-judicial, quasi-legislative agency. It functions like a court, but also exercises delegated legislative authority.
- The Commission's orders reflect the Commission's efforts to implement the law consistent with the intent of the General Assembly.

## Implementation of HB 589

- **Rule-Making:** The Commission initiated rulemaking proceedings on an expedited basis to adopt the following rules implementing these House Bill 589 programs:
  - Commission Rule R8-71: Competitive Procurement of Renewable Energy
  - Commission Rule R8-72: Community Solar Program
  - Commission Rule R8-73: Applications for Certificate of Authority to Engage in Business as an Electric Generator Lessor
- **Avoided Cost:** The Commission's avoided cost proceeding was pending when House Bill 589 became law. On October 11, 2017, the Commission issued an avoided cost order implementing the changes to N.C.G.S. § 62-156 that were made in Section 1 of House Bill 589.

# Overview of Implementation Status

Program	Rule Adopted	Program Plan Approved (with modifications)	Status/ Notes
CPRE PROGRAM			Second Program Plan pending. First round of winning bids to be notified end of March.
GSA PROGRAM			Compliance filing pending. Program will open after final approval.
Community Solar		Filed, Pending Approval	n/a
Solar Leasing		n/a	Two certificates issued (one to Duke Energy Clean Energy Resources, LLC)
Solar Rebate	n/a	n/a	Two rounds of rebates claimed at full capacity   available.
Net Metering	Pending		Duke Energy is planning to host a stakeholder process with the goal of reaching consensus on a proposal related to net metering.

# Competitive Procurement of Renewable Energy (CPRE Program) (N.C.G.S. § 62-110.8)

## Timeline and Progress:

- July 28, 2017 (the day after House Bill 589 became law): the Commission issued an order establishing a rulemaking proceeding to implement the CPRE Program. (Docket No. E-100, Sub 150).
- November 6, 2017: the Commission adopted Commission Rule R8-71, implementing the requirements of the CPRE Program.
- November 27, 2017: Duke filed its proposed CPRE Program and Program Guidelines, as required by H.B. 589, § 2(c). (Docket Nos. E-2, Sub 1159, and E-7, Sub 1156).
- January 9, 2017: the Commission approved Accion Group, LLC, as the Independent Administrator of the CPRE Program.
- February 21, 2018: the Commission issued an Order requiring Duke to make modifications to the CPRE Program plan, and approving the CPRE Program plan, as modified.

## CPRE Program (cont.)

- In its Order approving the CPRE Program, the Commission discussed its view that the CPRE Program is a market-based program, and that it is appropriate to make adjustments to the Program based on the results of the RFP Solicitations.
- The initial CPRE Program plans called for four RFP Solicitations, or “tranches,” to procure 2,660 MW of renewable supplied generating capacity.
  - Cost effectiveness requires that the price be below the avoided cost rates established by the Commission.
- Tranche 1 sought a total of 680 MW: 600 MW in DEC and 80 MW in DEP
- Bids were submitted based on decrements from current avoided cost rates to ensure cost effectiveness.
- Bids incorporating energy storage accepted, subject to energy storage protocol
- Duke is required to provide periodic updates to the Commission on Tranche 1.

# CPRE Program (cont.)

## Update on Tranche 1

- Submission Window:
  - From July 10, 2018, to October 9, 2018, bidders (“market participants”) gained access to view, complete, and submit RFP proposal forms.
- Number of Bids: 78 total proposals (some by the same market participant)
- Generating Capacity Submitted: Total 3,966 MW – approx. 5 times the 680 MW sought in the Tranche 1 RFP.
- Pricing:
  - Initial median price decrement was \$(6.73)/MWh below the avoided cost rates used for bid evaluation, for both DEP and DEC.
  - In the competitive tier, the decrement was \$(10.2)/MWh (DEP) and \$(7.63) (DEC).
  - Approximately 10-20% below the Commission-approved avoided cost rates
- Winning bids:
  - Notified March 25, 2019
  - Contracting period to be completed May 24, 2019

## CPRE Program (cont.)

### Potential Revisions to CPRE Program Plans:

- The Commission is waiting to take “lessons learned” from the Tranche 1 RFP Solicitation.
- On September 1, 2018, the Duke utilities submitted their Integrated Resource Plans, including revised CPRE Program plans.
- Proposed revisions include:
  - Recognition that “legacy PURPA projects” will exceed 3,550 MW. This reduces the total 2,660 MW required under CPRE, pursuant to G.S. 62-110.8(b)(3).
  - Reduced number of RFP tranches from 4 to 3.
  - Revised schedule.
  - Commission directed ongoing discussions among the stakeholders.



## **Green Source Advantage Program (GSA Program) (N.C.G.S. § 62-159.2)**

- The GSA Program offers large commercial customers, major military installations, and the UNC system customers of Duke Energy the opportunity to direct the utility procure renewable resource-supplied power on the customer's behalf.
- The Commission received voluminous comments from a large number of parties, and held an oral argument with most of the parties choosing to participate.
- On February 1, 2019, the Commission issued an Order requiring modifications to the GSA Program and approving the Program, as modified.
- Final approval of the modified Program is pending, and the GSA Program should open shortly after Commission approval.

# Community Solar Program (N.C.G.S. § 62-126.8)

- The Community Solar Program allows the Duke utilities' customers to offset a portion of their energy usage by subscribing to a community solar energy facility.
  - Available until the total capacity of all community solar energy facilities is 20 MW.
  - Each facility must be 5 MW or less.
  - No subscriber may have more than 40% interest in a community solar facility.
  - Subscribers may not offset more than 100% of their maximum annual demand for electricity.
- Duke filed its Community Solar Program and the Commission has received numerous comments from a number of parties. Duke filed a substantially revised program in response to comments.
- The Commission is deliberating on the approval of the Community Solar Program.

## Solar Leasing Program (N.C.G.S. § 62-126.5)

- The Solar Leasing Program allows the Duke utilities' and third party solar facility developers to offer for lease to Duke's customers solar PV facilities that are located at the customer's premises.
- To engage in business of solar leasing, Duke or the third party solar facility developer must obtain a certificate from the Commission.
- Commission adopted Rule R8-73 detailing the requirements for applications for these certificates.
- To date, the Commission has issued two such certificates:
  1. Eagle Solar & Light, LLC
  2. Duke Energy Clean Energy Resources, LLC

## Solar Rebate Program (N.C.G.S. § 62-155(f))

- The Solar Rebate Program allows the Duke utilities' to offer financial incentives to residential and non-residential customers for the installation of small customer-owned or –leased solar PV facilities.
- The Commission approved the Solar Rebate Program in April 2018.
- Update on Program Implementation:
  - Rebate Amount:
    - Residential Customers: \$0.60 / watt; Maximum: \$6,000
    - Nonresidential Customers \$0.50 / watt; Maximum \$50,000
  - Availability limited to 10,000 kW per year:
    - Nonresidential customers limited to 5,000 kW per year
    - 2,500 kW reserved for nonprofit organizations, with 50 kW reserved for NC Green Power Solar Schools Pilot program.
  - Results:
    - July 2018 Offering: All rebates available for residential class were claimed within 2 weeks.
    - January 2019 Offering: All rebates available for residential class were claimed within 2 days.
- Note: customer-owned facilities must be under net-metering arrangement...

## Net-Metering Rates (N.C.G.S. § 62-126.4)

- “Net-Metering” allows a utility customer to offset all or a portion of the customer’s energy consumption by selling electric power to the utility.
  - What rate is the customer paid for generating power?
    - Full Retail Rate – “the meter spins backward”
    - Avoided Cost Rate – Similar to a QF generator
    - Something else? Approaches vary, and the debates are often contentions.
- Historically, the Commission allowed small facilities to participate in net metering arrangements at the full retail rate.
  - N.C.G.S. § 62-126.4(c) provides that these customers can continue under current rates until January 1, 2027.
- Duke is planning to host a stakeholder process with the goal of reaching consensus on a proposal related to net-metering.



## Questions/Contact

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