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September 21, 2020

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk/Executive Director
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia SC 29210

**Re: Duke Energy Progress, LLC's Establishment of Net Energy Metering Tariff in Compliance with H. 3659 and Duke Energy Carolinas, LLC's Establishment of Net Energy Metering Tariff in Compliance with H. 3659
Docket Number: 2019-169-E & 2019-170-E**

Dear Ms. Boyd:

Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP” and, together with DEC, the “Companies”) are hereby providing the Commission with an update regarding the status of their collaboration with stakeholders on the issues at hand in the above-referenced dockets. On September 16, 2020, the Companies, along with the North Carolina Sustainable Energy Association, Sunrun Inc., Vote Solar, and the Southern Environmental Law Center on behalf of South Carolina Coastal Conservation League, Southern Alliance for Clean Energy, and Upstate Forever (collectively the “Parties to the Agreement”) issued a press release in which they announced an agreement regarding the Companies’ planned Solar Choice Metering tariff filing. A copy of the September 16, 2020 press release is enclosed.

The agreement between the parties builds on the goals of Act 62 and, if approved by the Commission, will provide options for customers while allowing the Companies to address increasing electric demand periods in the winter for the benefit of the Companies’ systems and customers.

The agreement includes retail rates that vary based on the time of day and when utilities experience peak demand and it includes incentives for participation in a proposed demand response program that pairs the installation of smart thermostats with solar installation. The proposed rate design will send customers improved price signals to reduce consumption when power prices are high and will allow solar customers to maximize the value of self-consumption. When paired with a minimum bill, grid access fee for unusually large systems, and non-bypassable charges as explained below, the cost of public programs and the grid will be covered without imposing costs on non-solar customers, thereby minimizing any cost-shift in compliance with Act 62.

The agreement also contains a grandfathering provision to protect current net energy metering customers and, if approved by this Commission, the Companies anticipate a transitional tariff will be available on June 1, 2021, to allow for a full transition into the new Solar Choice Metering Tariffs on or before January 1, 2022. While the Companies and the Parties to the Agreement plan on advancing the agreement with stakeholders and incorporating any appropriate additional changes or input from stakeholders prior to the November 2nd filing, the Companies and Parties to the Agreement are fully cognizant that any agreement must be considered by this Commission. The Companies also note that certain components will require approval from the North Carolina Utilities Commission as well.

Additional details about the agreement are listed below:

Interim Tariff:

- An interim tariff in which residential customers applying from June 1, 2021 through December 31, 2021 would remain on their existing rate schedule and be placed on a new net metering rider, which will include monthly netting with net excess energy applied as a bill credit at avoided cost and certain non-bypassable charges until May 31, 2029.

Solar Choice Metering Tariff:

- The Solar Choice Metering tariff will apply to all interested residential customers applying on or after January 1, 2022.
- A minimum monthly bill of \$30.00 for each Solar Choice Metering customer will be assessed to recover estimated customer and distribution costs. The minimum monthly bill is reduced by the basic facilities charge (“BFC”) and the portion of the customer’s monthly volumetric energy charges specific to customer and distribution costs.
- Proposed critical peak pricing (“CPP”) and time-of-use (“TOU”) rates as follows:

	Prices without Riders and before future fuel cost adjustments (c/kWh)	
	DEC SC	DEP SC
Peak	15.4444	16.140
Off-Peak	9.0270	9.805
Super-Off-Peak	6.2952	7.294
Critical Peak*	25	25

* Price for peak hours on up to 20 Company-designated Critical Price days per year

- Annual on-peak periods would be from 6:00 pm – 9:00 pm (Eastern Prevailing Time), with additional on-peak periods during the months of December-February from 6:00 am – 9:00 am. The super-off-peak period would be from March-November from 12:00 am – 6:00 am.

- The designation of critical peak pricing days and hours would be set daily and posted on the Companies' website as the official customer notification, along with other possible means of notification.
- A monthly grid access fee for facilities with capacity in excess of 15 kW-dc. The proposed grid access fee is \$5.86/kW - dc/month for DEC and \$3.95/kW - dc/month for DEP (if approved), applied to the nameplate capacity in excess of 15 kW-dc.
- Inclusion of the Commission-approved BFC of \$13.09 for DEC and \$14.63 for DEP for customer electing to voluntarily subscribe to the Solar Choice Metering tariffs. The BFC would be used to reduce the customer's minimum bill.
- Customer's energy imports and exports would be netted within each TOU pricing tier and monthly net exports would be applied as a bill credit at avoided cost and this bill credit can be used to reduce a customer's bill after the minimum bill has been applied. CPP applies to all imports during the CPP hours. Any energy exports during the CPP hours will be netted against peak imports, not the Critical Peak imports.
- DSM/EE, storm cost recovery, and cyber security costs would be non-bypassable charges for Solar Choice Metering tariff customers.
- A \$0.36/Watt-dc incentive for new qualifying Solar Choice Metering tariff customers, which will be assignable to solar leasing companies. To receive this incentive, customers must enroll in the proposed winter smart thermostat program, which offers an additional upfront \$75 bill credit and then an annual bill credit of \$25. The cumulative impact of both incentives is \$0.39 cents/watt, if approved. This incentive will need to be approved in both South Carolina and North Carolina.
- To ensure broad technology inclusion, the Companies will work with stakeholders to identify other peak load reduction technologies that can be paired with solar in addition to the winter smart thermostat program. The minimum qualification is that the technology must lead to a reliable reduction of at least ~1 kW per hour during peak winter hours. The Companies commit to file such a program by June 1, 2022.
- A non-residential offering for customers applying for interconnection after June 1, 2021. These customers would be served under their existing tariff and the Solar Choice Metering rider, which would include monthly netting of excess energy that would be applied as a bill credit at avoided cost.

Although the agreement between the Companies and certain stakeholders was announced on September 16, nothing in the agreement will impact the schedule that has currently been set by the Commission for the Companies' Solar Choice tariff proceedings. The Companies and the other parties to the agreement plan to continue working through issues with other stakeholders in advance of the Companies' November 2, 2020 filings to this Commission. DEC and DEP are

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committed to continuing the cooperative spirit that has been a hallmark of these negotiations and hope to be able to present a comprehensive and collaborative filing for the Commission's consideration on November 2, 2020.

Sincerely,



Heather Shirley Smith

Enclosure

cc: Parties of record



News Release

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Sept. 16, 2020

Duke Energy reaches deal with Vote Solar, Sunrun, renewable energy advocates to modernize, expand rooftop solar in South Carolina

- **Deal will create innovative pricing and incentives for residential solar customers**
- **Plan is latest step in implementing bipartisan, collaborative path for growth of renewables in the Carolinas**

GREENVILLE, S.C. – Duke Energy today announced an agreement with leading solar installers, environmental groups and renewable energy advocates that, if approved by regulators, will create long-term stability for the residential solar industry in South Carolina.

The deal will provide options for customers while allowing the company to address increasing electric demand periods in the winter for the benefit of the company's systems and customers in both North Carolina and South Carolina.

The proposed plan – Solar Choice Net Metering – could be the next generation of net energy metering for the Carolinas, a billing process that credits small customers with rooftop solar arrays for excess electricity they generate and provide to Duke Energy via the grid.

Solar Choice Net Metering will include retail rates that vary based on the time of day and when utilities experience peak demand. It will also give customers the ability to install a smart thermostat with their solar panels and receive an incentive for the combination.

“This first-of-a-kind package completely modernizes the rooftop solar transaction,” said Lon Huber, Duke Energy’s vice president for rate design and strategic solutions. “This new arrangement not only recognizes the value of solar and the enabling energy grid, but it unlocks additional benefits for all customers by addressing when utilities experience peak demand across their systems in the Carolinas.”

Those organizations part of the effort include renewable energy advocates Vote Solar and North Carolina Sustainable Energy Association; the Southern Environmental Law Center on behalf of South Carolina Coastal Conservation League, Upstate Forever and Southern Alliance for Clean Energy; and leading rooftop solar installer Sunrun. Each organization that is part of the agreement will continue to advance the proposal to other stakeholders and ultimately regulators.

The agreement builds on the goals of the South Carolina Energy Freedom Act (Act 62). The 2019 legislation is the result of a collaborative and bipartisan effort to develop the next steps for energy policy in South Carolina that support the state's continued commitment to solar energy development.

"Collaboration brought us a pathway to growing renewables in the state with Act 62, and that spirit of working together created this plan for the continued expansion of solar in South Carolina," said Mike Callahan, Duke Energy South Carolina state president. "Duke Energy is committed to the cooperative spirit that has been a hallmark of achieving successful solar policy and creating a cleaner energy future for customers in South Carolina."

"Duke Energy deserves credit for its leadership in bringing stakeholders together, establishing trust through transparency, and embracing policy innovation," said Thad Culley, senior regional director for Vote Solar. "I am hopeful that this collaborative approach will encourage more partnerships with Duke Energy as we try to navigate our way toward a cleaner, more resilient grid, while providing additional choices for South Carolina families."

If approved by regulators, the company anticipates a transitional tariff to be available on June 1, 2021, to allow for a full transition into the new plan on or before Jan. 1, 2022.

Duke Energy

Duke Energy (NYSE: DUK), a Fortune 150 company headquartered in Charlotte, N.C., is one of the largest energy holding companies in the U.S. It employs 29,000 people and has an electric generating capacity of 51,000 megawatts through its regulated utilities and 2,300 megawatts through its nonregulated Duke Energy Renewables unit.

Duke Energy is transforming its customers' experience, modernizing the energy grid, generating cleaner energy and expanding natural gas infrastructure to create a smarter energy future for the people and communities it serves. The Electric Utilities and Infrastructure unit's regulated utilities serve 7.8 million retail electric customers in six states: North Carolina, South Carolina, Florida, Indiana, Ohio and Kentucky. The Gas Utilities and Infrastructure unit distributes natural gas to 1.6 million customers in five

states: North Carolina, South Carolina, Tennessee, Ohio and Kentucky. The Duke Energy Renewables unit operates wind and solar generation facilities across the U.S., as well as energy storage and microgrid projects.

Duke Energy was named to Fortune's 2020 "World's Most Admired Companies" list and Forbes' "America's Best Employers" list. More information about the company is available at duke-energy.com. The [Duke Energy News Center](#) contains news releases, fact sheets, photos, videos and other materials. Duke Energy's [illumination](#) features stories about people, innovations, community topics and environmental issues. Follow Duke Energy on [Twitter](#), [LinkedIn](#), [Instagram](#) and [Facebook](#).

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