

June 21, 2022

The North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, NC 27599-4300

Subject: Dkt. E-100 Sub 180: Duke Energy Proposal to Raise Net Metering Rates

On November 29, 2021, Duke Energy submitted a rate filing to the Utilities Commission (NCUC) that would add a \$10 monthly charge for residential owners of rooftop solar panels and would reduce payments to them by 25% – 35%. By substantially reducing the benefits to current and prospective owners of residential solar panels, the Duke proposals would diminish the number of panels that would be installed and thereby impede progress to combat global warming.

Chatham County has expressed keen interest in strategies to mitigate climate change. In the Comprehensive Plan adopted on November 20, 2017, the County Commissioners declared a major objective to “[b]ecome/remain a carbon negative county.” In June 2017, the Commissioners adopted a resolution “Supporting a State and National Goal of 100% Clean Energy by 2050 and the Creation of Green Jobs.” This resolution encouraged North Carolina to require all electrical utilities in the State to rely exclusively on renewables or carbon-free sources by January 1, 2050. In order to meet its objective of becoming a carbon neutral county, Chatham must have an aggressive pro-climate partner in Duke Energy.

Installation of residential solar panels has grown substantially in Chatham County. From fewer than 100 systems as of 2013, by the end of 2020 (the date of last available data) there were 570 systems installed in the County. <https://energync.org/maps/>

In addition to the contribution they make to-mitigate global warming, residential solar panels in Chatham County help decentralize and strengthen the production of electricity and reduce the need for electric utilities to expand central generating and general grid capacity. These benefits are timely since utilities are under stress from increased interest rates and fuel costs. Residential solar development can clearly assist with these needs and may be particularly valuable during summer peak load demands.

The Duke filing would increase the costs and decrease the benefits enjoyed by current and future solar panel owners. A letter of March 10, 2022 to Governor Roy Cooper from several installers of residential solar panels states that the Duke proposal would subject owners “to additional fees not charged to other residential customers.” It also notes that an incentive contained in the proposal would apply only to owners with all-electric households. An article in Energy News Network finds that while non-solar customers pay a “basic facilities charge” of \$14 per month, solar customers would pay as much as \$22 or \$28. Ouzts, Energy News Network. <https://energynews.us/2022/03/15/rooftop-solar-companies-enter-fray-over-north-carolina-net-metering-proposal/>

The Duke filing acknowledges that it would increase costs to solar owners. This concession is clear although Duke's filing seeks to obscure it by referring to "new innovative rate structures" that "align the costs to serve [net metering] customers" to "ensure that each customer pays its 'full fixed cost of service'." Translated into plain English, this bureaucratic verbiage says that Duke's proposed higher rates will reimburse Duke for the allegedly higher cost it incurs in dealing with customers who use their residential solar panels to supply electricity to Duke and who are paid through the net metering system.

Here is the full quote from Duke's filing: "If approved by the Commission, the NEM Tariffs will be available to customers who submit an application on or after January 1, 2023. The NEM Tariffs leverage the investigation of costs and benefits specific to NEM in the Rate Design Study to develop new innovative rate structures pursuant to H.B. 589 and H.B. 951. These rate structures work in conjunction with TOU and CPP rate schedules to align the costs to serve NEM customers, and represent certain best practices that ensure that each customer pays its "full fixed cost of service," and minimize the risk of cross-subsidization in accordance with the Rate Design Study and H.B. 589."

Duke attempts to justify its claim by noting that the relevant statute (G.S. § 62-126.4(a)) requires that the new rates avoid any cross-subsidization of solar owners, i.e., that the new rates ensure that solar owners "pay their share of costs attributable to their service needs" and that they are not subsidized by non-solar customers. Duke also acknowledges that the same statute "requires (i) an investigation of the costs of benefits of customer-sited generation and (ii) only after such investigation, establishment of non-discriminatory rates that ensure that each (net metering) customer 'pays its full fixed cost of service'." (Duke filing p. 6).

The Duke filing states that its proposed rates comply with all of these requirements, and it refers to a "Rate Design Study" it conducted. Where is the evidence of this study? No such study is included in the Duke filing. This filing lacks any support for Duke's claim that the proposed increased rates are justified by a fair and competent study that proves non-solar customers pay more than their share. As stated in the Energy News Network article cited above: "There is no publicly available quantification of rooftop solar costs and benefits conducted by Duke, let alone an independent analysis overseen by the commission." Without a comprehensive cost analysis, you are unable to evaluate the complex issues presented in this filing.

We have learned that Duke Energy has filed a stipulation with the NCUC reflecting a form of settlement with three rooftop solar installers (Southern Energy Management, Inc., Yes Solar Solutions, and Sundance Power Systems, Inc.). Although this arrangement presumably imposes a lower level of increased costs on solar customers, none of the materials we have seen specify what that level of costs would be. There is still no indication that Duke has conducted a responsible cost study and, without that, there is no basis for evaluating either the original rates proposed by Duke or the modified rates now proposed by Duke pursuant to the stipulation.

We believe that on the basis of the filing Duke has made, the Commission lacks statutory authority to approve the rates they have submitted.

Sincerely,

Karen A. Howard  
Chair, Chatham County Board of Commissioners

Cc: Members of the North Carolina Utilities Commission

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