February 23, 2018

RE: Docket Nos. E-2, Sub 1170 and E-7, Sub 1169; Perspective of Potential Green Source Advantage Participants in Higher Education

Dear North Carolina Utilities Commissioners:

As institutions of higher education in North Carolina, we are writing to express our support for improved options for universities, businesses, healthcare institutions, and other large energy users to procure, lease, and access renewable energy resources in our state. Under a regulated electric utility structure as in North Carolina, utility green tariff options, such as Duke Energy's proposed Green Source Advantage ("GSA") program, *should* provide large customers with a cost-competitive option for procuring clean in-state renewable energy. However, Duke Energy's proposed Green Source Advantage program and proscriptive language included in N.C. Gen. Stat. § 62-159.2 (enacted by Session Law 2017-192, commonly referred to as "House Bill 589") both fall short of meeting the energy needs of our campuses.

Access to renewable energy is an imperative for today's leading universities and colleges. As large energy users, we understand that switching to renewable energy allows us to save money, hedge against volatile fossil fuel prices, and meet our goals of creating a more sustainable future through economic and environmental change on our campuses and beyond.

Our campus communities want fair, cost-competitive options for sourcing renewable energy that provide us with flexibility to meet our energy needs without affecting other ratepayers and allow us to add new renewable energy to the grid. In order for a green tariff or GSA program to be attractive to customers, it should include the following:

- **Flexibility:** As large energy users, we represent a wide array of different load profiles, preferences, risk tolerance levels, and needs that require a wide menu of options and give customers more flexibility. We appreciate Duke Energy's intent to create both standard offer and "self-supply" options for customers in their GSA program; however, as House Bill 589 requires, the program should offer more flexibility in contract length, fully allow direct negotiation between developers and customers, and other choices to meet our diverse needs.

- **Sourcing additional renewable energy:** Our campuses contribute a great deal to the North Carolina economy, and we would prefer our economic investment go directly to in-state renewable energy and capacity, not just renewable energy credits ("RECs"). We want to further progress in this sector of our state's clean technology development, while accessing the long-term price stability of renewable energy that fossil-fuel-derived electricity cannot provide.

- **Fair, competitive pricing:** In order to be attractive to consumer participants, the program should reflect the actual costs of the renewable energy resource and the benefits of the services it provides. Utilities should seek out competitively-sourced renewable energy that provides long-term price stability against future fuel and capacity price increases for utility-owned resources. Administrative costs should be transparently reported, and the bill credit mechanism should reflect a fair and transparent accounting of the costs avoided by displacing the need for new energy and capacity owned by the utility.

- **Transparent, standard terms:** The program should have standardized contract terms concerning default, early termination, financial assurances, and other conditions that are approved by the Commission. Commission-approved standardized terms are essential for ensuring ratepayer protection and the program's long-term success.

In the future, we encourage legislators, Commissioners, Duke Energy, and energy stakeholders to involve a greater number of potential customer participants in the design of the program and, should Duke Energy's proposed program be approved, to continue to evaluate the success of a Green Source Advantage program by taking into account all of the design recommendations mentioned above and the number of resulting customer participants. The original Green Source Rider pilot program was unfortunately only utilized by a small handful of customers. Low participation was not due to a lack of interest in renewable energy by large energy users, but rather to artificial restrictions on participation, unworkable and costly tariff design, and issues with implementation.

Finally, it should be noted that large energy customers are a diverse community with varied energy preferences, and we see green tariff programs like Green Source Advantage as only one option for procuring renewable energy. Large customers may prefer other procurement mechanisms, including community solar, directly negotiated arrangements, and power purchase agreements ("PPAs") with non-utility energy service providers.

By increasing choice and competition in its energy market, North Carolina can provide low-cost, clean electricity options to its ratepayers and benefit from the resulting investments. Corporate and university-initiated renewable energy projects are already delivering multiple benefits in North Carolina and elsewhere, creating new local tax revenue, jobs, and investments, and are primed for additional growth. North Carolina can increase its profile as an attractive state for business and higher education and strengthen its economy by enhancing options for customers to procure affordable, reliable, and clean energy.

While much work remains to ensure successful participation by large energy consumers as N.C. Gen. Stat. § 62-159.2 is implemented, our institutions stand ready to help. We are encouraged by the progress that has been made in North Carolina to date, and we encourage lawmakers to build upon the hard work and momentum of the House Bill 589 stakeholders process by further expanding and enhancing options for large energy consumers. We invite North Carolina's utilities, third-party energy developers and providers, policymakers, and Commissioners to collaborate with us on opportunities to meet our mutual objective of increasing the supply of cost-effective renewable energy in the state.

Sincerely,

Davidson College Duke University Wake Forest University

CC:
Chris Ayers, North Carolina Public Staff
Governor Roy Cooper
N.C. Secretary of Environmental Quality Michael Regan
N.C. Secretary of Commerce Tony Copeland
David Fountain, NC President of Duke Energy

APPENDIX:

Davidson College is a highly selective independent liberal arts college for 1920 students located 20 miles north of Charlotte in Davidson, N.C. The institution employs 794 full-time faculty and staff and consumes approximately 25,000,000 kWh electricity annually. Congruent with its primary purpose to assist students in developing humane instincts and disciplined and creative minds for lives of leadership and service, Davidson College was a charter signatory to the American College and University Presidents' Climate Commitment and is committed to carbon neutrality by 2050. For additional information, questions may be directed to Director of Sustainability Yancey Fouché.

Duke University is a world-renowned teaching and research university located in Durham, North Carolina with 13,000 undergraduate and graduate students. Duke is the second-largest private employer in North Carolina with 37,000 employees and consumes approximately 450,000 MWh of electricity annually. Given Duke's strong focus on applying knowledge in service to society, the institution strives to create a more sustainable future through social, economic, and environmental change on the campus and beyond. As part of this commitment, Duke has adopted an aggressive target date of 2024 to achieve carbon neutrality. For additional information, questions may be directed to Energy Manager Casey Collins or Sustainability Director Tavey Capps.

Wake Forest University is a premiere liberal arts university with an enrollment of 8,000 students on the Reynolda campus in Winston-Salem, NC. With over 5 million square feet of building space, this campus uses 47 million kWh annually. With additional science and medical school campuses downtown, Wake Forest is one of the largest employers in the region. Our commitment to renewable energy begins in the laboratory and extends to demonstration sites across campus. With a strong commitment to greenhouse gas reduction strategies, the university seeks competitively-priced opportunities for large-scale deployment of renewable energy. For additional information, questions may be directed to Executive Vice President Hof Milam.