

# SOUTHERN ENVIRONMENTAL LAW CENTER

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November 30, 2015

*VIA ELECTRONIC FILING*

Jocelyn G. Boyd  
Chief Clerk/Administrator  
Public Service Commission of South Carolina  
101 Executive Center Drive  
Columbia, SC 29210

Re: **Duke Energy Progress, LLC's 2015 Integrated Resource Plan**  
Docket No. 2015-8-E

Honorable Clerk and Commissioners:

Please accept this letter for filing with the Public Service Commission of South Carolina (the "Commission"), as comments submitted in the above-referenced docket on behalf of the South Carolina Coastal Conservation League ("CCL") and Southern Alliance for Clean Energy ("SACE") regarding Duke Energy Progress, LLC's ("DEP" or the "Company") 2015 Integrated Resource Plan ("IRP"). CCL and SACE are contemporaneously filing a petition to intervene in the above-referenced proceeding.

The utility IRPs are vitally important to our State's energy future. Rigorous analysis of alternative resource portfolios for meeting electric demand is essential to serving the public interest in this regulated industry. Given evolving technologies, fuel markets, consumer preferences, and environmental regulations—particularly the U.S. Environmental Protection Agency's ("EPA") Clean Power Plan—the Commission's duty to actively review utility resource plans has become critically important to ensure that consumers can minimize their power bills. As noted in DEP's 2015 IRP, a robust stakeholder group is evaluating options for South Carolina to comply with the Clean Power Plan. Low-cost investments in energy efficiency and solar are "no regrets" resource decisions that will help deliver a reliable, low-risk electric system that complies with all foreseeable environmental safeguards.

While the Company's IRPs have occasionally reflected certain recommendations made in our comments or in informal discussions, the Company has largely declined to incorporate our recommendations. As a result, DEP has missed opportunities to cut costs and risks to customers while also reducing pollution—strategies that would have more effectively prepared the Company for the present, and the future. It is clear from our review of DEP's 2015 IRP that the same overall conclusions from our earlier in-depth analyses apply. As in prior IRPs, the Company's analysis does not adequately capture and respond to the risks, costs and opportunities facing the electric utility industry, nor does it make a convincing case for selecting the Company's "preferred" long-term resource plan, which will serve as the basis for important

resource investment decisions with real costs to ratepayers. Consequently, DEP's justification for its preferred resource plan is fundamentally deficient. Persistent flaws in DEP's 2015 IRP include the following:

- DEP is planning to build too much capacity, while underinvesting in resources that would reduce system costs for all customers.
- As in prior IRPs, DEP is planning to capture far less than all cost-effective energy efficiency – the cheapest, cleanest resource.
- DEP does not plan to maximize cost-effective renewable energy opportunities that reduce risks to customers from rising fuel costs and anticipated regulatory requirements.

In light of these shortcomings, the Commission cannot have confidence that the Company's 2015 IRP represents the lowest-cost, lowest-risk plan for meeting its customers' needs in an economic and reliable manner.

Along with these persistent deficiencies, certain changes in the 2015 IRP stand out as notable:

- DEP has increased its planning reserve margin from 14.5% in 2014 to 17% in 2015, based on the initial results of a new reserve margin study that is not yet complete. DEP's projected reserve margin will exceed this minimum target in 14 out of 15 years over the planning horizon. 2015 IRP at 11 and 55.
- DEP projects higher savings from EE in its 2015 IRP compared to its 2014 IRP. Projected savings are approximately 12% higher in 2020 than shown in the 2014 IRP, and 17% higher in 2030. 2015 IRP at 48.
- DEP has included combined heat and power ("CHP"), in which waste heat is recovered as useful energy, as a resource in its 2015 IRP. As recognized in the IRP, CHP can be a cost-competitive generation resource that offers both carbon emission reductions and economic development potential. 2015 IRP at 9 and 10.

The Commission has recognized that the electric utility IRP process "is an important planning tool for the [electric utilities] and the Commission," as well as the value of a "transparent and open process" regarding IRPs. Order No. 2012-97 at 2. Accordingly, the Commission declared that it would "explicitly make . . . a determination" that each utility's IRP conforms to the Commission's requirements. Id. Consistent with the Commission's order, beginning in 2011, CCL and SACE have expended considerable effort reviewing and carefully analyzing DEP's annual IRP filing—as well as those of Duke Energy Carolinas ("DEC") and South Carolina Electric & Gas Company—each year. We have submitted extensive, detailed comments, incorporating current research, quantitative analysis, and recommendations for improving the Company's IRP, and its planning process, in ways that would benefit not only DEP's customers, but the State as a whole. In our comments on prior IRPs, we have documented billions of dollars in consumer bill savings that are going unrealized due to the failure to select least-cost plans. In

addition to our annual comments to the Commission regarding DEP's IRPs, we have maintained a dialogue with the Company—exchanging data and analyses, holding numerous discussions, and engaging in written correspondence. We have appreciated DEP's willingness to engage in an open dialogue on this important topic, and recently participated in a stakeholder meeting on the 2015 IRPs hosted by DEC and DEP.

While CCL and SACE have greatly appreciated the opportunity to submit comments to the Commission, and to engage with DEP and the Office of Regulatory Staff regarding the resource planning process, it is disappointing to see repeated, detailed reviews of IRPs—pointing out alternatives that would save ratepayers money, reduce pricing risks, and better protect the environment—largely ignored by the Commission, which despite its announced intention in Order No. 2012-97, as yet has not made an explicit determination whether any IRP meets applicable requirements. The Commission's lack of engagement on the utility IRPs appears particularly troubling going forward, given the increased complexities of new carbon rules that make today's resource planning decisions essential to protecting ratepayers in the very near future. It is our hope that in future IRP proceedings, the Commission will carefully review the utility IRPs and determine, in an open and transparent process, whether the IRPs meet the requirements of South Carolina law and prior Commission orders. We welcome future opportunities for meaningful engagement on the utility IRPs, and look forward to future public examinations of resource decisions that implicate DEP and its customers.

Sincerely,

s/ J. Blanding Holman, IV

cc: Counsel of Record (via electronic mail)