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NC Utilities Commission Issues Partial Approval of Rooftop Solar Settlement

Order Approves Time-of-Use Rates and Denies Incentives, Leaving More to Be Desired for Rooftop Solar Customers in the State

RALEIGH, N.C. – Recently, the NC Utilities Commission (NCUC) issued an order partially approving the rooftop solar settlement agreed upon by the NC Sustainable Energy Association (NCSEA), the Southern Environmental Law Center, on behalf of Vote Solar and the Southern Alliance for Clean Energy, the Solar Energy Industries Association (SEIA), Sunrun, and Duke Energy. The original settlement was [filed in front](#) of the NCUC on November 30, 2021, and included proposals for significant up-front savings via a direct rebate and new solar pricing signals to reduce utility costs for all customers.

In the order received last week, the Commission approved the new time-of-use rate structure proposed under the original agreement, along with a bridge rate for new and existing net metering customers presented by Sundance Power Systems, Southern Energy Management, and Yes Solar Solutions. In addition, the Commission denied the proposed up-front direct rebate, which would have helped numerous new customers across the state install solar. However, the order did include a solar plus storage pilot incentive program, the details of which are yet to be determined. Furthermore, Duke Energy is tasked with developing an online customer bill calculator to help potential solar adopters understand their potential for bill savings.

The Commission ordered that the new rates go into effect starting July 1, 2023. Given the quick turnaround, this timeline will be challenging for the solar industry to enact.

As additional background, the state was required to revisit net metering rates after language was included in both House Bill 589 (2017) and House Bill 951 (2021) to revisit North Carolina's NEM policies by 2027. To avoid a contentious, litigated fight that would disrupt the solar industry for customers and businesses, the settling parties listed above began proactive negotiations to identify new policies that would ensure solar customers continue to be compensated for the benefits they provide to the grid. Without these good faith efforts, the state ran the risk of seeing full scale rollbacks of net metering policies as has played out in recent years in states like Nevada, Arizona, and California.

“NCSEA worked collaboratively with our partners in the solar industry and Duke Energy to design a package of interlocking net metering rates and an energy efficiency incentive that would support rooftop solar in the hopes of avoiding a drawn-out dispute over net metering like we’ve seen in many states in recent years,” said Ward Lenz, Executive Director of the NC Sustainable Energy Association. “With this order, we saw only a partial approval of our package that does not include the direct rebate that would have provided customers with upfront savings. With the absence of the incentive package as originally proposed, NCSEA along with our partners will continue to work hard to advocate for new programs that help more customers across the state install solar.”

"This decision is an important step forward for rooftop solar in North Carolina, but it is also a two-step process," said Nick Jimenez, senior attorney at the Southern Environmental Law Center. "The proposal put forward by Duke, including the incentives for rooftop solar and smart thermostats, represented a complete package that stakeholders felt confident would support continued rooftop solar growth. We are pleased to see the commission take the initiative in designing a pilot program for solar paired with storage, but the success of the pilot and the pace of rooftop solar growth more broadly will likely hinge on the level chosen for the storage incentive and the ability for customers to easily calculate their potential savings."

"With fossil fuel cost volatility increasing customers' bills, rooftop solar is a solution that can provide sorely needed relief to North Carolina residents," said Jake Duncan, Southeast regulatory director, Vote Solar. "I'm glad the commission provided stability and certainty to the solar industry by approving the net metering agreement. However, denying the associated incentive means that Carolinians still face needless barriers to solar access — especially low-wealth communities that will be most impacted by this decision. We're committed to continued collaboration with advocates, the solar industry, and Duke Energy to make local clean energy affordable and accessible for all."

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About North Carolina Sustainable Energy Association

NC Sustainable Energy Association (NCSEA) is the leading 501(c)(3) non-profit organization that drives public policy and market development for clean energy. Our work enables clean energy jobs, economic opportunities, and affordable energy options for North Carolinians. Learn more about NCSEA, our mission, and vision at www.energync.org.

About the Southern Environmental Law Center

The Southern Environmental Law Center is one of the nation's most powerful defenders of the environment, rooted in the South. With a long track record, SELC takes on the toughest environmental challenges in court, in government, and in our communities to protect our region's air, water, climate, wildlife, lands, and people. Nonprofit and nonpartisan, the organization has a staff of 200, including more than 100 attorneys, and is headquartered in Charlottesville, Va., with offices in Asheville, Atlanta, Birmingham, Chapel Hill, Charleston, Nashville, Richmond, and Washington, D.C. www.southernenvironment.org