

## Strategy Area: Utility incentives and comprehensive system planning

Focus Area	Specific Recommendation	Who will need to take action?	Additional Information	Source of Recommendation
<b>Modernize the electric grid to support clean energy resources</b>	Require better utilization of energy efficiency, storage and renewables to manage peak demand	NCUC		Other
	Support regionally appropriate DERs	IOUs, Rural Cooperatives and Public Power providers	e.g., appropriately sited solar on the distribution grid  Ask utilities to analyze cities/towns and identify optimal locations for distributed generation based on current grid infrastructure	Memo, Cities Initiative
	Support energy storage that provides localized power to offset demand	State/Local Government, Private sector		Memo, Corporations and Large Users
	Utilize smart inverters, transformers and power controllers that facilitate bidirectional flow of power	IOUs, Rural Cooperatives and Public Power providers		Memo
	Utilize capacity improving investments to aid faster, more stable redirection of power as needed	IOUs, Rural Cooperatives and Public Power providers		Memo
	Assess feasibility of new incentive structures for suppliers, consumers, and technology providers to deliver solutions to	NCUC, Legislature, Governor	Create a workgroup to evaluate this option	Memo, Corporations and Large Users

the grid to enable high levels of renewable generation			
Develop framework for transparent analysis and decision making	NCUC	Create a workgroup to evaluate this option  e.g., solar + storage projects beginning to out-compete new natural gas facilities	Memo
Create a technical framework for real time asset management and situational awareness on the distribution grid	NCUC	Create a workgroup to evaluate this option	Memo
Explore alternate cost recovery and/or incentives for utilities and third parties to invest in grid upgrades, storage investments and renewable sources	NCUC, Legislature, Governor	Create a workgroup to evaluate this option  Develop a public/private entity supported state clean energy fund (e.g., green energy bank)	Memo, Corporations and Large Users, Cities Initiative
Increase speed and transparency of the interconnection process by updating or easing interconnection rules to facilitate higher levels of DERs	NCUC, Legislature	Create a workgroup to evaluate this option  Request a SOP to provide early determinations if interconnection requests are feasible	Memo, Corporations and Large Users Cities Initiative
Create accountability of progress made towards grid modernization by setting goals, targets, timelines and communication	NCUC	e.g., CO2 reduction, DER integration, reduction of outage time	Memo

	mechanisms to inform stakeholders			
<b>Modernize utility business model</b>	Shift to a performance-based regulatory model (potentially including but not limited to Multi-Year Rate Plans, Performance Incentive Mechanisms)	NCUC, Legislature		Memo
	Launch public process to align utility incentives with public interest and grid needs	NCUC, Governor		Memo
	Support beneficial electrification	NCUC, IOUs, Rural Cooperatives and Public Power providers, State/Local Government, Private sector	e.g., more electric-vehicle supply equipment (EVSE), potentially via a Low-Carbon Fuel Standard (LCFS); electric water heaters; heat pumps; etc.	Memo
	Implement revenue decoupling	NCUC, Legislature	i.e. remove linkage between utility revenue and kwh sales	Memo
	Support shared savings mechanisms	NCUC, IOUs, Rural Cooperatives and Public Power providers	i.e. utility sharing potential savings with customers for energy efficiency and demand-side management	Memo
	Explore and implement new procurement models to incentivize least cost procurement, including non-wires alternatives	NCUC, Legislature, Governor	e.g., green tariffs (already exploring with Green Source Advantage (GSA)), competitive solicitations (already exploring with Competitive Procurement of Renewable Energy (CPRE))	Memo

			program), aggregating DERs to provide services (e.g., bring your own device (e.g., batteries, thermostat))	
	Explore and implement new tools to more quickly retire carbon-intensive utility assets	NCUC, Legislature, Governor	e.g., Securitization, accelerated depreciation, just-transition funds (considering both job loss and tax base), retirement-linked green bonds (IOUs already have this option)	Memo
	Create a utility billing platform that helps cities and customers understand energy use	Duke Energy (DEP/DEC)		Cities Initiative
<b>Require comprehensive utility system planning processes and investment strategy reviews</b>	Establish stakeholder-centered generation, transmission, and distribution system planning process that requires Duke Energy (DEP/DEC) to transition from an IRP to an Integrated System Operations Plan (ISOP) using a holistic, iterative and transparent process	Duke Energy (DEP/DEC), Legislature, NCUC, SCUC	Process should initially include an Integrated Resource Plan (IRP) and Integrated Distribution Plan (IDP), ultimately moving towards an Integrated System Operations Plan (ISOP) approach; implementation in 2022 (Duke's goal)	Memo, Southeast Energy Innovation Collaborative
	Enable early stakeholder intervention on plan submissions (filings) and require plans to demonstrate optimization of DER integration, costs, benefits, grid flexibility and compensation mechanisms.	Duke Energy (DEP/DEC), Legislature, NCUC, SCUC	Include full quantification of operation benefits of renewable resources, electric vehicle infrastructure build out, and energy storage	Memo

	Enforce interconnection study timelines for utility scale projects	Duke Energy, NCUC	Feasibility, systems, etc. studies have timelines that the utility is meant to keep, but currently there is no enforcement	Memo
	Expand utility cost benefit methodology to include societal and environmental benefits	NCUC, Legislature		Cities initiative