

**REBUTTAL TESTIMONY OF**  
**CHRISTINE E. SMITH**  
**PRODUCT AND SERVICES MANAGER**  
**DUKE ENERGY CAROLINAS LLC**  
**ON BEHALF OF DUKE ENERGY INDIANA, INC.**  
**CAUSE NO. 44578 BEFORE THE**  
**INDIANA UTILITY REGULATORY COMMISSION**

**I. INTRODUCTION**

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**Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

A. My name is Christine E. Smith and my business address is 400 South Tryon Street,  
Charlotte, North Carolina 28202.

**Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

A. I am employed as Product and Services Manager of Direct Offer Programs by Duke  
Energy Carolinas LLC. Duke Energy Carolinas LLC is a wholly owned, indirect  
subsidiary of Duke Energy Corporation. Duke Energy Indiana, Inc. ("Duke Energy  
Indiana" or "Company") is a wholly owned, indirect subsidiary of Duke Energy  
Corporation.

**Q. ARE YOU THE SAME CHRISTINE E. SMITH THAT PRESENTED DIRECT  
TESTIMONY IN THIS CAUSE, IDENTIFIED AS PETITIONER'S EXHIBIT B?**

A. Yes, I am.

**Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS  
PROCEEDING?**

A. The purpose of my Rebuttal Testimony is to clarify and further discuss the issues raised  
in the Testimony of the Office of Utility Consumer Counselor ("OUCC") regarding the

**CHRISTINE E. SMITH**

1 four (4) proposed solar Power Purchase Agreements (“PPAs”) totaling twenty (20) MWs.

2 **II. REBUTTAL TO OUCC TESTIMONY**

3 **Q. THE OUCC REQUESTS THAT DUKE ENERGY INDIANA EXPAND ITS**  
4 **GOGREEN ANNUAL REPORTS TO ADDRESS THE IMPACT OF USING**  
5 **LOCAL SOLAR RECS ON GOGREEN PROGRAM COSTS PER REC**  
6 **(DETAILING COMMODITY, ADMINISTRATIVE, AND MARKETING COSTS),**  
7 **CUSTOMER PARTICIPATION LEVELS, THE TOTAL NUMBER OF RECS**  
8 **USED IN ITS GOGREEN PROGRAM, AND AN ESTIMATE OF THE**  
9 **BROKERAGE FEES AVOIDED BY NOT USING AN ESTABLISHED REC**  
10 **MARKET TO BUY AND SELL RECS. HOW DO YOU RESPOND?**

11 A. Duke Energy Indiana understands the interest to review the impact of local solar  
12 Renewable Energy Credits (“RECs”) with respect to costs, marketing strategy, and  
13 participation for the Program and agrees to this request. The Company regularly reviews  
14 marketing plans and would evaluate the impacts and costs from solar RECs as part of the  
15 inventory mix and compare the results to the previous year. The current requirements for  
16 the annual filing include participation of customers and blocks by month, the total  
17 number of RECs purchased (wind and solar RECs as applicable), the cost of RECs per  
18 MWh, and the total purchase cost including any brokerage fees. An estimate of  
19 brokerage fees avoided for inter-company solar RECs could be added and estimated  
20 using the brokerage cost of open market wind RECs. Some of the solar PPA pricing  
21 information may be confidential. Subject to appropriate protections, this information will

1 be provided to the OUCC and the Commission if it so desires. All other GoGreen costs  
2 and revenues will continue to be reported and treated as non-confidential.

3 **Q. THE OUCC REQUESTS THE IURC REQUIRE DUKE ENERGY INDIANA TO**  
4 **DISCLOSE THE FACT THAT ITS GOGREEN PROGRAM MAY USE RECS**  
5 **FROM ONE OR MORE OF THE FOUR (4) SOLAR FACILITIES COVERED BY**  
6 **THE PPAS APPROVED IN THIS CAUSE. HOW DO YOU RESPOND?**

7 A. The Company has actively shared the renewable energy projects supported by customers  
8 since it started. Specifically, the Company discloses the source of REC inventory in the  
9 Semi-annual Customer Thank You Letters and the GoGreen Annual Report, which is also  
10 publically linked to the GoGreen Program Web site-landing page on Duke-Energy.com.  
11 This full disclosure reporting would continue for all RECs purchased on behalf of  
12 customers, including the disclosure of solar RECs as part of the renewable energy  
13 portfolio mix if applicable.

14 **Q. THE OUCC REQUESTS THE COMMISSION SET A SUNSET DATE ON ANY**  
15 **AUTHORITY DUKE ENERGY INDIANA RECEIVES IN THIS CASE**  
16 **PERMITTING INTRA-COMPANY TRANSFER OF RECS, INTER-COMPANY**  
17 **TRANSFERS OF RECS, OR OTHER OFF-MARKET SALES OF RECS,**  
18 **SPECIFICALLY, THAT THE SUNSET DATE SHOULD BE TWO (2) TO THREE**  
19 **(3) YEARS AFTER THE SOLAR FACILITIES HAVE BEEN IN OPERATION.**  
20 **HOW DO YOU RESPOND?**

21 A. The Company does not believe this request is necessary. At current solar REC prices, the  
22 Company anticipates that a small percentage of the GoGreen program (less than 10%)

1 will be made up of solar RECs from these four (4) projects. The remaining RECs  
2 acquired by the Company from these solar projects are expected to be sold on the open  
3 market or possibly transferred to Duke Energy affiliates at market prices. In general,  
4 solar REC liquidity and price transparency are determined by regional markets and  
5 compliance standards within the region. Because the Indiana solar market is relatively  
6 small, it is not certain whether solar RECs would be available within two (2) to three (3)  
7 years on the Indiana open market. Additionally, the Duke Energy Indiana solar RECs  
8 would be registered in a renewable energy tracking system, such as M-RETS or PJM-  
9 GATS, which would allow them to be transferred to any market participant.

10 GoGreen was designed to offer customers the option to buy renewable energy that  
11 is traded separately in the form of RECs and help build a market for renewable  
12 electricity. Regardless of the way the RECs are procured, the GoGreen REC purchases  
13 support economic and environmental benefits, create jobs, and diversify the fuel mix for  
14 the grid and this would continue. As such, I would not recommend Duke Energy Indiana  
15 have a limitation on how the RECs are used, whether sold on the open market, transferred  
16 to the GoGreen program or utilized for Company compliance purposes, so long as  
17 customers receive the benefits of the sales, which is what the Company has proposed.

18 **Q. THE OUCC ALSO REQUESTS THAT A SUB-DOCKET OF DUKE ENERGY**  
19 **INDIANA'S GOGREEN PROGRAM BE IMPLEMENTED TO ALLOW THE**  
20 **COMMISSION, THE OUCC, AND OTHER INTERESTED PARTIES TO**  
21 **EXAMINE THE FAIRNESS AND IMPACT OF OFF-MARKET TRANSFERS OF**



## VERIFICATION

I hereby verify under the penalties of perjury that the foregoing representations are true to the best of my knowledge, information and belief.

Signed: Christine E. Smith  
Christine E. Smith

Dated: 4-30-15