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September 30, 2019

VIA ELECTRONIC FILING

Ms. Kimberly A. Campbell, Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

**RE: Notice of Opening of GSA Program; Supplemental Compliance Filing;
Notice of Revisions to GSA Service Agreement and Intent to Accept
Additional Edits
Docket Nos. E-7, Sub 1169 and E-2, Sub 1170**

Dear Ms. Campbell:

The North Carolina Utilities Commission's ("Commission") August 5, 2009 *Order Approving Compliance Filing* ("GSA Order") approved Duke Energy Carolinas, LLC's ("DEC") and Duke Energy Progress, LLC's ("DEP" and together with DEC, the "Companies" or "Duke") March 18, 2019 compliance filing ("Compliance Filing") and directed the Companies to open the Green Source Advantage ("GSA") Program for enrollment within 60 days of the date of the *GSA Order*. Capitalized terms not otherwise defined herein shall have the meaning assigned to them in the Compliance Filing.

Notice of Opening of the GSA Program

In accordance with the GSA Order and, as has been announced via the GSA website and other communication channels, the Companies will be opening the GSA Program for enrollment on October 1, 2019 at 9:00 AM. The Companies have been diligently preparing for the opening of the GSA Program and have been engaging the market to provide as much information as possible so that both GSA Customers and GSA Suppliers can be fully informed in evaluating potential participation. This preparation has included posting substantial amounts of information on the GSA website, hosting four webinar sessions to provide information and respond to questions, and engaging with potential GSA

Customers, GSA Suppliers and other stakeholders on an informal basis. As illustrated by the Companies' *Joint Response to Motion for Clarification* filed on September 20, 2019, the Companies have also endeavored to seek consensus on those issues regarding which there were differences of opinion regarding GSA Program implementation.

Supplemental Compliance Filing

While the Commission's August 5, 2019 *Order Approving Compliance Filing* ("*GSA Compliance Filing Order*") approved the Companies' Compliance Filing, the *GSA Compliance Filing Order* necessitated a few edits to DEP's and DEC's Rider GSA-1 to identify the date of the GSA Program Approval and remove references to DEC or DEP ownership (as directed by the Commission's August 5, 2019 *Order on Reconsideration*). Clean and redline versions of the revised tariffs for DEP and DEC are provided as **Attachment A** and **Attachment B**, respectively.

GSA Service Agreement

As part of the Companies' ongoing engagement with potential GSA Customers and GSA Suppliers, the Companies have been made aware of the fact that there are some GSA Customers that desire changes to the GSA Service Agreement. While Commission-approved programs are typically administered using a "one-size fits all" approach, the reality is that the GSA Program is a unique and complex commercial arrangement, and the Companies' engagement with GSA Customers in preparation for Program implementation has led to an awareness of the potential need for flexibility with respect to the GSA Service Agreement. Furthermore, not all potential GSA Customers had the awareness, resources or expertise to intervene in the Commission proceeding and comment on the GSA Service Agreement.

As part of the Companies' efforts to progress towards GSA Program implementation, the Companies have been willing to consider edits to the GSA Service Agreement proposed by potential GSA Customers and GSA Suppliers, so long as such changes did not alter the fundamental obligations and rights of the respective parties under the GSA Program. As a result of this process, the Companies have identified a set of edits proposed by a GSA Customer that the Companies believe are reasonable. Such edits are shown in redline format in **Attachment C**.

The edits in **Attachment C** can be generally characterized as (1) minor clean up that is necessary and (2) other clean up that is not necessary but is neutral and therefore unobjectionable, including the addition of a few standard commercial provisions that were not previously included (*e.g.*, confidentiality and notice provisions, *etc.*). Importantly, the changes in **Attachment C** would be optional—meaning that a GSA Customer and GSA Supplier could elect to utilize such changes or could elect to utilize the GSA Service Agreement included in the Companies' Compliance Filing. With respect to the specific

edits shown in **Attachment C**, the Companies have engaged with various stakeholders to confirm that there are no objections to the proposed changes. Specifically, the Public Staff, the North Carolina Clean Energy Business Alliance (“NCCEBA”), and the North Carolina Sustainable Energy Association (“NCSEA”) have reviewed the changes in **Attachment C** and indicate that they would not object to any of the changes implemented on an optional basis.

In addition, given the complex nature of this transaction, the Companies anticipate that there may be other potential GSA Customers and GSA Suppliers that seek to make further mutually agreeable changes to the GSA Service Agreement. The Companies desire to take all reasonable actions that will facilitate a successful implementation of the GSA Program, and that desire frames how Duke has considered this issue. Stated differently, the Companies do not believe that unnecessary inflexibility with respect to the GSA Service Agreement should be a barrier to GSA Customer participation.

Therefore, Duke thinks it would be appropriate to allow for other changes to the GSA Service Agreement, so long as such changes do not alter the fundamental obligations and rights under the GSA Program as approved by the Commission in its *GSA Order* and the *GSA Compliance Filing Order*.

A specific example of additional changes that may be needed are changes related to the mechanics of REC transfer that are described in Section 11 of the GSA Service Agreement. Duke would support allowing the GSA Customer and GSA Supplier to make mutually agreeable changes to those provisions, since the issue of REC transfer is entirely between the GSA Customer and GSA Supplier and edits regarding the precise method by which RECs will be transferred does not impact the fundamental obligations and rights of the respective parties under the GSA Program.

Another example is where a GSA Customer requires an additional provision to be added under regulations applicable to such customer. For instance, the Companies have heard from potential GSA Customers that are large financial institutions (“FIs”). In some cases, FIs are required by their regulators to include particular provisions in their third-party service agreements (such as the GSA Service Agreement). Where such provisions do not alter the fundamental obligations and rights of the respective parties under the GSA Program, the Companies believe that such edits should be accepted.

In order to ensure full transparency and a level playing field for all potential GSA Customers and GSA Suppliers, the Companies will use the following process with respect to all changes to the GSA Service Agreement:

1. Any changes to the GSA Service Agreement must not alter the fundamental obligations and rights of the respective parties under the GSA Program;

2. Any changes to the GSA Service Agreement beyond those shown in **Attachment C** will be filed for notice purposes with the Commission (the Companies will obtain stakeholder support before filing any additional changes and, if not, parties would be free to object to any additional changes);
3. All changes so filed with the Commission shall be made available on an optional basis to all other GSA Customers and GSA Suppliers, subject in all cases to the mutual agreement of the parties.

The Companies have also discussed the potential for additional edits to the GSA Service Agreement with the Public Staff, NCCEBA, and NCSEA and each has indicated that they would not be opposed to further changes to the GSA Service Agreement subject to the three conditions described above. Neither the *GSA Order* nor the *GSA Compliance Filing Order* expressly prohibited edits to the GSA Service Agreement, and therefore the Companies believe that, unless otherwise directed by the Commission, this approach can be accommodated within the terms of such orders.

GSA PPA

On a related note, the GSA PPA is a form document that, while relatively complex in nature, is based on a standardized PPA form that has been utilized in numerous contracts involving thousands of MWs of projects. The form has also been subject to extensive review, including the thorough review and comment period occurring under Tranches 1 and 2 of CPRE. Therefore, the Companies believe that the GSA PPA should be utilized as a standardized document without any modification based on comments from particular potential GSA Customers or GSA Suppliers.

However, during the preparation for GSA Program implementation, a number of parties have raised comments regarding certain aspects of the GSA PPA that may require modification in order to align the PPA with the overall transaction as approved by the Commission. The Companies have committed to continue to consider these issues and will seek to ensure broad consensus before making any changes to the GSA PPA. In addition, the Companies believe that, where applicable, it would be appropriate to incorporate certain applicable changes made to the CPRE PPA form during the Tranche 2 NCUC Rule R8-71(f)(1) pre-issuance process, which changes were reviewed by the CPRE Independent Administrator and filed by the Companies on September 16, 2019. Once the applicable Tranche 2 CPRE PPA changes are incorporated into the GSA PPA, along with any minor alignment edits, the Companies will file the revised GSA PPA with the Commission.

Importantly, since none of the changes to the GSA Service Agreement or the GSA PPA alter the fundamental obligations and rights of respective parties under the GSA Program, the Companies intend to move forward with the opening of the GSA Program as scheduled. Furthermore, as explained in the Companies' Compliance Filing, no party will

be required to execute the GSA Service Agreement and GSA PPA until at least 40 days after the enrollment period begins (and likely longer). Therefore, there will be adequate time for all parties to review the revised documents.

Replacement GSA Customer Process

Finally, the Commission’s *Compliance Filing Order* stated that “after default by a GSA Customer, the GSA Facility Owner should be allowed to seek out and negotiate with another customer eligible to participate in the GSA Program.” The Companies have been developing a process to facilitate this arrangement and will seek to achieve stakeholder consensus before filing with the Commission. Note that, as currently contemplated, the process will involve termination of the existing GSA Service Agreement and execution of a replacement GSA Service Agreement, which is why no changes to the GSA Service Agreement are contemplated at this time with respect to this issue.

Please feel free to contact me with any questions. Thank you for your assistance in this matter.

Sincerely,



Jack E. Jirak

Enclosures

cc: Parties of Record

Duke Energy Carolinas, LLC

Electricity No. 4
North Carolina Original Leaf 145

RIDER GSA
GREEN SOURCE ADVANTAGE (NC)

AVAILABILITY

This Green Source Advantage Program (“GSA Program” or “Program”) is available to nonresidential customers meeting the eligibility criteria specified herein and receiving concurrent service on another rate schedule, excluding service under outdoor lighting schedules, who elect to direct the Company to procure renewable energy on the Customer’s behalf pursuant to the terms of the GSA Program, as approved by the Commission. Eligibility for the Program is limited under N.C. Gen. Stat. § 62-159.2 to the University of North Carolina (“UNC”) system, major military installations, and nonresidential customers with a minimum Maximum Annual Peak Demand of 1,000 kW or an aggregated Maximum Annual Peak Demand at multiple service locations of 5,000 kW (collectively, “Eligible GSA Customers” or “Customer”). The Program is also limited to a combined total of 600 MW of renewable energy facilities between the Duke Energy Carolinas and Duke Energy Progress service territories (“Maximum GSA Program Capacity”). Of the 600 MW of Maximum GSA Program Capacity available under the Program, 250 MW shall be reserved exclusively for use by the UNC system, and 100 MW shall be reserved exclusively for use by major military installations in North Carolina (together, the “Reserved Capacity”). Of the remaining 250 MW, 160 MW shall be reserved for use by eligible Duke Energy Carolinas customers, and 90 MW shall be reserved for use by eligible Duke Energy Progress customers. Any Reserved Capacity that is not subscribed by the UNC system or major military installations, as applicable, within the three-year Reserved Capacity period following initial Program approval of August 5, 2019 shall then be made available for subscription by any Eligible GSA Customer. This Rider and the Program shall remain open to Eligible GSA Customers pursuant to the Program’s terms and conditions, as approved by the Commission, for a period of five years following initial Program approval of August 5, 2019.

DIRECTED PROCUREMENT OF GSA FACILITIES

The Program allows Eligible GSA Customers to direct the Company to procure renewable energy that will be used to supply all customers and allows the Customer to obtain the renewable energy certificates (“RECs”) generated by a GSA Facility (“GSA Facility”). A GSA Facility must be a new renewable energy facility located in the Duke Energy Carolinas service territory in either North Carolina or South Carolina with supply that will be dedicated to the Program by the facility owner (“Renewable Supplier”) and used to serve all customers.

Customers seeking to participate in the Program shall have the option to either (1) request affiliates of Duke Energy Carolinas to develop a facility or (2) identify and propose to the Company a GSA Facility developed by another Renewable Supplier. The Renewable Supplier will enter into a power purchase agreement (“GSA PPA”) with the Company. The Customer will negotiate price terms directly with a Renewable Supplier. As described below, the Renewable Supplier shall transfer RECs directly to the Customer through a separate contractual arrangement.

APPLICATION PROCESS AND GSA SERVICE AGREEMENT

To participate in the GSA Program, a Customer must submit an application to the Company requesting an annual amount of renewable capacity to be developed or procured on the Customer’s behalf. The Customer may apply for the Company to develop or procure renewable generation capacity up to 125% of the Customer’s aggregate Maximum Annual Peak Demand at eligible Customer service location(s) within Duke Energy Carolinas’ North Carolina service territory.

The Customer’s application will designate the Renewable Supplier selected by the Customer. The application shall also identify the requested Bill Credit option and contract term (two, five, ten, fifteen, or twenty years for a Customer electing Administratively Established Avoided Cost Bill Credit or any number of years up to the 20 year limit for a Customer electing the Hourly Marginal Avoided Cost Bill Credit). All Customer applications shall be accompanied by the payment of a \$2,000 nonrefundable application fee. Program reservations will be accepted on a “first-come-first-served” basis based upon the date and time of receipt of the Customer’s completed application and application fee. Subsequent applications will be held until earlier applications are resolved and will not be rejected until the

Duke Energy Carolinas, LLC

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GREEN SOURCE ADVANTAGE (NC)

Company's Maximum GSA Program Capacity is satisfied. The \$2,000 application fee will be refunded to the Customer only in the event that the Customer's application is rejected due to insufficient GSA Program Capacity.

A Customer submitting an application shall also be required to deliver, at the time of application, a standard-form term sheet executed by the Customer and Renewable Supplier, which shall identify the Renewable Supplier and provide information about the proposed GSA Facility and other information as requested by the Company and identified in the term sheet.

The GSA Service Agreement shall include the general terms and conditions applicable under this Rider and shall specify the rates and charges applicable under the GSA Program for the contract term. The Customer must execute and return the GSA Service Agreement within 30 days of delivery by the Company and the Renewable Supplier must execute and return the GSA PPA within 30 days of delivery by the Company. Failure to timely execute and return the GSA Service Agreement or GSA PPA will result in termination of the Customer's application and GSA capacity reservation, which would then require the Customer to start the Program enrollment process anew in order to participate in the Program.

GSA PPA RATES AND TERMS

The GSA PPA delivered to a Renewable Supplier selected to provide a GSA Facility shall include delivery of energy and capacity. The GSA PPA contract price shall be equal to the applicable Bill Credit selected by the Customer.

RENEWABLE ENERGY CREDITS

The Renewable Supplier is required to register the Renewable Facility with NC-RETS pursuant to Commission Rule R8-66 or another REC tracking system to facilitate the issuance of RECs. The Renewable Supplier shall transfer all RECs to the Customer pursuant to the GSA Service Agreement, and the GSA Service Agreement shall include an attestation by the Customer that the RECs generated by the designated GSA Facility will be transferred by the Renewable Supplier to the applicable tracking account identified by the GSA Customer. The Renewable Supplier shall be solely responsible for procuring, delivering, and transferring RECs to the Customer.

MONTHLY RATE

An amount computed under the GSA Customer's primary rate schedule and any other applicable riders plus the sum of the (1) the GSA Product Charge, (2) the GSA Bill Credit, and (3) the GSA Administrative Charge.

1. GSA Product Charge – The GSA Product Charge shall be equal to the Negotiated Price. The monthly GSA Product Charge shall be determined by multiplying the Negotiated Price times the energy produced by the GSA Facility in the prior billing month.

GSA Bill Credit – The GSA Bill Credit shall, as elected by the Customer and designated in the GSA Service Agreement, be either (1) the avoided cost bill credit (“Administratively Established Avoided Cost Bill Credit”) or (2) the hourly rate bill credit (“Hourly Marginal Avoided Cost Bill Credit”).

Administratively Established Avoided Cost Bill Credit:

The Administratively Established Avoided Cost Bill Credit shall be equal to the fixed levelized avoided energy and capacity rate calculated using the methodology approved pursuant to N.C. Gen. Stat. § 62-156(c) calculated over a period of 2 years (for contract terms of 2 years) or 5 years (for contract terms of 5 years or more). In the case of contract terms longer than 5 years, the Administratively Established Avoided Cost Bill Credit will be recalculated every five (5) years using the then approved methodology.

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If the Administratively Established Avoided Cost Bill Credit is designated in the GSA Service Agreement as the applicable bill credit, the Monthly GSA Bill Credit shall be determined by multiplying the applicable Administratively Established Avoided Cost Bill Credit times the energy produced in the applicable hours by the GSA Facility in the prior billing month.

Hourly Marginal Avoided Cost Bill Credit:

The Hourly Marginal Avoided Cost Bill Credit applicable to each hour shall be equal to the following:

Hourly Rate = (Hourly Energy Charges + Rationing Charges).

- i. Hourly Energy Charge = Expected marginal production cost, and other directly-related costs.
- ii. Rationing Charge = marginal capacity cost during hours with generation constraint.
- iii. The Hourly Rate will not, under any circumstance, be lower than zero.

If the Hourly Marginal Avoided Cost Bill Credit is designated in the GSA Service Agreement as the applicable bill credit, the Monthly Bill Credit shall be determined by multiplying the applicable Hourly Marginal Avoided Cost Bill Credit times the energy produced by the GSA Facility in the applicable hours in the prior billing month.

2. GSA Administrative Charge – the applicable monthly administrative charge shall be \$375 per Customer Account, plus an additional \$50 charge per additional account billed.

GENERAL PROVISIONS

For the avoidance of doubt, the Company (1) shall not be liable to the Customer in the event that a GSA Facility fails to produce energy as required under a GSA PPA or as otherwise consistent with the Customer's expectations and (2) shall have no obligation under any circumstance to supply RECs to the Customer. The GSA Facility shall be a system resource and energy produced and delivered under the GSA PPA shall not be directly delivered to the GSA Customer.

Duke Energy Carolinas, LLC

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North Carolina-~~(Proposed)~~ Original Leaf 145RIDER GSA
GREEN SOURCE ADVANTAGE (NC)AVAILABILITY

This Green Source Advantage Program (“GSA Program” or “Program”) is available to nonresidential customers meeting the eligibility criteria specified herein and receiving concurrent service on another rate schedule, excluding service under outdoor lighting schedules, who elect to direct the Company to procure renewable energy on the Customer’s behalf pursuant to the terms of the GSA Program, as approved by the Commission. Eligibility for the Program is limited under N.C. Gen. Stat. § 62-159.2 to the University of North Carolina (“UNC”) system, major military installations, and nonresidential customers with a minimum Maximum Annual Peak Demand of 1,000 kW or an aggregated Maximum Annual Peak Demand at multiple service locations of 5,000 kW (collectively, “Eligible GSA Customers” or “Customer”). The Program is also limited to a combined total of 600 MW of renewable energy facilities between the Duke Energy Carolinas and Duke Energy Progress service territories (“Maximum GSA Program Capacity”). Of the 600 MW of Maximum GSA Program Capacity available under the Program, 250 MW shall be reserved exclusively for use by the UNC system, and 100 MW shall be reserved exclusively for use by major military installations in North Carolina (together, the “Reserved Capacity”). Of the remaining 250 MW, 160 MW shall be reserved for use by eligible Duke Energy Carolinas customers, and 90 MW shall be reserved for use by eligible Duke Energy Progress customers. Any Reserved Capacity that is not subscribed by the UNC system or major military installations, as applicable, within the three-year Reserved Capacity period following initial Program approval of ~~{Date}~~August 5, 2019 shall then be made available for subscription by any Eligible GSA Customer. This Rider and the Program shall remain open to Eligible GSA Customers pursuant to the Program’s terms and conditions, as approved by the Commission, for a period of five years following initial Program approval of ~~{Date}~~August 5, 2019.

DIRECTED PROCUREMENT OF GSA FACILITIES

The Program allows Eligible GSA Customers to direct the Company to procure renewable energy that will be used to supply all customers and allows the Customer to obtain the renewable energy certificates (“RECs”) generated by a GSA Facility (“GSA Facility”). A GSA Facility must be a new renewable energy facility located in the Duke Energy Carolinas service territory in either North Carolina or South Carolina with supply that will be dedicated to the Program by the facility owner (“Renewable Supplier”) and used to serve all customers.

Customers seeking to participate in the Program shall have the option to either (1) request affiliates of Duke Energy Carolinas to develop a facility or (2) identify and propose to the Company a GSA Facility developed by another Renewable Supplier. ~~For renewable facilities not owned by the Company, t~~The Renewable Supplier will enter into a power purchase agreement (“GSA PPA”) with the Company. The Customer will negotiate price terms directly with a Renewable Supplier. As described below, the Renewable Supplier shall transfer RECs directly to the Customer through a separate contractual arrangement.

APPLICATION PROCESS AND GSA SERVICE AGREEMENT

To participate in the GSA Program, a Customer must submit an application to the Company requesting an annual amount of renewable capacity to be developed or procured on the Customer’s behalf. The Customer may apply for the Company to develop or procure renewable generation capacity up to 125% of the Customer’s aggregate Maximum Annual Peak Demand at eligible Customer service location(s) within Duke Energy Carolinas’ North Carolina service territory.

The Customer’s application will designate the Renewable Supplier selected by the Customer. The application shall also identify the requested Bill Credit option and contract term (two, five, ten, fifteen, or twenty years for a Customer electing Administratively Established Avoided Cost Bill Credit or any number of years up to the 20 year limit for a Customer electing the Hourly Marginal Avoided Cost Bill Credit). All Customer applications shall be accompanied by the payment of a \$2,000 nonrefundable application fee. Program reservations will be accepted on a “first-come-first-served” basis based upon the date and time of receipt of the Customer’s completed application and application

North Carolina-~~(Proposed)~~ Original Leaf 145
Effective _____for service rendered on and after October 1, 2019
NCUC Docket No. E-7, Sub 1169
Order dated _____August 5, 2019

Duke Energy Carolinas, LLC

Electricity No. 4
North Carolina-~~(Proposed)~~ Original Leaf 145RIDER GSA
GREEN SOURCE ADVANTAGE (NC)

of 5 years or more). In the case of contract terms longer than 5 years, the Administratively Established Avoided Cost Bill Credit will be recalculated every five (5) years using the then approved methodology. If the Administratively Established Avoided Cost Bill Credit is designated in the GSA Service Agreement as the applicable bill credit, the Monthly GSA Bill Credit shall be determined by multiplying the applicable Administratively Established Avoided Cost Bill Credit times the energy produced in the applicable hours by the GSA Facility in the prior billing month.

Hourly Marginal Avoided Cost Bill Credit:

The Hourly Marginal Avoided Cost Bill Credit applicable to each hour shall be equal to the following:

Hourly Rate = (Hourly Energy Charges + Rationing Charges).

- i. Hourly Energy Charge = Expected marginal production cost, and other directly-related costs.
- ii. Rationing Charge = marginal capacity cost during hours with generation constraint.
- iii. The Hourly Rate will not, under any circumstance, be lower than zero.

If the Hourly Marginal Avoided Cost Bill Credit is designated in the GSA Service Agreement as the applicable bill credit, the Monthly Bill Credit shall be determined by multiplying the applicable Hourly Marginal Avoided Cost Bill Credit times the energy produced by the GSA Facility in the applicable hours in the prior billing month.

2. GSA Administrative Charge – the applicable monthly administrative charge shall be \$375 per Customer Account, plus an additional \$50 charge per additional account billed.

GENERAL PROVISIONS

For the avoidance of doubt, the Company (1) shall not be liable to the Customer in the event that a GSA Facility fails to produce energy as required under a GSA PPA or as otherwise consistent with the Customer's expectations and (2) shall have no obligation under any circumstance to supply RECs to the Customer. The GSA Facility shall be a system resource and energy produced and delivered under the GSA PPA shall not be directly delivered to the GSA Customer.

Duke Energy Progress, LLC
(North Carolina Only)

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RIDER GSA-1
GREEN SOURCE ADVANTAGE (NC)

AVAILABILITY

This Green Source Advantage Program (“GSA Program” or “Program”) is available to nonresidential customers meeting the eligibility criteria specified herein and receiving concurrent service on another rate schedule, excluding service under outdoor lighting schedules, who elect to direct the Company to procure renewable energy on the Customer’s behalf pursuant to the terms of the GSA Program, as approved by the Commission. Eligibility for the Program is limited under N.C. Gen. Stat. § 62-159.2 to the University of North Carolina (“UNC”) system, major military installations, and nonresidential customers with a minimum Maximum Annual Peak Demand of 1,000 kW or an aggregated Maximum Annual Peak Demand at multiple service locations of 5,000 kW (collectively, “Eligible GSA Customers” or “Customer”). The Program is also limited to a combined total of 600 MW of renewable energy facilities between the Duke Energy Carolinas and Duke Energy Progress service territories (“Maximum GSA Program Capacity”). Of the 600 MW of Maximum GSA Program Capacity available under the Program, 250 MW shall be reserved exclusively for use by the UNC system, and 100 MW shall be reserved exclusively for use by major military installations in North Carolina (together, the “Reserved Capacity”). Of the remaining 250 MW, 160 MW shall be reserved for use by eligible Duke Energy Carolinas customers, and 90 MW shall be reserved for use by eligible Duke Energy Progress customers. Any Reserved Capacity that is not subscribed by the UNC system or major military installations, as applicable, within the three-year Reserved Capacity period following initial Program approval of August 5, 2019 shall then be made available for subscription by any Eligible GSA Customer. This Rider and the Program shall remain open to Eligible GSA Customers pursuant to the Program’s terms and conditions, as approved by the Commission, for a period of five years following initial Program approval of August 5, 2019.

DIRECTED PROCUREMENT OF GSA FACILITIES

The Program allows Eligible GSA Customers to direct the Company to procure renewable energy that will be used to supply all customers and allows the Customer to obtain the renewable energy certificates (“RECs”) generated by a GSA Facility (“GSA Facility”). A GSA Facility must be a new renewable energy facility located in the Duke Energy Progress service territory in either North Carolina or South Carolina with supply that will be dedicated to the Program by the facility owner (“Renewable Supplier”) and used to serve all customers.

Customers seeking to participate in the Program shall have the option to either (1) request affiliates of Duke Energy Progress to develop a facility or (2) identify and propose to the Company a GSA Facility developed by another Renewable Supplier. The Renewable Supplier will enter into a power purchase agreement (“GSA PPA”) with the Company. The Customer will negotiate price terms directly with a Renewable Supplier. As described below, the Renewable Supplier shall transfer RECs directly to the Customer through a separate contractual arrangement.

APPLICATION PROCESS AND GSA SERVICE AGREEMENT

To participate in the GSA Program, a Customer must submit an application to the Company requesting an annual amount of renewable capacity to be developed or procured on the Customer’s behalf. The Customer may apply for the Company to develop or procure renewable generation capacity up to 125% of the Customer’s aggregate Maximum Annual Peak Demand at eligible Customer service location(s) within Duke Energy Progress’ North Carolina service territory.

The Customer’s application will designate the Renewable Supplier selected by the Customer. The application shall also identify the requested Bill Credit option and contract term (two, five, ten, fifteen, or twenty years for a Customer electing Administratively Established Avoided Cost Bill Credit or any number of years up to the 20-year limit for a Customer electing the Hourly Marginal Avoided Cost Bill Credit). All Customer applications shall be accompanied by the payment of a \$2,000 nonrefundable application fee. Program reservations will be accepted on a “first-come-first-served” basis based upon the date and time of receipt of the Customer’s completed application and application fee. Subsequent applications will be held until earlier applications are resolved and will not be rejected until the Company’s Maximum GSA Program Capacity is satisfied. The \$2,000 application fee will be refunded to the Customer only in the event that the Customer’s application is rejected due to insufficient GSA Program Capacity.

Duke Energy Progress, LLC
(North Carolina Only)

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A Customer submitting an application shall also be required to deliver, at the time of application, a standard-form term sheet executed by the Customer and Renewable Supplier, which shall identify the Renewable Supplier and provide information about the proposed GSA Facility and other information as requested by the Company and identified in the term sheet.

The GSA Service Agreement shall include the general terms and conditions applicable under this Rider and shall specify the rates and charges applicable under the GSA Program for the contract term. The Customer must execute and return the GSA Service Agreement within 30 days of delivery by the Company and the Renewable Supplier must execute and return the GSA PPA within 30 days of delivery by the Company. Failure to timely execute and return the GSA Service Agreement or GSA PPA will result in termination of the Customer's application and GSA capacity reservation, which would then require the Customer to start the Program enrollment process anew in order to participate in the Program.

GSA PPA RATES AND TERMS

The GSA PPA delivered to a Renewable Supplier selected to provide a GSA Facility shall include delivery of energy and capacity. The GSA PPA contract price shall be equal to the applicable Bill Credit selected by the Customer.

RENEWABLE ENERGY CREDITS

The Renewable Supplier is required to register the Renewable Facility with NC-RETS pursuant to Commission Rule R8-66 or another REC tracking system to facilitate the issuance of RECs. The Renewable Supplier shall transfer all RECs to the Customer pursuant to the GSA Service Agreement, and the GSA Service Agreement shall include an attestation by the Customer that the RECs generated by the designated GSA Facility will be transferred by the Renewable Supplier to the applicable tracking account identified by the GSA Customer. The Renewable Supplier shall be solely responsible for procuring, delivering, and transferring RECs to the Customer.

MONTHLY RATE

An amount computed under the GSA Customer's primary rate schedule and any other applicable riders plus the sum of the (1) the GSA Product Charge, (2) the GSA Bill Credit, and (3) the GSA Administrative Charge.

1. GSA Product Charge – The GSA Product Charge shall be equal to the Negotiated Price. The monthly GSA Product Charge shall be determined by multiplying the Negotiated Price times the energy produced by the GSA Facility in the prior billing month.

GSA Bill Credit – The GSA Bill Credit shall, as elected by the Customer and designated in the GSA Service Agreement, be either (1) the avoided cost bill credit (“Administratively Established Avoided Cost Bill Credit”) or (2) the hourly rate bill credit (“Hourly Marginal Avoided Cost Bill Credit”).

Administratively Established Avoided Cost Bill Credit:

The Administratively Established Avoided Cost Bill Credit shall be equal to the fixed levelized avoided energy and capacity rate calculated using the methodology approved pursuant to N.C. Gen. Stat. § 62-156(c) calculated over a period of 2 years (for contract terms of 2 years) or 5 years (for contract terms of 5 years or more). In the case of contract terms longer than 5 years, the Administratively Established Avoided Cost Bill Credit will be recalculated every five (5) years using the then approved methodology. If the Administratively Established Avoided Cost Bill Credit is designated in the GSA Service Agreement as the applicable bill credit, the Monthly GSA Bill Credit shall be determined by multiplying the applicable Administratively Established Avoided Cost Bill Credit times the energy produced in the applicable hours by the GSA Facility in the prior billing month.

Duke Energy Progress, LLC
(North Carolina Only)

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Hourly Marginal Avoided Cost Bill Credit:

The Hourly Marginal Avoided Cost Bill Credit applicable to each hour shall be equal to the following:

$$\text{Hourly RTP Rate} = \text{MENERGY} + \text{CAP}$$

where:

MENERGY = Marginal Energy Cost per kilowatt-hour including marginal fuel and variable operating and maintenance expenses

CAP = Tiered Capacity Charge per kilowatt-hour applicable whenever the day-ahead forecast of the ratio of hourly available generation to hourly demand is equal or less than 1.15

The hourly RTP rate will not, under any circumstances, be lower than zero. If the Hourly Marginal Avoided Cost Bill Credit is designated in the GSA Service Agreement as the applicable bill credit, the Monthly Bill Credit shall be determined by multiplying the applicable Hourly Marginal Avoided Cost Bill Credit times the energy produced by the GSA Facility in the applicable hours in the prior billing month.

2. GSA Administrative Charge - the applicable monthly administrative charge shall be \$375 per Customer Account, plus an additional \$50 charge per additional account billed

GENERAL PROVISIONS

For the avoidance of doubt, the Company (1) shall not be liable to the Customer in the event that a GSA Facility fails to produce energy as required under a GSA PPA or as otherwise consistent with the Customer's expectations and (2) shall have no obligation under any circumstance to supply RECs to the Customer. The GSA Facility shall be a system resource and energy produced and delivered under the GSA PPA shall not be directly delivered to the GSA Customer.

Effective for service rendered on and after October 1, 2019
NCUC Docket No. E-2, Sub 1170

Duke Energy Progress, LLC
(North Carolina Only)

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RIDER GSA-1
GREEN SOURCE ADVANTAGE (NC)

AVAILABILITY

This Green Source Advantage Program (“GSA Program” or “Program”) is available to nonresidential customers meeting the eligibility criteria specified herein and receiving concurrent service on another rate schedule, excluding service under outdoor lighting schedules, who elect to direct the Company to procure renewable energy on the Customer’s behalf pursuant to the terms of the GSA Program, as approved by the Commission. Eligibility for the Program is limited under N.C. Gen. Stat. § 62-159.2 to the University of North Carolina (“UNC”) system, major military installations, and nonresidential customers with a minimum Maximum Annual Peak Demand of 1,000 kW or an aggregated Maximum Annual Peak Demand at multiple service locations of 5,000 kW (collectively, “Eligible GSA Customers” or “Customer”). The Program is also limited to a combined total of 600 MW of renewable energy facilities between the Duke Energy Carolinas and Duke Energy Progress service territories (“Maximum GSA Program Capacity”). Of the 600 MW of Maximum GSA Program Capacity available under the Program, 250 MW shall be reserved exclusively for use by the UNC system, and 100 MW shall be reserved exclusively for use by major military installations in North Carolina (together, the “Reserved Capacity”). Of the remaining 250 MW, 160 MW shall be reserved for use by eligible Duke Energy Carolinas customers, and 90 MW shall be reserved for use by eligible Duke Energy Progress customers. Any Reserved Capacity that is not subscribed by the UNC system or major military installations, as applicable, within the three-year Reserved Capacity period following initial Program approval of ~~the~~ August 5, 2019 shall then be made available for subscription by any Eligible GSA Customer. This Rider and the Program shall remain open to Eligible GSA Customers pursuant to the Program’s terms and conditions, as approved by the Commission, for a period of five years following initial Program approval of ~~the~~ August 5, 2019.

DIRECTED PROCUREMENT OF GSA FACILITIES

The Program allows Eligible GSA Customers to direct the Company to procure renewable energy that will be used to supply all customers and allows the Customer to obtain the renewable energy certificates (“RECs”) generated by a GSA Facility (“GSA Facility”). A GSA Facility must be a new renewable energy facility located in the Duke Energy Progress service territory in either North Carolina or South Carolina with supply that will be dedicated to the Program by the facility owner (“Renewable Supplier”) and used to serve all customers.

Customers seeking to participate in the Program shall have the option to either (1) request affiliates of Duke Energy Progress to develop a facility or (2) identify and propose to the Company a GSA Facility developed by another Renewable Supplier. ~~For renewable facilities not owned by the Company, the~~ The Renewable Supplier will enter into a power purchase agreement (“GSA PPA”) with the Company. The Customer will negotiate price terms directly with a Renewable Supplier. As described below, the Renewable Supplier shall transfer RECs directly to the Customer through a separate contractual arrangement.

APPLICATION PROCESS AND GSA SERVICE AGREEMENT

To participate in the GSA Program, a Customer must submit an application to the Company requesting an annual amount of renewable capacity to be developed or procured on the Customer’s behalf. The Customer may apply for the Company to develop or procure renewable generation capacity up to 125% of the Customer’s aggregate Maximum Annual Peak Demand at eligible Customer service location(s) within Duke Energy Progress’ North Carolina service territory.

The Customer’s application will designate the Renewable Supplier selected by the Customer. The application shall also identify the requested Bill Credit option and contract term (two, five, ten, fifteen, or twenty years for a Customer electing Administratively Established Avoided Cost Bill Credit or any number of years up to the 20-year limit for a Customer electing the Hourly Marginal Avoided Cost Bill Credit). All Customer applications shall be accompanied by the payment of a \$2,000 nonrefundable application fee. Program reservations will be accepted on a “first-come-first-served” basis based upon the date and time of receipt of the Customer’s completed application and application fee. Subsequent applications will be held until earlier applications are resolved and will not be rejected until the Company’s Maximum GSA Program Capacity is satisfied. The \$2,000 application fee will be refunded to the Customer only in the event that the Customer’s application is rejected due to insufficient GSA Program Capacity.

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A Customer submitting an application shall also be required to deliver, at the time of application, a standard-form term sheet executed by the Customer and Renewable Supplier, which shall identify the Renewable Supplier and provide information about the proposed GSA Facility and other information as requested by the Company and identified in the term sheet.

The GSA Service Agreement shall include the general terms and conditions applicable under this Rider and shall specify the rates and charges applicable under the GSA Program for the contract term. The Customer must execute and return the GSA Service Agreement within 30 days of delivery by the Company and ~~in the case of a GSA Facility not owned by the Company,~~ the Renewable Supplier must execute and return the GSA PPA within 30 days of delivery by the Company. Failure to timely execute and return the GSA Service Agreement or GSA PPA ~~(where applicable)~~ will result in termination of the Customer's application and GSA capacity reservation, which would then require the Customer to start the Program enrollment process anew in order to participate in the Program.

GSA PPA RATES AND TERMS

The GSA PPA delivered to a Renewable Supplier selected to provide a GSA Facility shall include delivery of energy and capacity. The GSA PPA contract price shall be equal to the applicable Bill Credit selected by the Customer. ~~No GSA PPA will be required in the case of a GSA Facility that is owned by the Company.~~

RENEWABLE ENERGY CREDITS

The Renewable Supplier is required to register the Renewable Facility with NC-RETS pursuant to Commission Rule R8-66 or another REC tracking system to facilitate the issuance of RECs. The Renewable Supplier shall transfer all RECs to the Customer pursuant to the GSA Service Agreement, and the GSA Service Agreement shall include an attestation by the Customer that the RECs generated by the designated GSA Facility will be transferred by the Renewable Supplier to the applicable tracking account identified by the GSA Customer. The Renewable Supplier shall be solely responsible for procuring, delivering, and transferring RECs to the Customer.

MONTHLY RATE

An amount computed under the GSA Customer's primary rate schedule and any other applicable riders plus the sum of the (1) the GSA Product Charge, (2) the GSA Bill Credit, and (3) the GSA Administrative Charge.

1. GSA Product Charge – The GSA Product Charge shall be equal to the Negotiated Price. The monthly GSA Product Charge shall be determined by multiplying the Negotiated Price times the energy produced by the GSA Facility in the prior billing month.

GSA Bill Credit – The GSA Bill Credit shall, as elected by the Customer and designated in the GSA Service Agreement, be either (1) the avoided cost bill credit (“Administratively Established Avoided Cost Bill Credit”) or (2) the hourly rate bill credit (“Hourly Marginal Avoided Cost Bill Credit”).

Administratively Established Avoided Cost Bill Credit:

The Administratively Established Avoided Cost Bill Credit shall be equal to the fixed levelized avoided energy and capacity rate calculated using the methodology approved pursuant to N.C. Gen. Stat. § 62-156(c) calculated over a period of 2 years (for contract terms of 2 years) or 5 years (for contract terms of 5 years or more). In the case of contract terms longer than 5 years, the Administratively Established Avoided Cost Bill Credit will be recalculated every five (5) years using the then approved methodology. If the Administratively Established Avoided Cost Bill Credit is designated in the GSA Service Agreement as the applicable bill credit, the Monthly GSA Bill Credit shall be determined by multiplying the applicable Administratively Established Avoided Cost Bill Credit times the energy produced in the applicable hours by the GSA Facility in the prior billing month.

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Hourly Marginal Avoided Cost Bill Credit:

The Hourly Marginal Avoided Cost Bill Credit applicable to each hour shall be equal to the following:

$$\text{Hourly RTP Rate} = \text{MENERGY} + \text{CAP}$$

where:

MENERGY = Marginal Energy Cost per kilowatt-hour including marginal fuel and variable operating and maintenance expenses

CAP = Tiered Capacity Charge per kilowatt-hour applicable whenever the day-ahead forecast of the ratio of hourly available generation to hourly demand is equal or less than 1.15

The hourly RTP rate will not, under any circumstances, be lower than zero. If the Hourly Marginal Avoided Cost Bill Credit is designated in the GSA Service Agreement as the applicable bill credit, the Monthly Bill Credit shall be determined by multiplying the applicable Hourly Marginal Avoided Cost Bill Credit times the energy produced by the GSA Facility in the applicable hours in the prior billing month.

2. GSA Administrative Charge - the applicable monthly administrative charge shall be \$375 per Customer Account, plus an additional \$50 charge per additional account billed

GENERAL PROVISIONS

For the avoidance of doubt, the Company (1) shall not be liable to the Customer in the event that a GSA Facility fails to produce energy as required under a GSA PPA or as otherwise consistent with the Customer's expectations and (2) shall have no obligation under any circumstance to supply RECs to the Customer. The GSA Facility shall be a system resource and energy produced and delivered under the GSA PPA shall not be directly delivered to the GSA Customer.

Effective for service rendered on and after ~~_____~~ October 1, 2019
NCUC Docket No. E-2, Sub 1170

GREEN SOURCE ADVANTAGE SERVICE AGREEMENT
[Self-Supply Version – Energy and Capacity and RECs]

THIS GREEN SOURCE ADVANTAGE SERVICE AGREEMENT (“Service Agreement”) is entered into on this _____ day of _____, 20__ by and between [_____] (“Customer”), _____ (“Renewable Supplier”) and [Duke Energy Carolinas, LLC][Duke Energy Progress, LLC] (“Company”). Customer, Renewable Supplier and Company may each be referred to individually as a “Party” and collectively, as the “Parties.”

WHEREAS, Customer has requested that Company purchase the Product (as defined herein) from Renewable Supplier;

WHEREAS, concurrently with the execution of this Service Agreement, Renewable Supplier shall execute and deliver to Company a power purchase agreement dated as of the date hereof in the form of Exhibit “A” attached hereto (“PPA”), pursuant to which Renewable Supplier shall sell the Product to Company at the contract price specified in the PPA;

WHEREAS, Customer has agreed to pay Company in accordance with the terms and conditions of this Service Agreement in exchange for a Bill Credit (as defined herein); and

WHEREAS, Company is willing to enter into a PPA with the Renewable Supplier to procure the Product as a system resource under and in accordance with the terms, conditions and rules of the Company’s Green Source Advantage Program approved by the North Carolina Utilities Commission (“Commission”), as may be modified from time to time (the “GSA Tariff”).

NOW THEREFORE, in consideration of the promises and mutual covenants set forth herein and other good and valuable consideration, the sufficiency of which is acknowledged, and intending to be bound hereby, the Parties agree as follows:

1. **Term:** This Service Agreement shall be effective upon execution and delivery by all the Parties hereto (the “Effective Date”) and shall remain in full force and effect through ~~[insert the date which is sixty (60) days past delivery period~~ after the expiration of the Delivery Period specified in Section 4 below} (the, “Term”). Provided however, if this Service Agreement is terminated for any reason prior to completion of the Term or otherwise expires, such termination or expiration shall not relieve any Party of any obligation accruing prior to the effectiveness of such termination or expiration.
2. **Supply Resource:** The Supply Resource shall consist of that certain [____MW][____] MWac (the “Nameplate Capacity”) solar photovoltaic} renewable energy facility located at [_____] [insert facility address] in [_____] (the “Supply Resource”).
3. **Energy and Capacity; PPA.** The product purchased by Company under the PPA shall consist of Capacity and Energy (as such terms are defined in the PPA) produced by the Supply Resource and delivered to Company (the “Product”) during the Term.
4. **Delivery Period.** The delivery period (the “Delivery Period”) under this Service Agreement shall unless earlier terminated, begin on the Commercial Operation Date (as defined in the PPA) and shall continue through the [insert supply term selected by Customer from [2, 5, 10, 15, or 20 years (for Bill Credit calculated for a fixed term of either

2 or 5 years using the methodology approved pursuant to N.C. Gen. Stat. § 62-156(c)) [1-20 years (for Bill Credit calculated based on hourly, marginal cost data)] years-corresponding to the Term of the PPA] anniversary of the Commercial Operation Date.

5. **Subscribed Percentage:** The Customer hereby subscribes to [____%] of the ~~nameplate DC capacity~~ Nameplate Capacity of the Supply Resource (the “Subscribed Percentage”). Notwithstanding the foregoing, Customer understands and agrees that the Supply Resource is an intermittent resource and neither Renewable Supplier nor Company are providing any guarantee, either under this Service Agreement or the PPA, regarding the amount of Product that will be generated by the Supply Resource. [If Customer has subscribed to less than the full capacity from the Supply Resource, Customer hereby acknowledges that one or more other parties may have subscribed for the remaining capacity, in which case, each subscribing party will be credited with its proportionate share of the output of the Supply Resource.]
6. **GSA Product Charge.** For the Subscribed Percentage of: (i) the MWhs generated by the Supply Resource and delivered to the Company; and (ii) the REC Product generated by the Supply Resource, Customer shall be obligated to pay Company the price corresponding to the relevant portion of the Delivery Period as set forth in Exhibit “B” attached hereto (“GSA Product Charge”).
7. **Assignment of Payments.**
 - a. ~~During the Term of this Service Agreement,~~ Company hereby agrees to assign to Renewable Supplier all its right, title and interest in the GSA Product Charge actually received from Customer for any Product generated by the ~~Renewable~~ Supply Resource and delivered to Company during each billing period (the “Assigned GSA Customer Payment”).
 - b. ~~During the Term of this Service Agreement,~~ Renewable Supplier hereby agrees to assign to Customer all its right, title and interest in the ~~Subscribed Percentage~~ total of the payments due from Company under the PPA for the Subscribed Percentage (the “Assigned PPA Payment”), which shall be provided to Customer by Company in the form of a bill credit¹ (“Bill Credit”) as discussed in more detail in Section 9.
8. **GSA Administrative Charge.** ~~In~~ During the Term, in addition to the GSA Product Charge, Customer shall pay a monthly administrative service charge in the amount specified in the GSA Tariff (the “GSA Administrative Charge”).
9. **Billing and Payment.** On a monthly basis, during the ~~term of this Service Agreement~~ Term, the following shall occur:

¹ The Bill Credit shall be equal to the contract price under the PPA which shall, as elected by the GSA Customer, be either (1) a 2- or 5-year avoided cost value calculated using the methodology approved pursuant to N.C. Gen. Stat. § 62-156(c) (provided however, for contract terms in excess of 5 years, the rate calculation shall be refreshed at five-year intervals until the end of the contract term) or hourly marginal rate as specified in the applicable GSA tariff.

- a. Company shall determine the amount of Customer’s proportionate share (as specified in Section 5) of energy (in MWh) generated by the Renewable Supply Resource and delivered to Company (“Monthly Generation Amount”).
- b. Customer shall pay to Company the GSA Product Charge multiplied by the Monthly Generation Amount.
- c. Pursuant to the assignment contained in Section 7(a), Company shall pay the Assigned GSA Customer Payment to Renewable Supplier within thirty (30) days after Company’s receipt thereof from Customer.
- d. Pursuant to the assignment contained in Section 7(b), Company shall pay to Customer in the form of the Bill Credit a monthly amount that is equal to the Assigned PPA Payment ~~multiplied by the Monthly Generation Amount.~~
- e. For the avoidance of doubt, Customer shall continue to pay its retail bill from Company.
- f. In addition to the foregoing, Company shall bill Customer, through Customer’s retail bill, the GSA Administrative ~~Service Charge~~ for the prior month.
- g. **[Note: Applicable in the case of a GSA Customer with multiple accounts]** Company shall allocate the (1) Bill Credit and (2) the responsibility for the GSA Product Charge and the GSA Administrative Charge to the following accounts of Customer based on the percentages specified below:

Account [XXXXXXXX]	[20%]
Account [XXXXXXXX]	[30%]
Account [XXXXXXXX]	[30%]
Account [XXXXXXXX]	[20%]

Customer shall be permitted to notify Company of a change to such allocations during the Term by providing written notice to Company. Company shall exert good faith efforts to implement such change as quickly as possible but in no event later than sixty (60) days after such written notice from Customer.

- 10. **Quarterly Statements.** On a quarterly basis, Company will provide Customer a statement documenting the calculation of the Bill Credit during the previous calendar quarter.
- 11. **Renewable Energy Certificates.**
 - a. **Purchase and Sale of REC Product.** During the Term ~~of this Service Agreement,~~ and without further consideration other than the assignment of the GSA Product Charge specified in Section 7(a), Renewable Supplier hereby agrees to ~~sell and~~

- ~~Deliver all the REC Product~~ Deliver (as defined in subsection b, below), and retire on Customer's behalf, all the REC Product generated by the Supply Resource (including REC Product generated during the Testing Period described in Section 4.3 of the PPA) to Customer, and Customer agrees to purchase and accept Delivery of the REC Product from Renewable Supplier, as set forth in this Service Agreement. Upon Delivery, title to and interest in the REC Product shall transfer from Renewable Supplier to Customer.
- b. **Delivery of the REC Product.** Delivery of the REC Product (“Deliver” or “Delivery”) shall be deemed to have occurred when the REC Product is transferred by the Renewable Supplier into the Customer’s Account with the Tracking System. Customer and Renewable Supplier will each provide to the other any reasonably requested information or documentation required to effectuate Delivery of the REC Product, shall cooperate fully to effectuate Delivery of the REC Product, and shall comply with any and all applicable Tracking System procedures and any other applicable requirement relating to the recording and transfer of the REC Product.
- c. **Definitions.** As used in this Article Section 11, capitalized terms not otherwise defined in this Service Agreement shall have the following meaning:
- i. **“Account”** shall mean Customer’s or Renewable Supplier’s electronic account with the Tracking System.
 - ii. **“Applicable Program”** means [to be determined by Customer and Renewable Supplier]
 - iii. **“Environmental Attributes”** means an aspect, claim, characteristic or benefit, howsoever entitled, associated with the generation of a quantity of energy by the Supply Resource, separate and apart from the energy generated, and that is capable of being measured, verified or calculated, including any fuel, emissions, air quality or other environmental characteristics, credits, benefits, reductions, offsets and allowances resulting from the purchase, generation or use of such quantity of energy or the avoidance of any emissions of any gas, chemical or other substance to the air, soil or water attributable to such quantity of energy or arising out of any present or future applicable law; provided, however, the “Environmental Attributes” shall exclude any and all state and federal production tax credits, any investment tax credits, tax incentives or tax grants, and any other tax credits, tax incentives or tax grants which are or will be generated or earned by the Supply Resource.
 - iv. **“REC Product”** means the RECs generated by the Supply Resource that meet the requirements set forth in this Service Agreement and that meet all of the requirements to qualify as a REC under the Applicable Program and includes the Environmental Attributes and Reporting Rights associated therewith.
 - v. **“Renewable Energy Certificate(s)”** or “REC(s)” shall mean a certificate, credit, allowance, green tag or other transferrable indicia, howsoever entitled, created by or pursuant to an Applicable Program and indicating the

generation of one (1) megawatt hour of energy (or such other quantity as may be specified by the Applicable Program) by an electric generation unit or other facility or installation that produces energy through the use of renewable fuels or processes acceptable under the relevant Applicable Program, separate from the energy produced.

- vi. **“Reporting Rights”** means the right of the reporting person or entity to report that it owns the Environmental Attributes to any agency, authority or other party under any emissions trading or reporting program, public or private, which agency, authority or other party that has jurisdiction over or otherwise oversees or reviews the activities of such person.
 - vii. **“Tracking System”** means the verification system that accounts for the generation, sale, purchase, and/or retirement of RECs, which for purposes of this Agreement shall be [to be determined by Customer and Renewable Supplier].
12. **Effect of Termination of the Service Agreement on PPA.** In the event that this Service Agreement is terminated for any reason, the PPA shall remain in place between Renewable Supplier and Company and Company shall solely be required to make payments to Renewable Supplier for the Product produced by the Supply Resource and delivered to Company at the contract price and pursuant to the terms specified in the PPA. Based on the foregoing, the Parties hereby acknowledge and agree that in the event of a termination of this Service Agreement, the assignments of payments contemplated in Section 7 and all payments ~~to be made~~ by Company to Renewable Supplier under Section 9 of this Service Agreement shall terminate and Renewable Supplier’s sole compensation for Product produced by the Supply Resource and delivered to Company shall be pursuant to the terms of the PPA, including all Product delivered to the Company for which the Renewable Supplier does not receive the Assigned GSA Customer Payment due to the failure of Customer to pay the GSA Product Charge, regardless of whether such Product was delivered prior to or after the termination of this Service Agreement.
13. **Effect of Termination of the PPA on the Service Agreement.** In the event that the PPA is terminated for any reason, this Service Agreement shall be deemed terminated; provided that any amounts due and payable as of or arising prior to such termination shall be paid pursuant to the terms herein.
14. **Credit and Security.** No Party shall be required to post or provide performance assurance under this Service Agreement. If Customer or Renewable Supplier determines that it requires performance assurance for the transactions contemplated under this Service Agreement, such Party shall be solely responsible for negotiating a separate agreement for performance assurance between Customer and Renewable Supplier. In no event shall Company be required to provide performance assurance to any other Party with respect to the transactions covered under this Service Agreement.
15. **Set-off.** In addition to any rights of set-off a Party may have as a matter of law or otherwise and subject to applicable law, upon the occurrence of an Event of Default, (as defined in Section 16 below), the Non-Defaulting Party (as defined in Section 17 below) shall have the right (but shall not be obligated to) without prior notice to the Defaulting

Party (as defined in Section 16 below) or any other person to set-off any obligation of the Defaulting Party owed to the Non-Defaulting Party under this Agreement and any other agreement between the Defaulting Party and Non-Defaulting Party (whether or not matured, whether or not contingent and regardless of the currency, place of payment or booking office of the obligation). If Company is the Non-Defaulting Party and any such obligation is unascertained, Company may in a commercially reasonable manner estimate that obligation and set-off in respect of the estimate, subject to the relevant Party providing an accounting and true-up to the other Party within a reasonable time after the amount of the obligation is ascertained.

16. **Events of Default.** An “Event of Default” means with respect to the non-performing Party (such Party, the “Defaulting Party”), the occurrence of any one or more of the following, each of which, individually, shall constitute a separate Event of Default:
- a. Failure of a Party to make any payment required hereunder when due and such failure is not remedied within ten (10) days after the Defaulting Party’s receipt of written notice of such failure from the Party to which such payment is due.
 - b. A default by Renewable Supplier under the terms of the PPA; provided that such default has not been remedied or cured in accordance with the terms of the PPA.
 - c. If a Party or its credit support provider (as applicable) (i) makes an assignment for the benefit of its creditors, (ii) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action with respect to the Party or its credit support provider under any bankruptcy or similar law for the protection of creditors, (iii) has such petition filed against it and such petition is not withdrawn or dismissed within sixty (60) days after such filing, (iv) becomes insolvent or, (v) is unable to pay its debts when due.
 - d. Failure by a Party to perform any of its material obligations hereunder (other than such failures described in clauses (a) through (c) of this Section 16), and such failure is not remedied within thirty (30) days after receipt by the Defaulting Party of written notice of such failure; provided, that so long as the Defaulting Party has initiated and is diligently attempting to effect a cure, the Defaulting Party’s cure period shall extend for an additional reasonable period of time (not to exceed an additional thirty (30) days).
17. **Remedies Upon Default.** If an Event of Default has occurred and ~~is continuing~~ has not been cured within the timeframes set forth in Section 16, then each non-defaulting Party to which such performance is due but has not ~~been performed~~ received such required performance, as a result of the uncured Event of Default (each such Party, a “Non-Defaulting Party”), shall have the right in its sole discretion and upon written notice to the Defaulting Party, (with a copy to the other Party), to pursue any or all of the following remedies:
- (a) suspend performance of its obligations under this Service Agreement until the Default has been remedied; and (b) designate a day (which day shall be no earlier than the day such notice is effective and shall be no later than twenty (20) days after the delivery of such notice is effective) as an early termination date ~~(such day, the “Early Termination Date”)~~ of this Service Agreement and pursue any and all remedies available to the Non-

Defaulting Party under this Service Agreement or otherwise, at law or in equity, including, without limitation, the right to liquidate and set off any amounts owed hereunder to the Defaulting Party and to pursue an action for damages against the Defaulting Party.

18. **Service Regulations.** Company's obligations under this Service Agreement shall be subject to the rules and requirements of the GSA Tariff and Company's Service Regulations approved by the Commission, as may be modified from time to time. Company will notify Customer and the Renewable Supplier if any such modifications materially affect its ability to perform under this Service Agreement.
19. **Renewable Supplier's Performance.** Notwithstanding any provision in this Service Agreement to the contrary, all of Company's obligations under this Service Agreement are contingent on the proper performance by the Renewable Supplier of its obligations under the PPA. The failure or inability of the Renewable Supplier to ~~honor~~perform its ~~commitments~~obligations as required under the PPA, shall excuse Company's performance under this Service Agreement.
- ~~20. **Confidentiality.** Any Party may publicly announce that it is purchasing or providing service or the Products to another Party under this Service Agreement, the type of renewable Supply Resource (e.g. a "solar facility"),~~
- a. **Protected Information.** Except as otherwise set forth in this Service Agreement, no receiving Party (the "Receiving Party") shall, without the disclosing Party's (the "Disclosing Party") prior written consent, disclose any Protected Information (as defined below) of the Disclosing Party to any third person (other than the Party's employees, affiliates, advisors, counsel, accountants, and the term current and prospective purchasers, lenders and investors who have a need to know such information, have agreed to keep such terms confidential, and for whom the Party shall be liable in the event of a breach of such confidentiality obligation), at any time during the Term or for five (5) years after the expiration or early termination of this Service Agreement. As used herein the term "Protected Information" means (a) this Service Agreement, (b) any proprietary information of the Disclosing Party disclosed in connection with this Service Agreement, including without limitation, proposals and negotiations whether disclosed prior to or after the date hereof that have been clearly marked as confidential or proprietary. Notwithstanding anything to the contrary herein, in no event will Protected Information include the concept of constructing or providing energy from a power plant, using any specific fuel source, in any specific location. Each Party shall be entitled to all remedies available at law or in equity (including but not limited to specific performance and/or injunctive relief,) to enforce, or seek relief in connection with, this confidentiality obligation.
- b. **Non-Confidential Information.** Protected Information does not include information: (i) that is or becomes available to the public other than by disclosure of Receiving Party in breach of this Service Agreement; (ii) known to Receiving Party prior to its disclosure; (iii) available to Receiving Party from a third party who is not bound to keep such information confidential; or, (iv) independently developed by the Receiving Party without reliance upon the Protected Information.

- c. Return of Confidential Information. Upon request of Disclosing Party, Receiving Party shall either (i) return the Protected Information, including all copies, or (ii) destroy the Protected Information, including all copies, and present written assurances of the destruction to Disclosing Party. Notwithstanding the foregoing, the Parties acknowledge that Protected Information transferred and maintained electronically (including e-mails) may be automatically archived and stored by Receiving Party on electronic devices, magnetic tape, or other media for the purpose of restoring data in the event of a system failure (collectively, "Back-Up Tapes"). Notwithstanding the terms of this Service Agreement, in no event shall Receiving Party be required to destroy Protected Information stored on Back-Up Tapes; provided, however, ~~except as permitted herein, or otherwise required by~~ any Protected Information not returned or destroyed pursuant to this Section shall be kept confidential for the duration of its existence. Furthermore, the Receiving Party may retain one (1) copy of such Protected Information in Receiving Party's files solely for audit and compliance purposes for the duration of its existence; provided, however, such Protected Information shall be kept confidential for the duration of its existence in accordance with the terms of this Service Agreement.
- a.d. Required Disclosures. Notwithstanding the confidentiality requirements set forth herein, a Party may disclose Protected Information to comply with PURPA, the Commission or other regulatory body with jurisdiction over the Party or as required under applicable law, ~~or to enforce the terms of this Agreement, or to~~ binding on the party, in response to a court order, or in connection with any court or regulatory proceeding. Such disclosure shall not terminate the obligations of confidentiality unless the Protected Information falls within one of the exclusions of this Service Agreement. ~~To the extent made public through no breach of this Agreement by a Party, the Parties shall keep confidential all other information concerning the terms and conditions of this Service Agreement or the PPA.~~ the disclosure of Protected Information is requested or compelled as set forth above, the Receiving Party agrees to give each Disclosing Party reasonable notice of any discovery request or order, subpoena, or other legal process requiring disclosure of any Protected Information. Such notice by the Receiving Party shall give Disclosing Party an opportunity, at Disclosing Party's discretion and sole cost, to seek a protective order or similar relief, and the Receiving Party shall not oppose such request or relief. If such protective order or other appropriate remedy is not sought and obtained within at least thirty (30) days of Receiving Party's notice, Receiving Party shall disclose only that portion of the Protected Information that is required or necessary in the opinion of Receiving Party's legal counsel; provided, however, Receiving Party shall use reasonable efforts to obtain assurances that confidential treatment will be accorded to any Protected Information so disclosed.
- b.e. Regulatory Disclosures by Company. This ~~section~~Section 20(e) will apply notwithstanding anything to the contrary in this Service Agreement. Customer and Renewable Supplier acknowledge that Company is regulated by various regulatory and market monitoring entities. Company is permitted, in its sole discretion, to disclose or to retain any information regarding this Service Agreement (including confidential information) to any regulatory commission in all state and federal jurisdictions in which Company does business (including but not limited to the NCUC, SCPSC, and FERC), NERC, market monitor, office of regulatory staff, and/or public staff, or any other regulator or legislative body without providing prior

notice or obtaining the consent of the other Party or Parties, using Company's business judgment and the appropriate level of confidentiality Company seeks for any such disclosures or retentions in its sole discretion. In the event of the establishment of any docket or proceeding before any regulatory commission, public service commission, public utility commission, or other agency, tribunal, or court having jurisdiction over Company, the confidential treatment of this Service Agreement and its terms shall automatically be governed solely by the rules and procedures governing such docket or proceeding to the extent such rules or procedures are additional to, different from, or inconsistent with this Service Agreement.

~~Publicity.~~

~~20.~~21. **Publicity.** Any Party may publicly announce that it is purchasing or providing service or the Products to another Party under this Service Agreement, the type of renewable Supply Resource (e.g. a "solar facility"), and the term of this Service Agreement. No Party shall make any use of any other Party's (or its affiliate's) name, logo, or likeness in any publication, promotional material, news release, or similar publicity material without ~~the~~such other Party's prior review, approval, and written consent; *provided, however*, any issuance or material approved by Company shall be limited to the non-confidential facts and will not imply, directly or indirectly, any endorsement, partnership, support, or testimonial of any Supply Resource.

~~21.~~22. **Limitations of Liabilities.** **NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, AND TO THE EXTENT PERMITTED BY APPLICABLE LAW,** NO PARTY SHALL BE LIABLE UNDER THIS SERVICE AGREEMENT FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY, ANY OTHER INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, EVEN IF SUCH DAMAGES ARE ALLOWED OR PROVIDED BY STATUTE, STRICT LIABILITY, TORT, CONTRACT, OR OTHERWISE. ~~Customer~~Each Party agrees and understands that any and all payments, rates, charges, and/or damages permitted under the GSA Tariff are and shall be deemed direct obligations and will not be excluded from liability or recovery under ~~the~~this Limitations of Liabilities ~~provisions~~provision.

~~22.~~23. **Mutual Representations.** Each Party hereby represents and warrants to the other Parties the following, that: (i) such Party has the capacity, authority, and power to execute, deliver, and perform under this Service Agreement; (ii) this Service Agreement constitutes legal, valid, and binding obligations enforceable against such Party; (iii) the person who executes this Service Agreement on behalf of such Party has full and complete authority to execute and bind such Party to this Service Agreement as an authorized representative of such Party; (iv) such Party is acting on its own behalf and has made its own independent decision to bind itself under this Service Agreement; and, (v) such Party has completely read, fully understands, and voluntarily accepts every provision of this Service Agreement.

~~23.~~24. **Governing Law.** THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED, AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NORTH CAROLINA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW, AND, IF APPLICABLE, BY THE FEDERAL LAW OF THE UNITED STATES OF AMERICA.

~~24-25.~~ **Successors; Amendments.** This Service Agreement shall extend to and bind the heirs, personal representative representatives, successors and permitted assigns of the Parties hereto. No amendment, modification, or change to this Service Agreement shall be enforceable unless agreed upon in a writing that is executed by each of the Parties hereto.

~~26.~~ **Assignment.** This Service Agreement may not be assigned or transferred by a Party without the prior written consent of the other Parties, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, no consent shall be required for:

- ~~a.~~ Any assignment of this Service Agreement by a party to any financing parties as collateral security in connection with any loan, lease, or other debt or equity financing arrangement'; provided however any such assignment of this Service Agreement permitted under this Section 26(a) will not relieve the assigning party of any obligation or liability under this Service Agreement or compromise, modify or affect any rights, benefits or risks of the remaining Parties under this Service Agreement;
- ~~b.~~ Any assignment or transfer of this Service Agreement by a Party to an affiliate, provided that (i) such assignee's (or its credit support provider's) creditworthiness is equal to or better that that of assignor at the time of assignment, and (ii) is capable of executing the assignor's obligations hereunder in a commercially reasonable manner; or
- ~~c.~~ Any assignment or transfer of this Service Agreement by a Party to an entity succeeding to all or substantially all of the assets of assignor, provided that (i) such assignee's (or its credit support provider's) creditworthiness is equal to or better that that of the assignor at the time of assignment, and (ii) such assignee is capable of executing the assignor's obligations hereunder in a commercially reasonable manner.

~~25-27.~~ **Non-Waiver.** No Party will be deemed to have waived the exercise of any right that it holds under this Service Agreement or at law unless such waiver is expressly made in writing. Failure of a Party at any time, and for any length of time, to require performance by the other Party of any obligation under this Service Agreement shall in no event affect the right to require performance of that obligation or the right to claim remedies for breach under the Service Agreement or at law. No waiver by either Party of any one or more defaults by the other Party in the performance of any of the provisions of this Service Agreement shall be construed as a waiver of any other default or defaults whether of a like kind or different nature.

~~28.~~ **Notices.** All notices, demand, consent, approval, or other communication required or contemplated to be sent hereunder will be deemed sufficient and delivered if in writing one (1) business day after being sent by a reputable overnight courier with package tracking capabilities, or three (3) business days after being sent postage prepaid by certified or registered mail, return receipt requested. In addition, if the Party seeking to provide notice has an effective email for the other Party or Parties, notice delivered via email is legally effective if it is: (a) confirmed as received by the other Party or Parties (e.g., a return email is sent by the Party receiving notice, or acknowledges same by other

verifiable means); or (b) an original (hard copy) follows it in a timely manner using the process given in this section. For the avoidance of doubt, the Company is not required to provide notices related to Customer's receipt of electrical service under the applicable service tariff pursuant to this Section 28. Notice address for each Party is as follows:

If to Customer:

If to Company:

If to Renewable Supplier:

~~26-29.~~ **Counterparts.** This Service Agreement may be executed in counterparts, each of which is an original and all of which constitute one and the same instrument. Delivery by a Party of an executed counterpart of a signature page of this Agreement by facsimile or electronic transmission (including PDF file) shall be effective as delivery of a manually executed counterpart hereof.

SIGNATURE PAGE FOLLOWS

IN WITNESS WHEREOF, on the date set forth below, Company, Customer and Renewable Supplier have caused this Service Agreement to be executed by their respective duly authorized representatives.

[DUKE ENERGY CAROLINAS, LLC] [DUKE ENERGY PROGRESS, LLC]

[RENEWABLE SUPPLIER]

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

[CUSTOMER]

By: _____
Name: _____
Title: _____
Date: _____

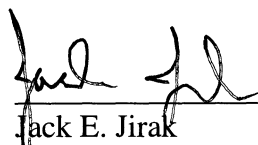
Exhibit A
Form of Power Purchase Agreement
[Attach Exhibit A]

Exhibit B
Schedule of Product Charge

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's Notice of Opening of GSA Program; Supplemental Compliance Filing; Notice of Revisions to GSA Service Agreement and Intent to Accept Additional Edits, in Docket Nos. E-7, Sub 1169 and E-2, Sub 1170 has been served by electronic mail, hand delivery or by depositing a copy in the United States mail, postage prepaid to parties of record.

This the 30th day of September, 2019.



Jack E. Jirak
Associate General Counsel
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