



Jack E. Jirak
Associate General Counsel

Mailing Address:
NCRH 20 / P.O. Box 1551
Raleigh, NC 27602

o: 919.546.3257
f: 919.546.2694

jack.jirak@duke-energy.com

February 23, 2021

VIA ELECTRONIC FILING

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

**RE: Duke Energy Carolinas, LLC's CPRE Compliance Report and CPRE
Cost Recovery Rider
Docket No. E-7, Sub 1247**

Dear Ms. Campbell:

Enclosed for filing with the North Carolina Utilities Commission ("NCUC" or the "Commission") is the Application of Duke Energy Carolinas, LLC ("DEC") for Approval of CPRE Compliance Report and CPRE Cost Recovery Rider pursuant to N.C. Gen. Stat. § 62-110.8 and Commission Rule R8-71, together with the testimony and exhibits of Janet A. Jones and Phillip H. Cathcart.

Certain information contained in the exhibits of Ms. Jones and Mr. Cathcart is a trade secret, and confidential, proprietary, and commercially sensitive information. For that reason, it is being filed under seal pursuant to N.C. Gen. Stat. § 132-1.2. Parties to the docket may contact the Company regarding obtaining copies pursuant to an appropriate confidentiality agreement.

Please contact me if you have any questions.

Respectfully submitted,

Jack E. Jirak

Enclosures
cc: Parties of Record

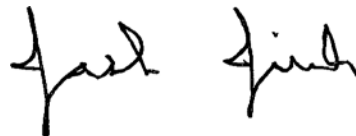
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Feb 23 2021

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC's CPRE Compliance Report and CPRE Cost Recovery Rider, in Docket No. E-7, Sub 1247, 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 23rd day of February, 2021.

A handwritten signature in black ink, appearing to read "Jack Jirak", written in a cursive style.

Jack E. Jirak
Associate General Counsel
Duke Energy Corporation
P.O. Box 1551/NCRH 20
Raleigh, North Carolina 27602
(919) 546-3257
Jack.jirak@duke-energy.com

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1247

In the Matter of)	
)	APPLICATION FOR
Application of Duke Energy Carolinas, LLC)	APPROVAL OF CPRE COST
Pursuant to G.S. 62-110.8 and Commission)	RECOVERY RIDER AND 2020
Rule R8-71 Relating to CPRE Compliance)	CPRE COMPLIANCE REPORT
Report and CPRE Cost Recovery Rider)	

Duke Energy Carolinas, LLC (“DEC,” “Company,” or “Applicant”), pursuant to North Carolina General Statutes (“N.C. Gen. Stat.”) § 62-110.8(g) and North Carolina Utilities Commission (“NCUC” or the “Commission”) Rule R8-71(j), hereby submits this Application requesting approval of (1) a Rider CPRE to recover the costs incurred to implement the Competitive Procurement of Renewable Energy (“CPRE”) Program and comply with N.C. Gen. Stat. § 62-110.8 and (2) approval of its CPRE Compliance Report for calendar year 2020. In support thereof, the Applicant respectfully shows the Commission the following:

1. The Applicant’s general offices are located at 550 South Tryon Street, Charlotte, North Carolina, and its mailing address is:

Duke Energy Carolinas, LLC
P. O. Box 1006
Charlotte, North Carolina 28201-1006

2. The name and address of Applicant’s attorney are:

Jack E. Jirak
Associate General Counsel
Duke Energy Corporation
P.O. Box 1551/NCRH 20
Raleigh, North Carolina 27602
(919) 546-3257
Jack.jirak@duke-energy.com

E. Brett Breitschwerdt
McGuireWoods LLP
434 Fayetteville Street, Suite 2600
PO Box 27507 (27611)
Raleigh, North Carolina 27601
(919) 755-6563
bbreitschwerdt@mcguirewoods.com

Copies of all pleadings, testimony, orders and correspondence in this proceeding should be served upon the attorneys listed above.

3. N.C. Gen. Stat. § 62-110.8 requires North Carolina's electric public utilities to file for Commission approval of a program for the competitive procurement of energy and capacity from renewable energy facilities with the purpose of adding renewable energy to the State's generation portfolio in a manner that allows the State's electric public utilities to continue to reliably and cost-effectively serve customers' future energy needs.

4. N.C. Gen. Stat. § 62-110.8(b) provides that electric public utilities may jointly or individually implement the aggregate competitive procurement requirements and may satisfy certain requirements set forth in N.C. Gen. Stat. § 62-110.8 for the procurement of renewable energy capacity to be supplied by renewable energy facilities through any of the following: (i) renewable energy facilities to be acquired from third parties and subsequently owned and operated by the soliciting public utility or utilities; (ii) renewable energy facilities to be constructed, owned, and operated by the soliciting public utility or utilities subject to certain limitation set forth in N.C. Gen. Stat. § 62-110.8; or (iii) the purchase of renewable energy, capacity, and environmental and renewable attributes from renewable energy facilities owned and operated by third parties that commit to allow the

procuring public utility rights to dispatch, operate, and control the solicited renewable energy facilities in the same manner as the utility's own generating resources.

5. N.C. Gen. Stat. § 62-110.8(g) provides that an electric public utility shall be authorized to recover the costs of all purchases of energy, capacity, and environmental and renewable attributes from third-party renewable energy facilities and to recover the authorized revenue of any utility-owned assets through an annual rider approved by the Commission and reviewed annually.

6. N.C. Gen. Stat. § 62-110.8(h) provides that the Commission shall adopt rules to implement the requirements of the competitive procurement of renewable energy program. The Commission adopted and subsequently authorized amendments to Rule R8-71 to implement N.C. Gen. Stat. § 62-110.8, by orders issued November 6, 2017 and April 9, 2018, in Docket No. E-100, Sub 150.¹

7. Rule R8-71(j)(1) provides that the Commission shall schedule an annual public hearing pursuant to N.C. Gen. Stat. § 62-110.8(g) to review the costs incurred or anticipated to be incurred by the electric public utility to comply with N.C. Gen. Stat. § 62-110.8.

8. Rule R8-71(j)(2) provides that the Commission shall permit each electric public utility to charge an increment or decrement as a rider to its rates to recover in a timely manner the reasonable and prudent costs incurred and anticipated to be incurred to implement its CPRE Program and to comply with N.C. Gen. Stat. § 62-110.8. The costs and authorized revenue will be further modified through the use of a CPRE Program

¹ See *Order Adopting and Amending Rules*, Docket No. E-100, Sub 150 (Nov. 6, 2017); *Order Amending Commission Rule R8-71*, Docket No. E-100, Sub 150 (April 9, 2018).

experience modification factor (CPRE EMF) rider. The CPRE EMF rider will reflect the difference between reasonable and prudently-incurred CPRE Program actual costs and authorized revenue, and the revenues that were actually realized during the test period under the CPRE Program rider then in effect.

9. Rule R8-71(h) provides that each electric public utility shall file its annual CPRE Program compliance report on the same date that it files its application to recover costs pursuant to Rule R8-71(j). The Commission shall consider each electric public utility's CPRE Program compliance report at the hearing provided for in Rule R8-71(j) and shall determine whether the electric public utility is reasonably and prudently implementing the CPRE Program requirements of N.C. Gen. Stat. § 62-110.8. *See* NCUC Rule R8-71(i)(l).

10. CPRE Tranches 1 and 2 have now been completed and further details regarding Tranche 2 are described in the direct testimony of DEC witness Phillip H. Cathcart.

11. Pursuant N.C. Gen. Stat. § 62-110.8(g) and Commission Rule R8-71(j), DEC hereby requests Commission approval of the Rider CPRE to recover the Company's reasonable and prudent CPRE compliance costs. More specifically, the Company requests to give back to DEC's North Carolina retail customers, through the EMF, (\$1,911,385) related to the actual CPRE costs incurred and other credits for the Test Period and to collect \$24,355,873 for CPRE costs projected to be incurred during the period from September 1, 2021 through August 31, 2022 ("Billing Period"). The Rider CPRE will be in effect for the twelve-month period September 1, 2021 through August 31, 2022.

12. In this Application, DEC proposes a CPRE Rider amount (excluding

regulatory fee) of:

Residential – 0.0437¢/kWh

General Service & Lighting – 0.0412¢/kWh

Industrial – 0.0404¢/kWh

And DEC proposes an EMF decrement (excluding regulatory fee) of:

Residential – (0.0036)¢/kWh

General Service & Lighting – (0.0033)¢/kWh

Industrial – (0.0033)¢/kWh

This results in composite CPRE factors (excluding regulatory fee) of:

Residential – 0.0401¢/kWh

General Service & Lighting – 0.0379¢/kWh

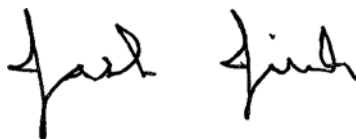
Industrial – 0.0371¢/kWh

13. The Company also requests approval of its Compliance Report for calendar year 2020, which is being submitted as an attachment to the testimony of DEC witness Cathcart. The Compliance Report details the Company's compliance with the CPRE Program requirements of N.C. Gen. Stat. § 62-110.8 and, along with Company's updated CPRE Program Plan and the IA's Final Tranche 2 Report, demonstrates that the Company is reasonably and prudently implementing the CPRE Program requirements.

14. The information and data required to be filed by NCUC Rule R8-71 in connection with this application is contained in the testimony and exhibits of DEC witnesses Cathcart and Janet A. Jones, which are being filed simultaneously with this Application and incorporated herein by reference.

WHEREFORE, DEC requests that the Commission issue an order approving Rider CPRE, approving the Company's Compliance Report, and finding the Company to be reasonably and prudently implementing the CPRE Program Requirements of N.C. Gen. Stat. § 62-110.8.

Respectfully submitted this 23rd day of February, 2021.



By: _____

Jack E. Jirak
Associate General Counsel
Duke Energy Corporation
P.O. Box 1551/NCRH 20
Raleigh, North Carolina 27602
(919) 546-3257
Jack.jirak@duke-energy.com

E. Brett Breitschwerdt
McGuireWoods LLP
434 Fayetteville Street, Suite 2600
PO Box 27507 (27611)
Raleigh, North Carolina 27601
(919) 755-6563
bbreitschwerdt@mcguirewoods.com

ATTORNEYS FOR DUKE ENERGY CAROLINAS, LLC

VERIFICATION

STATE OF NORTH CAROLINA)
)
 COUNTY OF BRUNSWICK) DOCKET NO. E-7, SUB 1247

Janet A. Jones, being first duly sworn, deposes and says:

That she is Rates and Regulatory Strategy Manager for Duke Energy Carolinas, LLC, applicant in the above-titled action; that she has read the foregoing Application and knows the contents thereof; that the same is true except as to the matters stated therein on information and belief; and as to those matters, she believes it to be true.

Janet A. Jones
 Janet A. Jones

Signed and sworn to before me this day by Janet A. Jones

Date: 2-12-2021

Peggy Holton
 Official Signature of Notary

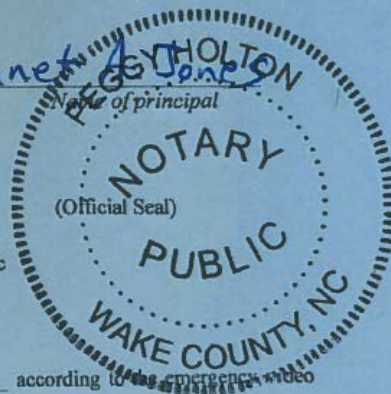
Peggy Holton Notary Public
 Notary's printed or typed name

My commission expires: 12-22-2021

I signed this notarial certificate on 2-12-21 according to video notarization requirements contained in G.S. 10B-25.

Notary Public location during video notarization: Wake County

Stated physical location of principal during video notarization: Brunswick County



BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1247

In the Matter of

Application of Duke Energy Carolinas, LLC
Pursuant to G.S. 62-110.8 and Commission
Rule R8-71 for Approval of CPRE
Compliance Report and CPRE Cost
Recovery Rider

**DIRECT TESTIMONY OF
JANET A. JONES**

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

2 A. My name is Janet A. Jones, and my business address is 550 South Tryon
3 Street, Charlotte, North Carolina.

4 **Q. WHAT IS YOUR POSITION WITH DUKE ENERGY CAROLINAS,**
5 **LLC?**

6 A. I am a Rates and Regulatory Strategy Manager for Duke Energy Carolinas,
7 LLC (“DEC” or the “Company”).

8 **Q. PLEASE BRIEFLY SUMMARIZE YOUR EDUCATIONAL**
9 **BACKGROUND, BUSINESS BACKGROUND AND**
10 **PROFESSIONAL AFFILIATIONS.**

11 A. I received a Bachelor of Science Degree in Accounting from the University
12 of North Carolina Charlotte. I am a certified public accountant licensed in
13 the state of North Carolina. I began my career with Duke Energy in 2000.
14 Since that time, I have held various analyst positions within accounting
15 before transitioning to the rates department. My current role is Rates and
16 Regulatory Strategy Manager.

17 **Q. WHAT ARE YOUR CURRENT RESPONSIBILITIES AT DEC?**

18 A. I am responsible for providing regulatory support for standard avoided cost
19 rates and providing guidance on compliance with, and cost recovery related
20 to, the program for competitive procurement of renewable energy (“CPRE
21 Program”) established by North Carolina General Statute (“N.C. Gen.
22 Stat.”) § 62-110.8 and applicable to both DEC and Duke Energy Progress,
23 LLC (“DEP”).

1 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE NORTH**
2 **CAROLINA UTILITIES COMMISSION?**

3 A. No.

4 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

5 A. The purpose of my testimony is to describe the calculation of and present
6 the support for the CPRE Program rider (“Rider CPRE”) proposed by DEC
7 under N.C. Gen. Stat. § 62-110.8. I present the information and data
8 required by North Carolina Utilities Commission (“Commission”) Rule R8-
9 71 as set forth in Jones Exhibit Nos. 1 through 6. N.C. Gen. Stat. § 62-
10 110.8(g) authorizes recovery of CPRE Program costs, including authorized
11 revenue for Company-owned facilities, and limits the annual increase in the
12 aggregate amount of these costs that are recoverable by an electric public
13 utility from its North Carolina retail (“NC Retail”) customers to an amount
14 not to exceed one percent (1%) of the electric public utility’s total NC Retail
15 jurisdictional gross revenues for the preceding calendar year. Rule R8-
16 71(j)(2) states “[t]he Commission shall permit each electric public utility to
17 charge an increment or decrement as a rider to its rates to recover in a timely
18 manner the reasonable and prudent costs incurred and anticipated to be
19 incurred to implement its CPRE Program and to comply with G.S. 62-
20 110.8.” Rule R8-71(j)(5) describes the CPRE Program experience
21 modification factor (“EMF”) component of the CPRE Program rider as the
22 difference between CPRE Program costs actually incurred and CPRE
23 Program revenues actually realized during the EMF test period,

1 representing a true-up increment or decrement related to CPRE Program
2 revenues collected during the EMF test period. In this CPRE Program rider
3 filing, the rider proposed by the Company includes both an EMF rider
4 component to adjust for the difference in DEC's costs incurred compared
5 to revenues realized during the EMF test period, as well as a rider
6 component to collect costs forecasted to be incurred during the prospective
7 twelve-month period over which the proposed CPRE Program rider will be
8 in effect.

9 **Q. PLEASE IDENTIFY THE EMF TEST PERIOD AND THE**
10 **PROSPECTIVE BILLING PERIOD APPLICABLE TO THE CPRE**
11 **PROGRAM RIDER PROPOSED BY THE COMPANY.**

12 A. The test period used in supplying the information and data included in my
13 testimony and exhibits is the twelve months beginning on January 1, 2020
14 and ending on December 31, 2020 ("Test Period" or "EMF Period"), and
15 the billing period for the CPRE Program rider requested in the Company's
16 application is the twelve months beginning on September 1, 2021 and
17 ending on August 31, 2022 ("Billing Period").

18 **Q. PLEASE DESCRIBE THE EXHIBITS TO YOUR TESTIMONY.**

19 A. Jones Confidential Exhibit No. 1 identifies purchased power costs and
20 authorized revenue for Company-owned facilities, on a system basis, in
21 both the EMF Period and in the Billing Period for facilities that were
22 selected in Tranches 1 and 2 of the CPRE Program. One Company-owned
23 facility achieved commercial operation during the EMF Period and a second

1 provided precommercial generation during testing. Certain of the winning
2 facilities from Tranches 1 and 2 are expected to achieve commercial
3 operation by the end of the Billing Period, and the capacity and energy
4 components of purchased and generated power have been calculated based
5 on the forecasted megawatt hour (“MWh”) production of each facility. As
6 noted in Witness Cathcart’s testimony, the estimated commercial operation
7 dates for the majority of Tranche 2 facilities are not available as of the filing
8 date in this docket. The Company expects estimates to be available in the
9 April timeframe, and will provide an updated forecast at that time if any
10 Tranche 2 facilities are expected to achieve commercial operation in the
11 billing period.

12
13 Jones Confidential Exhibit No. 2 identifies the total CPRE Program
14 implementation costs, on a system basis, for both the EMF Period and the
15 Billing Period.

16
17 Jones Exhibit No. 3 shows the calculation of the Rider CPRE amounts for
18 the Billing Period proposed by customer class: residential, general service
19 and lighting, and industrial. The Company proposes implementing a charge
20 calculated on a cents per kilowatt hour (“kWh”) basis. The Rider CPRE rate
21 per customer class for purchased and generated power is determined by
22 dividing the sum of the Billing Period costs allocated to the class by the
23 forecast Billing Period MWh sales for the customer class. The Rider CPRE

1 rate per customer class for implementation costs is determined by dividing
2 the sum of the Billing Period costs allocated to the class, by the forecast
3 Billing Period MWh sales for the customer class.

4
5 Jones Exhibit No. 4 shows the calculation of the Rider CPRE amounts for
6 the EMF Period proposed by customer class: residential, general service and
7 lighting, and industrial. The EMF Period rider amount represents the
8 difference between CPRE Program costs incurred and CPRE Program rider
9 revenues collected for the EMF Period. The Company over-collected about
10 \$0.4 million during the EMF Period. In addition, the Company received a
11 little over \$2 million in one-time revenue related to the CPRE process,
12 which amount is primarily comprised of collection of Step 2 Proposal
13 Security from a winning bidder that failed to execute a CPRE PPA and pre-
14 commercial operation liquidated damages from a second winning bidder
15 that elected to terminate its CPRE PPA. The Company is crediting North
16 Carolina retail customers an allocable share of these fees, approximately
17 \$1.5 million, through its proposed EMF rate. The customer credits are not
18 considered a refund of amounts advanced by customers and accordingly are
19 not included in the computation of interest on the over-collection. Similar
20 to the Billing Period rates, the Company proposes implementing an EMF
21 decrement calculated on a cents per kWh basis. The Rider CPRE rate per
22 customer class is determined by dividing the sum of the EMF Period

1 amounts for each customer class by the forecast Billing Period MWh sales
2 for the customer class.

3
4 Jones Exhibit No. 5 summarizes the components of the proposed “Rider
5 CPRE (NC)” calculated in Jones Exhibit Nos. 3 and 4. It shows the total
6 proposed CPRE Program rider as the sum of the estimated CPRE Program
7 rider and the CPRE Program EMF rider applicable to the Billing Period.
8 The applicable regulatory fee factor is applied to each rider calculation
9 described above to determine the final rates proposed by customer class, as
10 displayed on Jones Exhibit No. 6.

11

12 Jones Exhibit No. 6 is the tariff sheet for the Rider CPRE.

13 **Q. WERE THESE EXHIBITS PREPARED BY YOU OR AT YOUR**
14 **DIRECTION AND UNDER YOUR SUPERVISION?**

15 A. Yes.

16 **Q. WHAT COSTS ARE INCLUDED IN DEC’S PROPOSED CPRE**
17 **PROGRAM RIDER?**

18 A. The proposed Rider CPRE is designed to recover DEC’s costs to implement
19 the CPRE Program pursuant to N.C. Gen. Stat. § 62-110.8, in compliance
20 with the requirements of Commission Rule R8-71. As described above,
21 Rider CPRE includes the CPRE Program EMF component to recover the
22 difference between the implementation costs and purchased or generated
23 power costs incurred, and revenues realized during the EMF Period. The

1 costs incurred during the EMF Period are presented in this filing to
2 demonstrate their reasonableness and prudence as provided in Commission
3 Rule R8-71(j). The proposed Rider CPRE also includes a prospective
4 component to recover the costs expected to be incurred for the Billing
5 Period.

6
7 The costs the Company proposes to recover are described in the direct
8 testimony of Company witness Cathcart, and detailed in Jones Confidential
9 Exhibits No. 1 and 2. The costs that are included for recovery in this
10 proposed CPRE Program rider are the energy and capacity components of
11 purchased or generated power as well as incremental internal Company
12 labor, contract labor including legal fees, and other related costs of
13 implementing the CPRE Program. As discussed later in my testimony, for
14 Company-owned facilities, costs to be recovered are authorized revenue
15 amounts under N.C. Gen. Stat. § 62-110.8(g).

16
17 The Company expects to incur increased costs in the Billing Period for the
18 procurement of power to meet CPRE Program requirements as the CPRE
19 Program facilities achieve commercial operation, as detailed in Jones
20 Confidential Exhibit No. 1, and has included forecasted costs of CPRE
21 purchased and owned generation in the Billing Period cost recovery total.

22

1 Fees paid to the Independent Administrator (“IA”) and costs incurred by the
2 Company’s designated evaluation team for bid evaluation work, are not
3 included for recovery in the proposed CPRE Program rider, except as noted
4 on Jones Confidential Exhibit No. 2 for an under-collection related to
5 Tranches 1 and 2, as described in witness Cathcart’s testimony. Rather,
6 these costs are funded through proposal fees collected by the Company from
7 the participants in the Company’s CPRE solicitation process.

8 **Q. PLEASE DESCRIBE THE METHOD USED BY DEC TO**
9 **ALLOCATE CPRE PROGRAM COSTS AMONG CUSTOMER**
10 **CLASSES FOR THE PURPOSE OF CALCULATING THE CPRE**
11 **PROGRAM RIDER FOR EACH CUSTOMER CLASS.**

12 A. Jones Exhibit Nos. 3 and 4 show the calculation of the Rider CPRE for each
13 customer class for the Billing Period and EMF Period, respectively. CPRE
14 Program costs, including purchased and generated power costs and
15 implementation costs, are incurred by the Company in its efforts to procure
16 capacity and energy from renewable energy facilities, pursuant to N.C. Gen.
17 Stat. § 62-110.8.

18
19 Consistent with the Company’s practice of employing cost causation
20 principles with respect to the allocation of various types of costs to customer
21 classes, CPRE Program costs related to purchased and generated power
22 costs are separated between capacity-related components and energy-

1 related components and allocated to NC Retail jurisdiction and among
2 customer classes as described below.

3

4 The capacity component of purchased power and generation cost is
5 allocated to NC Retail and among customer classes based on 2020 peak
6 demand. The energy component of purchased power and generation cost is
7 allocated to each customer class based on MWh sales by class.

8 To allocate the reasonable and prudent implementation costs incurred and
9 anticipated to be incurred to implement its CPRE Program the Company is
10 using a composite capacity and energy allocation factor derived from the
11 allocations of purchased and generated power amounts described above.

12

13 **Q. HOW DOES THE COMPANY PROPOSE TO RECOVER ENERGY**
14 **AND CAPACITY ASSOCIATED WITH COMPANY-OWNED**
15 **FACILITIES?**

16 A. The costs associated with Company-owned CPRE facilities have been
17 included at the price in which those facilities bid into the Tranche 1 RFP
18 and determined by the IA to be among the most cost-competitive resources.
19 There were no Company-owned CPRE facilities in Tranche 2's RFP.

20

21 One of the Company-owned facilities, Gaston Solar Power Plant, generated
22 test energy and achieved commercial operation in December 2020 of the
23 test period. In addition, the other Company-owned facility, Maiden Creek

1 Solar Power Plant, generated test energy in December 2020 of the test
2 period. In this rider filing, the Company is seeking recovery of the test
3 energy generated by both power plants in December 2020, just as it would
4 for a third party CPRE facility's test generation.

5 **Q. IS THE COMPANY REQUESTING RECOVERY OF**
6 **AUTHORIZED REVENUE FOR UTILITY-OWNED ON A**
7 **MARKET BASIS IN LIEU OF COST-OF-SERVICE BASED**
8 **RECOVERY AS PROVIDED BY NC GEN. STAT. §62-110.8?**

9 A. Yes. The Company is requesting authorized revenue recovery for its Gaston
10 and Maiden Creek Solar Plants on a market basis in lieu of cost-of-service
11 based recovery as it is in the public interest to do so.

12 **Q. DOES THE COMPANY HAVE ALL OF THE INFORMATION**
13 **NEEDED TO PROVIDE SUPPORTING CALCULATIONS TO**
14 **DEMONSTRATE THAT RECOVERY ON A MARKET BASIS IS IN**
15 **THE PUBLIC INTEREST?**

16 A. Not at this time. Commission Rule R8-71 (j)(2) states the utility shall
17 support its application with testimony specifically addressing the
18 calculation of those costs and revenues sufficient to demonstrate that
19 recovery on a market basis is in the public interest. However, since Gaston
20 Solar Plant achieved commercial operation in late December 2020 and the
21 Maiden Creek Solar Plant is expected to in early 2021, costs are still being
22 accumulated and charged to the projects in the near term, and the Company

1 does not yet have all of the information needed to address this section of
2 Rule R8-71 and respond to the requirements of the CPCNs.

3 The Company is in the early stages of preparing final construction cost
4 accounting reports to respond to Condition No. 1 of the Certificates of
5 Public Convenience and Necessity issued in Docket Nos. E-7, Sub 1215 for
6 Maiden Creek and E-7, Sub 1216 for Gaston, which require such reports
7 within 180 days of completion of construction of the project.

8
9 However, based on estimated completed construction costs, the Company
10 believes that cost-of-service based revenue requirements exceed the “as
11 bid” market prices for these Company-owned plants. Therefore, the
12 Company is proposing recovery using the “as bid” prices for these
13 Company-owned facilities in this rider filing. The Company plans to make
14 a supplemental filing to provide costs-of-service based revenue
15 requirements for these plants based on actual cost data when it is available.

16 **Q. IS THE ANNUAL INCREASE IN COSTS THE COMPANY**
17 **PROPOSES TO RECOVER WITH ITS PROPOSED CPRE**
18 **PROGRAM RIDER AND EMF RIDER WITHIN THE LIMIT**
19 **ESTABLISHED IN N.C. GEN. STAT. § 62-110.8?**

20 A. Yes. N.C. Gen. Stat. § 62-110.8(g) limits the annual increase in costs
21 recoverable by an electric public utility to (1%) of the electric public utility's
22 total North Carolina retail jurisdictional gross revenues for the preceding
23 calendar year. Further, Rule R8-71 provides that “[t]he annual increase in

1 the aggregate costs recovered under G.S. 62-110.8(g) in any recovery
2 period from its North Carolina retail customers shall not exceed one percent
3 (1%) of the electric public utility's North Carolina retail jurisdictional gross
4 revenues for the preceding calendar year as determined as of December 31
5 of the previous calendar year. Any amount in excess of that limit shall be
6 carried over and recovered in the next recovery period when the annual
7 increase in the aggregate amount of costs to be recovered is less than one
8 percent (1%)". The increase in aggregate costs DEC seeks to recover
9 pursuant to its proposed CPRE Program rider and CPRE Program EMF
10 rider is less than the statutory maximum.

11 **Q. HOW DOES DEC PROPOSE TO COLLECT THE CPRE**
12 **PROGRAM RIDERS FROM EACH CUSTOMER CLASS?**

13 A. DEC's proposed Rider CPRE is attached as Jones Exhibit No. 6. As shown
14 on the rider, DEC proposes that a cents per kWh rate be applied to all NC
15 Retail kWh sales for the twelve-month Billing Period.

16 **Q. WHAT IS THE CPRE PROGRAM RIDER PROPOSED BY THE**
17 **COMPANY FOR EACH CUSTOMER CLASS?**

18 A. The Company proposes the following CPRE Program rider to be effective
19 September 1, 2021, and to remain in effect for the twelve-month Billing
20 Period ending August 31, 2022.

1 *Excluding regulatory fee:*

Cents per kWh					
Customer class	CPRE Program EMF rider	CPRE Program rider	Total CPRE Program rider	Current total CPRE Program rider	CPRE Program rider increase
Residential	(0.0036)	0.0437	0.0401	0.0067	0.0334
General Service	(0.0033)	0.0412	0.0379	0.0064	0.0315
Industrial	(0.0033)	0.0404	0.0371	0.0061	0.0310

2 *Including regulatory fee:*

Cents per kWh					
Customer class	CPRE Program EMF rider	CPRE Program rider	Total CPRE Program rider	Current CPRE Program rider	CPRE Program rider increase
Residential	(0.0036)	0.0438	0.0402	0.0067	0.0335
General Service	(0.0033)	0.0413	0.0379	0.0064	0.0315
Industrial	(0.0033)	0.0405	0.0371	0.0061	0.0310

3 *Totals may not foot due to rounding*

4 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

5 **A.** Yes.

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1247
CPRE Purchased and Generated Power Costs in the Experience Modification Factor (EMF) and Prospective Billing Periods

Jones Exhibit No. 1

CONFIDENTIAL DATA

CONFIDENTIAL DATA				EMF Period					Billing Period				
				January 1, 2020 - December 31, 2020					September 1, 2021 - August 31, 2022				
				Reference					Reference				
				Input					Input				
				Capacity Factor					Capacity Factor				
				17%					83%				
				Energy Factor					Energy Factor				
				Purchased and Generated Power ¹					Purchased and Generated Power ¹				
Line No.	Market Participant	Facility Name	Location	Tranche No.	Nameplate Capacity (MW)	Capacity	Energy ²	Total		Capacity	Energy	Total	
1				1					Workpaper 1				
2				1									
3				1									
4				1									
5				1									
6				1									
7				1									
8				1									
9				1									
10				1									
Sub-Total Tranche 1 Facilities					434.9	\$ 9,285	\$ 45,870	\$ 55,105	\$ 5,601,318	\$ 27,347,612	\$ 32,948,931		

Note: Rounding differences may occur

¹ Duke-owned facilities are considered generated power rather than purchased power. The cost for Duke owned facilities is authorized revenue as provided by G.S. 62-110.8(g).

² Precommercial generation included at the energy-only component of the rate in accordance with CPRE PPA section 4.4.

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1247
CPRE Implementation Costs in the EMF and Prospective Billing Periods

Jones Exhibit No. 2

CONFIDENTIAL DATA		EMF Period		Billing Period	
		January 1, 2020 - December 31, 2020		September 1, 2021 - August 31, 2022	
Line No.	Implementation Cost / Activity	Reference			
1	[REDACTED]	Company Records	[REDACTED]	\$	-
2			[REDACTED]	\$	-
3			[REDACTED]	\$	-
4			[REDACTED]	\$	-
5			[REDACTED]	\$	-
6			[REDACTED]	\$	-
7	Total Internal Labor and Labor-Related Taxes and Benefits		\$ 295,709	\$	298,530 *
8	[REDACTED]	Company Records	[REDACTED]	\$	-
9			[REDACTED]	\$	-
10			[REDACTED]	\$	-
11			[REDACTED]	\$	-
12			[REDACTED]	\$	-
13			[REDACTED]	\$	-
14	Total Outside Services		\$ 12,938	\$	12,000 *
15					
16	Total Employee-Related Expenses		\$ 300	\$	300 *
17					
18	Independent Administrator Fees Not Recovered		\$ 179,552	\$	-
19					
20	T&D Sub-Team Labor and Labor-Related Taxes and Benefits ¹		\$ -	\$	-
21					
22	Other		\$ -	\$	-
23					
24	Total Implementation Costs	L7 + L14 + L16 + L18 + L20 + L22	\$ 488,499	\$	310,830 *

Note: Rounding differences may occur

* Represents an estimate of implementation charges expected to be incurred in the prospective Billing Period.

¹ T&D Sub-Team Labor and Labor-Related Taxes and Benefits included in Line 18 Independent Administrator Fees Not Recovered.

Line No.	Description	Reference	Residential	General Service and Lighting	Industrial	Total
<u>Allocation of CPRE Purchased and Generated Power by Customer Class (Prospective Billing Period)</u>						
1	CPRE Purchased and Generated Power - Capacity	Exhibit 1, L31				\$ 5,851,165
2	NC Retail Jurisdictional % Based on 2020 Peak Demand	Input				66.90%
3	NC Retail Portion - CPRE Purchased and Generated Power - Capacity	L1 * L2				\$ 3,914,272
4						
5	NC Retail 2020 Peak Demand Allocation Factors	Input	47.00%	37.09%	15.91%	100.00%
6						
7	NC CPRE Purchased and Generated Power - Capacity Allocated Based on 2020 Peak Demand	L3 * L5	\$ 1,839,711	\$ 1,451,847	\$ 622,715	\$ 3,914,272
8						
9	NC Projected Billing Period MWh Sales	Workpaper 3	21,803,077	24,128,419	12,036,241	57,967,737
10						
11	NC CPRE Purchased and Generated Power - Capacity €/kWh	L7 ÷ L9 ÷ 10	0.0084	0.0060	0.0052	0.0068
12						
13	CPRE Purchased and Generated Power - Energy	Exhibit 1				\$ 30,667,007
14	NC Retail Jurisdictional % Based on Projected Billing Period Sales	Workpaper 3				65.99%
15	NC Retail Portion - CPRE Purchased and Generated Power - Energy	L13 * L14 [Total Only]	\$ 7,611,268	\$ 8,423,025	\$ 4,201,749	\$ 20,236,042
16						
17	NC Projected Billing Period MWh Sales	Workpaper 3	21,803,077	24,128,419	12,036,241	57,967,737
18	NC CPRE Purchased and Generated Power - Energy €/kWh	L15 ÷ L17 ÷ 10	0.0349	0.0349	0.0349	0.0349
19						
20	Total of NC CPRE Purchased and Generated Power - Capacity and Energy	L7 + L15	\$ 9,450,979	\$ 9,874,872	\$ 4,824,464	\$ 24,150,314
21						
22	% of NC CPRE Purchased and Generated Power - Capacity and Energy		39.13%	40.89%	19.98%	100%

		Reference	Residential	General Service and Lighting	Industrial	Total
<u>Allocation of CPRE Implementation Costs by Customer Class (Prospective Billing Period)</u>						
23	CPRE Implementation Costs - Total	Exhibit 2				\$ 310,830
24	NC Retail Jurisdictional % Based on Composite of Energy and Capacity	(L3 + L15) ÷ (L1 + L13) [Total Only]				66.13%
25	CPRE Implementation Costs - NC Retail Portion	L23 * L24				\$ 205,559
26						
27	% of NC CPRE Purchased and Generated Power - Capacity and Energy	L22	39.13%	40.89%	19.98%	100%
28						
29	CPRE Implementation Costs by Customer Class	L25 * L27	\$ 80,443	\$ 84,051	\$ 41,064	\$ 205,559
30						
31	NC Projected Billing Period MWh Sales	Workpaper 3	21,803,077	24,128,419	12,036,241	57,967,737
32						
33	NC CPRE Implementation Cost CPRE Charge €/kWh	L29 ÷ L31 ÷ 10	0.0004	0.0003	0.0003	0.0004

Note: Rounding differences may occur

Line No.	Description	Reference	Residential	General Service and Lighting	Industrial	Total
<u>Allocation of CPRE Purchased and Generated Power by Customer Class (EMF Period)</u>						
1	CPRE Purchased and Generated Power - Capacity	Exhibit 1, L31				\$ 9,235
2	NC Retail Jurisdictional % Based on 2020 Peak Demand	Exhibit 3				66.90%
3	NC Retail Portion - CPRE Purchased and Generated Power - Capacity	L1 * L2				\$ 6,178
4						
5	NC Retail 2020 Peak Demand Allocation Factors	Exhibit 3	47.00%	37.09%	15.91%	100.00%
6						
7	NC CPRE Purchased and Generated Power - Capacity Allocated Based on 2020 Peak Demand	L3 * L5	\$ 2,904	\$ 2,292	\$ 983	\$ 6,178
8						
9	CPRE Purchased and Generated Power - Energy	Exhibit 1, L31				\$ 45,870
10	NC Retail Jurisdictional % Based on EMF Period Sales	Workpaper 4				66.90%
11	NC Retail Portion - CPRE Purchased and Generated Power - Energy	L13 * L11 [Total Only]	\$ 11,827	\$ 12,558	\$ 6,300	\$ 30,685
12						
13	NC EMF Period MWh Sales	Workpaper 4	21,396,039	22,718,144	11,397,681	55,511,864
14						
15	Total of NC CPRE Purchased and Generated Power - Capacity and Energy	L7 + L11	\$ 14,731	\$ 14,849	\$ 7,283	\$ 36,863
16						
17	% of NC CPRE Purchased and Generated Power - Capacity and Energy		39.96%	40.28%	19.76%	100%
<u>Allocation of CPRE Implementation Costs by Customer Class (EMF Period)</u>						
18	CPRE Implementation Costs - Total	Exhibit 2				\$ 488,499
19	NC Retail Jurisdictional % Based on Composite of Energy and Capacity	(L3 + L11) ÷ (L1 + L9) [Total Only]				66.90%
20	CPRE Implementation Costs - NC Retail Portion	L18 * L19				\$ 326,785
21						
22	% of NC CPRE Purchased and Generated Power - Capacity and Energy	L17	39.96%	40.28%	19.76%	100.00%
23						
24	CPRE Implementation Costs by Customer Class	L20 * L22	\$ 130,585	\$ 131,637	\$ 64,563	\$ 326,785
25						
26	Total of NC CPRE Purchased and Generated Power - Capacity and Energy and Implementation costs	L15 + L24	\$ 145,316	\$ 146,486	\$ 71,847	\$ 363,648
27						
28						
29	CPRE Revenues Realized During the Test Period (September through December)	Input	\$ 297,663	\$ 310,495	\$ 159,045	\$ 767,203
30						
31	CPRE (Over)/Under Collection	L26 - L29	\$ (152,348)	\$ (164,009)	\$ (87,198)	\$ (403,555)
32						
33	Contract Fees Being Credited in CPRE Rider	Workpaper 5				\$ (2,254,000)
34	NC Retail Jurisdictional % Based on Composite of Energy and Capacity	L19				66.90%
35	CPRE Contract Fees - NC Retail Portion	L33 * L34				\$ (1,507,830)
36						
37	CPRE Contract Fees by Customer Class	L35 * L22	\$ (602,537)	\$ (607,389)	\$ (297,904)	\$ (1,507,830)
38						
39	Total CPRE EMF Amount including Contract Fees	L31 + L37	\$ (754,884)	\$ (771,398)	\$ (385,103)	\$ (1,911,385)
40						
41	NC Projected Billing Period MWh Sales	Exhibit 3	21,803,077	24,128,419	12,036,241	57,967,737
42						
43	NC CPRE EMF Rider Amount €/kWh	L31 + L33 ÷ 10	(0.0035)	(0.0032)	(0.0032)	(0.0033)
44						
45	Annual Interest Rate		10%	10%	10%	10%
46						
47	Monthly Interest Rate	L45 ÷ 12	0.83%	0.83%	0.83%	0.83%
48						
49	Number of Months (July 1, 2020 - February 28, 2022)		20	20	20	20
50						
51	Interest	L31 * L47 * L49	\$ (25,391)	\$ (27,335)	\$ (14,533)	\$ (67,259)
52						
53	EMF Interest on Over Collection	L51 + L61 ÷ 10	(0.0001)	(0.0001)	(0.0001)	(0.0001)

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1247
Summary of CPRE Proposed Rider Components

Jones Exhibit No. 5

Line No.	Description	Reference	Residential ¢/kWh	General Service and Lighting ¢/kWh	Industrial ¢/kWh	Composite ¢/kWh
1	Prospective Billing Period Rider Charge					
2	NC CPRE Purchased and Generated Power - Capacity ¢/kWh	Exhibit 3, L11	0.0084	0.0060	0.0052	0.0068
3	NC CPRE Purchased and Generated Power - Energy ¢/kWh	Exhibit 3, L18	0.0349	0.0349	0.0349	0.0349
4	NC CPRE Implementation Cost CPRE Charge ¢/kWh	Exhibit 3, L33	0.0004	0.0003	0.0003	0.0004
5						
6	Experience Modification Factor Period Rider Charge					
7	EMF Increment/(Decrement) ¢/kWh	Exhibit 4, L43	(0.0035)	(0.0032)	(0.0032)	(0.0033)
8	EMF Interest Decrement ¢/kWh	Exhibit 4, L53	(0.0001)	(0.0001)	(0.0001)	(0.0001)
9						
10	Total Proposed CPRE Rider Charge ¢/kWh		0.0401	0.0379	0.0371	0.0387

Note: This exhibit excludes the impact of the regulatory fee

Duke Energy Carolinas, LLC

Electricity No. 4
North Carolina First Revised (Proposed) Leaf No. 127
Superseding North Carolina Original Leaf No. 127

RIDER CPRE (NC)
COMPETITIVE PROCUREMENT OF RENEWABLE ENERGY RIDER

APPLICABILITY (North Carolina Only)

Service supplied under the Company's rate schedules is subject to approved adjustments to recover costs associated with implementation of the Company's Competitive Procurement of Renewable Energy (CPRE) Program. Adjustments are made pursuant to North Carolina General Statute 62-110.8(g) and North Carolina Utilities Commission Rule R8-71 as ordered by the North Carolina Utilities Commission.

CPRE PROSPECTIVE COMPONENT AND EXPERIENCE MODIFICATION FACTOR

All service supplied under the Company's rate schedules is subject to an increment per kilowatt hour as set forth below. This adjustment is not included in the Rate Schedules of the Company and therefore, must be applied to the bill as calculated under the applicable rate.

RESIDENTIAL SERVICE

Prospective Component of CPRE	0.0437 ¢/kWh
Experience Modification Factor	<u>(0.0036) ¢/kWh</u>
Net CPRE Rider Factor	0.0401 ¢/kWh
Regulatory Fee Multiplier	x <u>1.0013</u>
CPRE Factor	0.0402 ¢/kWh

GENERAL SERVICE AND LIGHTING

Prospective Component of CPRE	0.0412 ¢/kWh
Experience Modification Factor	<u>(0.0033) ¢/kWh</u>
Net CPRE Rider Factor	0.0379 ¢/kWh
Regulatory Fee Multiplier	x <u>1.0013</u>
CPRE Factor	0.0379 ¢/kWh

INDUSTRIAL SERVICE

Prospective Component of CPRE	0.0404 ¢/kWh
Experience Modification Factor	<u>(0.0033) ¢/kWh</u>
Net CPRE Rider Factor	0.0371 ¢/kWh
Regulatory Fee Multiplier	x <u>1.0013</u>
CPRE Factor	0.0371 ¢/kWh

North Carolina First Revised (Proposed) Leaf No. 127
Effective for service rendered on and after September 1, 2021
NCUC Docket No. E-7, Sub 1247, Order dated _____

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1247
CPRE MWh Generated During the Experience Modification Factor (EMF) Period

Jones Workpaper No. 1

CONFIDENTIAL DATA

Line No.	CPRE Generation (MWh)	Tranche No.	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Total
1		1													
2		1													
3		1													
4		1													
5		1													
6		1													
7		1													
8		1													
9		1													
10		1													
11	Total DEC	1	0	0	0	0	0	0	0	0	0	0	0	1,442	1,442
12															
13															
Line No.	CPRE Generation (\$)	Tranche No.	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Total
15		1													
16		1													
17		1													
18		1													
19		1													
20		1													
21		1													
22		1													
23		1													
24		1													
25		1													
26	Total DEC	1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$ 55,105	\$55,105

Note> No Tranche 2 facilities came online during the EMF period of January 1, 2020 to December 31, 2020. Therefore, only Tranche 1 facilities are currently being shown on this workpaper.

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1247
CPRE Forecast for the Prospective Billing Period

Jones Workpaper No. 2

CONFIDENTIAL DATA

Line No.	CPRE Generation (MWh)	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Total
1	Tranche No. 1													
2														
3														
4														
5														
6														
7														
8														
9														
10														
11														
12	Tranche No. 2													
13														
14														
15														
16														
17														
18														
19														
20														
21														
22														
23	Total DEC	\$5,232	\$6,665	\$1,428	\$3,979	\$0,175	\$3,745	\$0,127	\$06,247	\$18,226	\$23,536	\$18,938	\$08,030	\$96,330
24														
25														
26	CPRE Generation (\$)	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Total
27														
28	Tranche No. 1													
29														
30														
31														
32														
33														
34														
35														
36														
37														
38														
39														
40	Tranche No. 2													
41														
42														
43														
44														
45														
46														
47														
48														
49														
50														
51	Total DEC	\$1,862,065	\$2,133,150	\$2,078,897	\$1,865,266	\$2,070,936	\$2,189,025	\$2,819,609	\$4,223,785	\$4,597,496	\$4,456,542	\$4,247,414	\$3,973,987	\$36,518,172

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1247
Projected Sales for the Prospective Billing Period

Jones Workpaper No. 3

Fall 2020 Forecast
Billed Sales Forecast
Sales Forecast - MWhs (000)

		Remove Impact of SC		
		Projected Sales for the	DERP Net Metered	
North Carolina	Reference	Billing Period	Generation	Adjusted Sales
Residential	Company Records	21,803,077	-	21,803,077
General		23,889,192	-	23,889,192
Industrial		12,036,241	-	12,036,241
Lighting		239,227	-	239,227
North Carolina Retail		57,967,737	-	57,967,737
South Carolina				
Residential		6,549,429	102,353	6,651,782
General		5,992,271	55,281	6,047,552
Industrial		8,837,609	428	8,838,037
Lighting		39,918	-	39,918
South Carolina Retail		21,419,227	158,062	21,577,289
Total Retail				
Residential		28,352,506	102,353	28,454,859
General		29,881,464	55,281	29,936,745
Industrial		20,873,850	428	20,874,278
Lighting		279,145	-	279,145
Total Retail Sales		79,386,964	158,062	79,545,026
Wholesale		8,303,032	-	8,303,032
Projected System MWh Sales for Fuel Factor		87,689,996	158,062	87,848,058
NC as a percentage of total		66.11%		65.99%
SC as a percentage of total		24.43%		24.56%
Wholesale as a percentage of total		9.47%		9.45%
		100.00%		100.00%

Note: Rounding differences may occur

Duke Energy Carolinas, LLC

Docket No. E-7, Sub 1247

North Carolina Retail Actual MWh Sales in the Experience Modification Factor (EMF) Period

Jones Workpaper No. 4

Line No.	Description	Reference	Total Company (MWh)	North Carolina Retail (MWh)	North Carolina Residential (MWh)	North Carolina General Service/Lighting (MWh)	North Carolina Industrial (MWh)
1	Test Period MWh Sales (excluding inter system sales)	Company Records	82,983,046	55,511,864	21,396,039	22,718,144	11,397,681
2							
3	NC Percentage of Total Company Unadjusted Sales	66.90%					
4	SC Percentage of Total Company Unadjusted Sales	24.09%					
5	Wholesale Percentage of Total Company Unadjusted Sales	9.01%					
		100.00%					

Note: Rounding differences may occur

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1247
Contract Fees Being Credited in CPRE Rider

Jones Workpaper No. 5

CONFIDENTIAL DATA

Line No.	Facility Name	Type of Fee	Date Paid	Amount Collected
1				
2				
3				
4				
5	Total			\$ 2,254,000

Note: Rounding differences may occur

Per Rule R8-71 (j)(9) "the annual increase in the aggregate amount of costs recovered under G.S. 62-110.8(g) in any recovery period from its North Carolina retail customers shall not exceed one percent (1%) of the electric public utility's total North Carolina retail jurisdictional gross revenues for the preceding calendar year determined as of December 31 of the previous calendar year. Any amount in excess of that limit shall be carried over and recovered in the next recovery period when the annual increase in the aggregate amount of costs to be recovered is less than one percent (1%)."

Line No.	Description	EMF Period (Exhibit 4, L39 + L51)	Billing Period (Exhibit 3, L20 + L25)	Total	NC Retail Gross Revenues
1	Amount Approved in 2020 Docket E-7, Sub 1231	\$ 754,459	\$ 2,985,320	\$ 3,739,779	
2	Amount Proposed in current Docket	\$ (1,911,385)	\$ 24,355,873	\$ 22,444,488	
3	Annual Increase			\$ 18,704,709	
4					
5	1% of 2020 NC Retail Gross Revenues			\$ 46,320,286	\$ 4,632,028,605
6					
7	Excess of Current Docket over 1% NC Retail Gross Revenues			N/A	

Note: Rounding differences may occur

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1247

In the Matter of

Application of Duke Energy Carolinas, LLC
Pursuant to G.S. 62-110.8 and Commission
Rule R8-71 for Approval of CPRE
Compliance Report and CPRE Cost
Recovery Rider

**DIRECT TESTIMONY OF
PHILLIP H. CATHCART**

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

2 A. My name is Phillip H. Cathcart, and my business address is 410 South
3 Wilmington Street, Raleigh, North Carolina.

4 **Q. PLEASE STATE YOUR POSITION WITH DUKE ENERGY AND**
5 **DESCRIBE YOUR CURRENT RESPONSIBILITIES.**

6 A. I am a Renewable Compliance Manager for Duke Energy within the
7 Business Development & Compliance Department. In my current position,
8 I am responsible for the development and implementation of the
9 competitive procurement of renewable energy program (“CPRE Program”)
10 established by Session Law 2017-192’s (“House Bill 589” or the “Act”)
11 enactment of North Carolina General Statute (“N.C. Gen. Stat.”) § 62-110.8
12 and applicable to both Duke Energy Carolinas, LLC (“DEC” or “the
13 Company”), and Duke Energy Progress, LLC (“DEP” and together with
14 DEC, “Duke”). My responsibilities include compliance with CPRE
15 Program requirements as well as interface with the North Carolina Utilities
16 Commission (“Commission”) approved CPRE Program independent
17 administrator, Accion Group, LLC (“Accion Group”, “Independent
18 Administrator”, or “IA”), on behalf of DEC and DEP.

19 **Q. PLEASE BRIEFLY SUMMARIZE YOUR EDUCATIONAL**
20 **BACKGROUND.**

21 A. I received a Bachelor of Arts degree in Economics from the University of
22 North Carolina in Chapel Hill.

1 **Q. PLEASE DESCRIBE YOUR BUSINESS BACKGROUND AND**
2 **EXPERIENCE.**

3 A. I managed a small business from 2003 until 2008. Between 2009 and 2012,
4 I held positions at Alabama Power as a Technical Analyst and Commercial
5 Account Manager. I joined Duke Energy in 2015 as a Renewable Account
6 Manager in the Distributed Energy Technology Department. In June of
7 2019, I moved to my current position as Renewable Compliance Manager
8 in the Business Development & Compliance Department.

9 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE NORTH**
10 **CAROLINA UTILITIES COMMISSION?**

11 A. Yes. I testified in Docket No. E-7, Sub 1231 and Docket No. E-2, Sub 1254
12 regarding DEC's and DEP's CPRE compliance reports and applications for
13 approval of their CPRE cost recovery rider.

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

16 A. The purpose of my testimony is to describe DEC's activities in connection
17 with implementation of the CPRE Program and to describe the costs
18 incurred to implement the CPRE Program and comply with N.C. Gen. Stat.
19 § 62-110.8 during the twelve months beginning on January 1, 2020 and
20 ending on December 31, 2020 ("EMF Period" or "Test Period"), and
21 purchased power and generated power costs projected to be incurred during
22 the CPRE Program rider billing period, which is the twelve month period

1 beginning on September 1, 2021 and ending on August 31, 2022 (“Billing
2 Period”).

3 **Q. PLEASE DESCRIBE THE EXHIBIT TO YOUR TESTIMONY.**

4 A. My testimony includes one exhibit. Cathcart Exhibit No. 1 is the
5 Company’s 2020 CPRE Compliance Report, which is being submitted in
6 this docket in compliance with Commission Rule R8-71(h). The
7 Compliance Report describes the Company’s and DEP’s ongoing joint
8 efforts to procure renewable energy resources under the CPRE Program and
9 ongoing actions to comply with the requirements of N.C. Gen. Stat. § 62-
10 110.8 during the reporting period, including a summary of key activities
11 during the reporting period, costs incurred to administer the CPRE Program,
12 cost incurred and fees collected by the Independent Administrator, and the
13 current status of CPRE Program requirements.

14 **Q. WAS THIS EXHIBIT PREPARED BY YOU OR AT YOUR**
15 **DIRECTION AND UNDER YOUR SUPERVISION?**

16 A. Yes. Cathcart Exhibit No. 1 was prepared by me or under my supervision.
17 Cathcart Exhibit No. 1, along with one of the appendices to Cathcart Exhibit
18 No. 1, contains confidential and proprietary information and is being filed
19 with the Commission under seal. A redacted version suitable for public
20 filing is attached to my testimony.

21 **Compliance with CPRE Program Requirements**

22 **Q. PLEASE PROVIDE BACKGROUND REGARDING THE**
23 **ESTABLISHMENT OF THE CPRE PROGRAM.**

1 A. On July 27, 2017, House Bill 589 was signed into law, thereby enacting
2 several amendments to the Public Utilities Act. Part II of the Act enacted
3 N.C. Gen. Stat. § 62-110.8, which mandates that Duke obtain Commission
4 approval to implement a CPRE Program to competitively procure 2,660
5 megawatts (“MW”) of additional renewable energy resource capacity
6 (subject to adjustment) over a 45 month period commencing from the date
7 of Commission approval of the CPRE Program, to be accomplished through
8 a series of distinct Requests for Proposals (“RFPs”) referred to as
9 “Tranches.” N.C. Gen. Stat. § 62-110.8(g) establishes an annual CPRE
10 rider cost recovery mechanism to recover the costs incurred by DEC and
11 DEP to implement the CPRE Program.

12 **Q. HAS THE COMPANY FILED AN UPDATED CPRE PROGRAM**
13 **PLAN SINCE THE LAST CPRE PROGRAM PLAN WAS**
14 **APPROVED BY THE COMMISSION IN JULY 2019?**

15 A. Yes, the Company filed an updated CPRE Program Plan on September 1,
16 2020 in Docket E-100, Sub 165, as required by Commission Rule R8-71(g).
17

18 One of the key updates provided in that plan was a projected increase in the
19 “Transition MW,” which has the potential to reduce the total amount of MW
20 to be procured through the CPRE Program.

21 **Q. PLEASE EXPLAIN WHAT YOU MEAN BY TRANSITION MW.**

22 A. N.C. Gen. Stat. § 62-110.8(b)(1) provides that if prior to the end of the initial
23 45-month competitive procurement period, Duke has executed PPAs and

interconnection agreements for renewable energy capacity within their Balancing Authorities (“BAs”) that are not subject to economic dispatch or curtailment and were not procured under the Green Source Advantage program pursuant to N.C. Gen. Stat. § 62-159.2 (“Transition MW” or “Transition MW Projects”) having an aggregate capacity in excess of 3,500 MW, the Commission shall reduce the aggregate targeted competitive procurement amount (2,660 MW) by the amount of such exceedance (such adjusted targeted procurement amount, the “CPRE Targeted Amount”). If the aggregate capacity of such Transition MW Projects is less than 3,500 MW at the end of the initial 45-month competitive procurement period, the Commission shall require Duke to conduct an additional competitive procurement in the amount of such deficit.

The amount of Transition MW is currently projected to significantly exceed 3,500 MW. As of December 31, 2020, the total number of Transition MW is projected to be between 4,775 and 5,300 MW, which would reduce the potential total MW to be procured through CPRE to somewhere in the range of 860 to 1,385 MW. Table 1 below provides the anticipated allocation to DEC and DEP:

Table 1 Allocation of MW between DEC and DEP

	DEC (Approximate MW)	DEP (Approximate MW)
Tranche 1 - under contract	435	86
Tranche 2 - under contract	589	75
Tranche 3 - pending	0 to 120	0 to 80
Total	1,024 to 1,144	161 to 241

1 **Q. HAS TRANCHE 2 OF THE CPRE RFP BEEN COMPLETED?**

2 A. Yes. DEC and DEP jointly issued CPRE Tranche 2 solicitation on October
3 15, 2019, targeting 600 MW of capacity in DEC and 80 MW of capacity in
4 DEP. The deadline for proposal submissions was March 9, 2020 (March 6
5 for proposals submitted by DEC / DEP). On July 17, 2020, the IA
6 completed the evaluation process and notified the selected winning
7 proposals. On February 12, 2021, the IA filed a final Tranche 2 summary
8 report in Docket E-2, Sub 1159 and E-7, Sub 1156 providing information
9 on the selected proposals, as well as a summary of the overall process and
10 resulting selections. Notably, the IA concluded that Tranche 2 was
11 conducted in a fair and equitable manner and resulted in a successful
12 outcome.

13

14 For DEC, eleven projects totaling 614 MW were selected as winning
15 proposals. One of the selected winners failed to execute the Purchase Power
16 Agreement (“PPA”) and withdrew its proposal on October 15, 2020,
17 reducing the number of projects to ten with a total of 589 MW.

18

19 **Q. WHEN ARE THE EXPECTED COMMERCIAL OPERATION**
20 **DATES FOR TRANCHE 2 WINNING PROPOSALS?**

21 A. One of the ten winning projects submitted an Advanced Stage Proposal,
22 meaning this project had an executed Interconnection Agreement prior to
23 the bid close window and elected to submit an Advanced Stage Proposal.

1 This Advanced Stage Proposal is expected to declare commercial operation
2 and begin producing energy in October 2021. Purchased power estimates
3 for this Advanced Stage Proposal are described in the direct testimony of
4 Company witness Jones, and detailed in Jones Exhibit No. 1.

5
6 The remaining 9 winning projects were not Advanced Stage Proposals. As
7 of the filing date in this docket, these projects are still completing the
8 remainder of the interconnection study process and have not established
9 estimates for commercial operation dates. Generation from these projects
10 is not being included in the forecast billing period. The Company expects
11 estimates for commercial operation to be available in the April 2021
12 timeframe, and will provide an updated forecast at that time in the event that
13 any projects are expected to become operational in the billing period.

14 **Q. HAS DEC PREPARED THE ANNUAL CPRE COMPLIANCE**
15 **REPORT AS REQUIRED BY SECTION (H) OF THE CPRE RULE?**

16 A. Yes, the annual CPRE Compliance Report is attached as Exhibit 1 to my
17 testimony. DEC requests that the Commission find that the Company's
18 ongoing actions to implement the CPRE Program requirements, as
19 described in the Compliance Report, are reasonable and prudent, in
20 accordance with NCUC Rule R8-71(i)(l).

21 **Costs of CPRE Program Compliance**

22 **Q. PLEASE DESCRIBE THE PERIOD OF COST RECOVERY UNDER**
23 **REVIEW IN THIS PROCEEDING.**

1 A. The CPRE Program rider authorized under subsection (j) of the CPRE Rule
2 allows the Company to establish “an increment or decrement as a rider to
3 its rates to recover in a timely manner the reasonable and prudent costs
4 incurred and anticipated to be incurred to implement its CPRE Program and
5 to comply with N.C. Gen. Stat. § 62- 110.8.”
6

7 Subsection (j)(3) of the CPRE Rule provides that, “[u]nless otherwise
8 ordered by the Commission,” the CPRE Program Rider test period shall be
9 the same as the annual fuel factor test period, which, for DEC, is the
10 calendar year, January 1 through December 31. The forecasted Billing
11 Period is also the same as DEC’s annual fuel factor, extending September
12 1, 2021 to August 31, 2022.

13 **Q. IS THE COMPANY PROJECTING TO INCUR CPRE PROGRAM**
14 **PURCHASED POWER EXPENSES OR POTENTIAL**
15 **AUTHORIZED REVENUE OF UTILITY-OWNED CPRE ASSETS**
16 **THAT WOULD BE RECOVERABLE DURING THE BILLING**
17 **PERIOD AT ISSUE IN THIS PROCEEDING?**

18 A. Yes. Ten DEC projects selected in the Tranche 1 RFP and one DEC project
19 selected in the Tranche 2 RFP are included in the billing period forecast.
20 Estimated purchased power expenses and authorized revenue of utility-
21 owned CPRE asset estimates are described in the direct testimony of
22 Company witness Jones and detailed in Jones Exhibit No. 1.

1 **Q. PLEASE DESCRIBE THE CATEGORIES OF COSTS INCURRED**
2 **OR POTENTIALLY EXPECTED TO BE INCURRED TO**
3 **IMPLEMENT THE REQUIREMENTS OF THE CPRE PROGRAM.**

4 A. The following is a summary of the types of costs that were and will likely
5 continue to be incurred to implement the CPRE Program and comply with
6 the procurement requirements of N.C. Gen. Stat. § 62-110.8:

- 7 • Fees for the Independent Administrator and internal Company labor
- 8 costs for bid proposal evaluation
- 9 • Purchased power and potential authorized revenues of utility-owned
- 10 generation related to CPRE Program renewable resources
- 11 • Internal Company labor, contract labor including legal fees, and other
- 12 related costs of implementing the CPRE Program

13 **Q. PLEASE DESCRIBE HOW COSTS FOR RETAINING THE**
14 **INDEPENDENT ADMINISTRATOR AND FOR INTERNAL**
15 **COMPANY LABOR TO EVALUATE PROPOSALS WILL BE**
16 **RECOVERED.**

17 A. Subsection (d)(10) of the CPRE Rule provides that Duke's estimated
18 expense to retain the IA to administer the CPRE Program RFP should be
19 recovered from market participants through proposal fees. To the extent
20 that the total cost of retaining the IA exceeds the proposal fees recovered
21 from market participants, Duke is required to pay the IA the balance owed

1 for services rendered and subsequently charge the winning participants in
2 the CPRE RFP solicitation.

3

4 The CPRE Rule also authorizes Duke to collect proposal fees up to \$10,000
5 per proposal to defray its costs of evaluating CPRE proposals. As provided
6 for in subsection (f)(3) of the CPRE Rule, the Companies have established
7 a designated internal evaluation team specifically assigned to the CPRE
8 proposal evaluation process.

9

10 In Tranche 2 of the CPRE Program RFP, DEC and DEP elected to structure
11 the proposal fees and winners' fees as follows:

12 1) Proposal Fees were required of each proposal submitted on the
13 Independent Administrator's website, including Asset Acquisition
14 proposals. This fee was set at \$500/MW, based on the facility's
15 nameplate capacity, up to a maximum of ten thousand dollars
16 (\$10,000). Proposal Fees received in Tranche 2 totaled \$519,765.

17 2) In addition, a Winners' Fee was collected on a pro-rata basis from
18 each winning proposal. This fee was calculated on the amount of
19 the IA costs that was not recovered through the Proposal Fees. The
20 Winners' Fees were determined upon conclusion of the RFP.
21 Winners' Fees were allocated among all winning Proposals selected
22 by both DEC and DEP on a pro-rata basis on a per MW basis. The

1 total of the Winners' Fees was capped at one million dollars
2 (\$1,000,000). Winners' Fees received in Tranche 2 totaled
3 \$1,000,000.

4 Actual IA expenses for Tranche 2 were approximately \$1.7M, exceeding
5 Proposal Fee and Winners' Fee collections by approximately \$242k. The
6 IA fees not recovered are allocated equally between DEC and DEP and are
7 included in the CPRE rider filing as detailed in Jones Exhibit 2. The
8 Winner's Fee for Tranche 2 was doubled from its \$500,000 cap in Tranche
9 1 to a \$1,000,000 cap in Tranche 2 in an effort to account for all IA costs.
10 However, Duke did not anticipate that Proposal Fee collections in Tranche
11 2 would decrease by over \$380k from those received in Tranche 1. A
12 number of factors caused the IA expenses to exceed estimates, including
13 extensive unanticipated stakeholder processes and reporting obligations.

14

15 Additionally, the IA has incurred and submitted expenses of approximately
16 \$117k related to the Tranche 1 RFP, which is split equally between DEC
17 and DEP as detailed in Company witness Jones Exhibit 2 .

18 **Q. PLEASE DESCRIBE THE COMPANY'S COSTS ASSOCIATED**
19 **WITH THE CPRE PROGRAM INCURRED DURING THE EMF**
20 **PERIOD.**

21 A. DEC's costs associated with implementing its CPRE Program include
22 internal labor associated with development of the CPRE Program Plan and
23 the Tranche 2 RFP documents, as well as interaction with the Independent

1 Administrator and the execution of the Tranche 2 RFP process. In addition
2 to internal labor, costs were incurred for external legal support for pre-trial
3 motions and pleadings, and for mandatory media publishings.

4 **Q. PLEASE PROVIDE DETAIL FOR THE INTERNAL LABOR COSTS**
5 **INCURRED TO IMPLEMENT THE CPRE PROGRAM THAT**
6 **WERE INCURRED DURING THE EMF PERIOD.**

7 A. DEC includes only the incremental cost of CPRE Program compliance for
8 recovery through its CPRE rider. Company employees that work to
9 implement the requirements of N.C. Gen. Stat. § 62-110.8 charge only that
10 portion of their labor hours to CPRE accounting codes. T&D Sub-Team
11 labor and labor-related taxes and benefits incurred to implement the
12 Tranche 2 RFP are included as implementation costs in Company witness
13 Jones' Exhibit No. 2.

14 **Q. HOW ARE EXTERNAL CPRE-RELATED IMPLEMENTATION**
15 **COSTS BEING ALLOCATED BETWEEN DEC AND DEP?**

16 A. These costs have been allocated equally between DEC and DEP. While the
17 overall CPRE Program is expected to procure significantly more total
18 megawatts for DEC versus DEP, these costs related to implementing the
19 CPRE Program are associated with administrative activities that benefit
20 DEC and DEP equally. Thus, the Company's proposed CPRE rider in this
21 docket appropriately reflects recovery of one half of the shared outside
22 administrative costs incurred.

1 **Q. ARE YOU SATISFIED THAT THE ACTUAL COSTS DEC HAS**
2 **INCURRED DURING THE EMF PERIOD ARE REASONABLE**
3 **AND HAVE BEEN PRUDENTLY INCURRED?**

4 **A. Yes.**

5 **Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT**
6 **TESTIMONY?**

7 **A. Yes.**

8

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1247

In the Matter of)	
)	DUKE ENERGY CAROLINAS, LLC
Application of Duke Energy Carolinas, LLC)	2020 COMPETITIVE PROCUREMENT
Pursuant to G.S. 62-110.8 and Commission Rule)	OF RENEWABLE ENERGY
R8-71 for Approval of CPRE Compliance)	PROGRAM COMPLIANCE REPORT
Report and CPRE Cost Recovery Rider)	
)	

DUKE ENERGY CAROLINAS, LLC
COMPETITIVE PROCUREMENT OF RENEWABLE ENERGY (“CPRE”)
COMPLIANCE REPORT

On November 6, 2017, the North Carolina Utilities Commission (“NCUC” or “Commission”) issued an order in Docket E-100, Sub 150 adopting regulations to implement the Competitive Procurement of Renewable Energy (“CPRE”) Program.¹ Section (h) of NCUC Rule R8-71 (the “CPRE Rule”) requires Duke Energy Carolinas, LLC (“DEC” or the “Company”) to annually file a CPRE Program Compliance Report for the prior calendar year, which for purposes of this Compliance Report is calendar year 2020 (referred to as the “reporting year”). DEC hereby submits this CPRE Compliance Report for the reporting year.

I. CPRE Solicitation Overview (R8-71(h)(2)(i))

As noted in the Company’s initial CPRE Program Plan filed on November 27, 2017, DEC and Duke Energy Progress (“DEP” and together with DEC, “Duke”) have elected to jointly issue request for proposal (“RFP”) solicitations to comply with the aggregate procurement requirements of the CPRE Program. The Accion Group, LLC serves as the Independent Administrator (“IA”) of the CPRE Program.

On July 2, 2019, the Commission issued its *Order Modifying and Accepting CPRE Program Plan* in Docket Nos. E-2, Sub 1159 and E-7, Sub 1156, establishing the process and timeline for Duke to initiate CPRE Tranche 2. Duke issued the CPRE Tranche 2 RFP on October 15, 2019, seeking to procure 600 MW of renewable capacity. As described in the IA’s Tranche 2 Final Report, attached as Appendix A, on July 17, 2020, eleven proposals were selected as winners for DEC totaling 614 MW. On October 15, 2020, one of the eleven winning proposals withdrew prior to executing a Power Purchase Agreement (“PPA”). At conclusion of the contracting period DEC had entered contracts and commitments to procure renewable energy from 10 proposals totaling 589 MW. Key milestones for Tranche 2 are listed in the schedule below.

Milestone	Date
August Stakeholder Meeting	8/7/2019
Draft RFP documents posted to IA RFP Website	8/15/2019
Comment period on draft RFP documents closes	8/30/2019
Bidder Conference and September Stakeholder Meeting	9/12/2019
PPA filed with NCUC	9/15/2019
IA report re: RFP documents	9/25/2019
October Stakeholder Meeting	10/10/2019

¹ *Order Adopting and Amending Rules*, Docket No. E-100, Sub 150 (Nov. 6, 2017). The Commission subsequently also issued an *Order Amending Commission Rule R8-71* in the same docket on April 9, 2018.

Final RFP documents posted to IA RFP Website and RFP opens	10/15/2019
November Stakeholder Meeting	11/13/2019
Final Stakeholder Meeting	2/6/2020
Deadline for submission of Proposals	3/9/2020
Conclusion of Step 1 of the Evaluation Process	5/11/2020
Conclusion of Step 2 and winning bids notified	7/17/2020
Conclusion of Contracting period	10/15/2020

No DEC proposals in Tranche 2 were eliminated pursuant to subsection R8-71(f)(3)(ii).

II. Summary of PPAs and Utility-Owned Assets Procured During the Reporting Year (R8-71(h)(2)(ii))

As summarized above, DEC executed PPAs with ten total proposals through the Tranche 2 solicitation on October 15, 2020. There were no Utility-Owned proposals selected in Tranche 2. Commercial operation dates have not been estimated as of this filing, with the exception of one advanced stage proposal. Further details concerning the ten proposals are included in the following table:

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Project	Parent Company	Bid Number	Generation Type	Generating Capacity MW AC	Type	Cost \$/MWh	Est. COD
Brookcliff Solar, LLC	Pine Gate Renewables	174-06	Solar	50	PPA		
Stanly Solar, LLC	National Renewable Energy Corporation	147-01	Solar	50	PPA		
Hornet Solar, LLC	Renewable Energy Services, LLC	58-04	Solar	75	PPA		
Bear Branch Solar, LLC	Renewable Energy Services, LLC	58-01	Solar	35	PPA		
Hunters Cove Solar, LLC	Renewable Energy Services, LLC	58-03	Solar	50	PPA		
Aquadale Solar, LLC	Pine Gate Renewables	174-01	Solar	50	PPA		
Healing Springs Solar, LLC	Cypress Creek Renewables	78-02	Solar	55	PPA		
Wilkes Solar, LLC	Solterra Partners, LLC	145-01	Solar	75	PPA		
Misenheimer Solar, LLC	Orion Renewable Energy Group	73-01	Solar	74.4	PPA		
JSD Flatwood PV-2, LLC	JSD Management, LLC	191-03	Solar	75	PPA		

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III. Forecasted Capacity and Energy Obtained through the CPRE Program During the Reporting Year (R8-71(h)(2)(iii))

The nameplate capacity of the winning proposals in DEC for Tranche 2 are identified above. No megawatt-hours of renewable energy or renewable energy certificates were obtained through the CPRE Program during the reporting year for any Tranche 2 projects because none of the winning projects were completed during the reporting year.

One Tranche 1 winning project was placed in service during the reporting year. Details concerning that project are included in the following table:

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Project	Parent Company	Bid Number	Generation Type	Generating Capacity MW AC	Type	Cost \$/MWh	COD	MWh	RECs
Gaston Solar Power Plant	Duke Energy	86-06	Solar	25	Utility Owned Asset				
Maiden Creek	Duke Energy	83-07	Solar	69.3	Utility Owned Asset				

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IV. Duke Owned Facilities Submitted as Proposals in CPRE Solicitation (R8-71(h)(2)(iv))

The following table, provided by the Independent Administrator, identifies the Proposals submitted by Duke and Duke affiliates in 2020 as part of the Tranche 2 CPRE RFP.

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DEC confirms that no non-publicly available transmission or distribution system operations information was used in preparing the proposal submitted by Duke and Duke affiliates.

V. Avoided Cost Rates (R8-71(h)(2)(v))

The Company's avoided costs used in the Tranche 2 CPRE solicitation are DEC's levelized 20 year avoided costs developed consistent with the methodology approved by the Commission in Docket No. E-100, Sub 158. Each proposal in Tranche 2 was required to submit their bid price as a positive \$/MWh decrement to the levelized avoided cost rates, as identified in the Tranche 2 RFP solicitation documents. The following is an excerpt from the RFP document describing the proposal pricing approach:

“Proposal pricing must be in the same format of 20-year avoided cost pricing periods as shown in the tables above. Proposal pricing must be stated as a fixed dollar per MWh decrement that is applied equally to all energy pricing periods. For example, an MP could propose pricing that is \$2.00/MWh less than the avoided cost in each energy pricing period (for clarity, the decrement does not apply to capacity pricing periods). This format for pricing will be required for the bid entry on the IA RFP Website and will be the basis for the pricing in the PPA.”

The bid form on the IA’s website allowed only for a single (positive) pricing decrement to be entered, and then presented the resulting \$/MWh pricing for each pricing period based on this decrement. The avoided costs used in Tranche 2 are presented below:

Avoided Costs Threshold for Tranche 2

DEC 20 Year CPRE - Solar and Solar Plus Storage												
CAPACITY PRICING			ENERGY PRICING									
Summer Months PM	Winter Months AM	Winter Months PM	Summer Prem Pk	Summer On-Peak	Summer Off-Peak	Winter Prem Pk	Winter On-Peak AM	Winter On-Peak PM	Winter Off-Peak	Shoulder On-Peak AM/PM	Shoulder Off-Peak	
\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh
Distribution	\$ 43.49	\$ 83.48	\$ 28.30	\$ 58.37	\$ 57.01	\$ 33.76	\$ 72.32	\$ 52.93	\$ 65.38	\$ 41.34	\$ 45.82	\$ 30.16
Transmission	\$ 42.33	\$ 81.25	\$ 27.54	\$ 56.18	\$ 55.05	\$ 33.08	\$ 70.04	\$ 51.56	\$ 63.70	\$ 40.52	\$ 44.91	\$ 29.70

DEC 20 Year CPRE - Non-Solar Renewable Generation												
CAPACITY PRICING			ENERGY PRICING									
Summer Months PM	Winter Months AM	Winter Months PM	Summer Prem Pk	Summer On-Peak	Summer Off-Peak	Winter Prem Pk	Winter On-Peak AM	Winter On-Peak PM	Winter Off-Peak	Shoulder On-Peak AM/PM	Shoulder Off-Peak	
\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh
Distribution	\$ 43.49	\$ 83.48	\$ 28.30	\$ 59.47	\$ 58.11	\$ 34.86	\$ 73.42	\$ 54.03	\$ 66.48	\$ 42.44	\$ 46.92	\$ 31.26
Transmission	\$ 42.33	\$ 81.25	\$ 27.54	\$ 57.28	\$ 56.15	\$ 34.18	\$ 71.14	\$ 52.66	\$ 64.80	\$ 41.62	\$ 46.01	\$ 30.80

VI. Total Costs and Authorized Revenues (R8-71(h)(2)(vi))

During the reporting period, DEC has incurred a total of \$486,212, which includes costs for legal support, outside publishing, internal company labor, and Independent Administrator fees not recovered through program fees. None of the winning CPRE Tranche 2 projects achieved commercial operation during reporting year, so no purchased costs or authorized revenues associated with these assets were incurred. One CPRE winning proposal from Tranche 1, a Company-owned project, achieved commercial operation late in December of 2020. Another Company-owned project from Tranche 1 was placed in service in December 2020 and has generated test power but will not declare commercial operation until Q1 2021. Authorized revenues associated with these two assets total \$55,105.

VII. Status of Compliance with CPRE Program Requirements (R8-71(h)(2)(vii))

DEC and DEP procured 1,024 MW and 161 MW, respectively through two Tranches of the CPRE Program. Collectively, DEC and DEP expect to fully comply with the aggregate CPRE Program procurement

requirements within the timeframe specified in N.C. Gen. Stat. 62-110.8. Note that in light of the amount of Transition MW, the currently projected range for the total CPRE procurement is 860 MW to 1,385 MW.²

VIII. Independent Administrator and Evaluation Costs (R8-71(h)(2)(viii))

The Independent Administrator was selected in January 2018. A copy of the contract between Duke and the IA is attached as Confidential Appendix B.

Subsection (d)(10) of the Commission's CPRE Rule states that:

“The Independent Administrator's fees shall be funded through reasonable proposal fees collected by the electric public utility. The electric public utility shall be authorized to collect proposal fees up to \$10,000 per proposal to defray its costs of evaluating the proposals. In addition, the electric public utility may charge each participant an amount equal to the estimated total cost of retaining the Independent Administrator divided by the reasonably anticipated number of proposals. To the extent that insufficient funds are collected through these methods to pay of the total cost of retaining the Independent Administrator, the electric public utility shall pay the balance and subsequently charge the winning participants in the CPRE RFP Solicitation.”

In Tranche 2 of the RFP, DEC and DEP elected to structure the Proposal Fees and Winners' Fees as follows:

- 1) Proposal Fees were required of each proposal submitted on the Independent Administrators website, including Asset Acquisition proposals. This fee was set at \$500/MW, based on the facility's nameplate capacity, up to a maximum of ten thousand dollars (\$10,000).
- 2) In addition, Winners' Fee will be collected on a pro-rata basis from each winning proposal. This fee will be calculated on the amount of the IA costs as well as any Duke costs related to proposal evaluation (i.e., costs incurred in the Step 2 evaluation process as described in the RFP) that was not recovered from the Proposal Fees. The Winners' Fee will be determined upon conclusion of the RFP and upon completion of contracting. Any such Winners' Fees will be allocated among all winning proposals selected by both DEC and DEP on a pro-rata basis on a per MW basis. The total of the Winners' Fees shall not exceed one million dollars (\$1,000,000).

Collectively, DEC and DEP accepted \$519,765 in proposal fees and \$1,000,000 in winners' fees as part of the Tranche 2 RFP.

² “Transition MW” is the term Duke uses to refer to projects that qualify under N.C. Gen. Stat. § 62-110.8(b)(1) as having executed PPAs and interconnection agreements for renewable energy capacity within the DEC and DEP Balancing Authorities that are not subject to economic dispatch or curtailment and were not procured under the Green Source Advantage program pursuant to N.C. Gen. Stat. § 62-159.2. Should the level of Transition MW exceed 3,500 MW, then the aggregate targeted competitive procurement aggregate amount (2,660 MW) is reduced. If the aggregate capacity of such Transition MW is less than 3,500 MW at the end of the initial 45-month competitive procurement period, the Commission shall require Duke to conduct an additional competitive procurement in the amount of such deficit.

During the reporting year, the total costs incurred by the IA to implement the CPRE Program for DEC and DEP were approximately \$1.06 million. Total costs incurred by Duke's "T&D Sub-Team" (as that term is defined in the Commission's CPRE Rule) to perform evaluation work totaled \$21,435.82.

IX. Independent Administrator Certification (R8-71(h)(2)(ix))

The Independent Administrator certification required by NCUC Rule R8-71(h)(ix) is provided as Appendix C.

X. Grid Upgrade Costs³

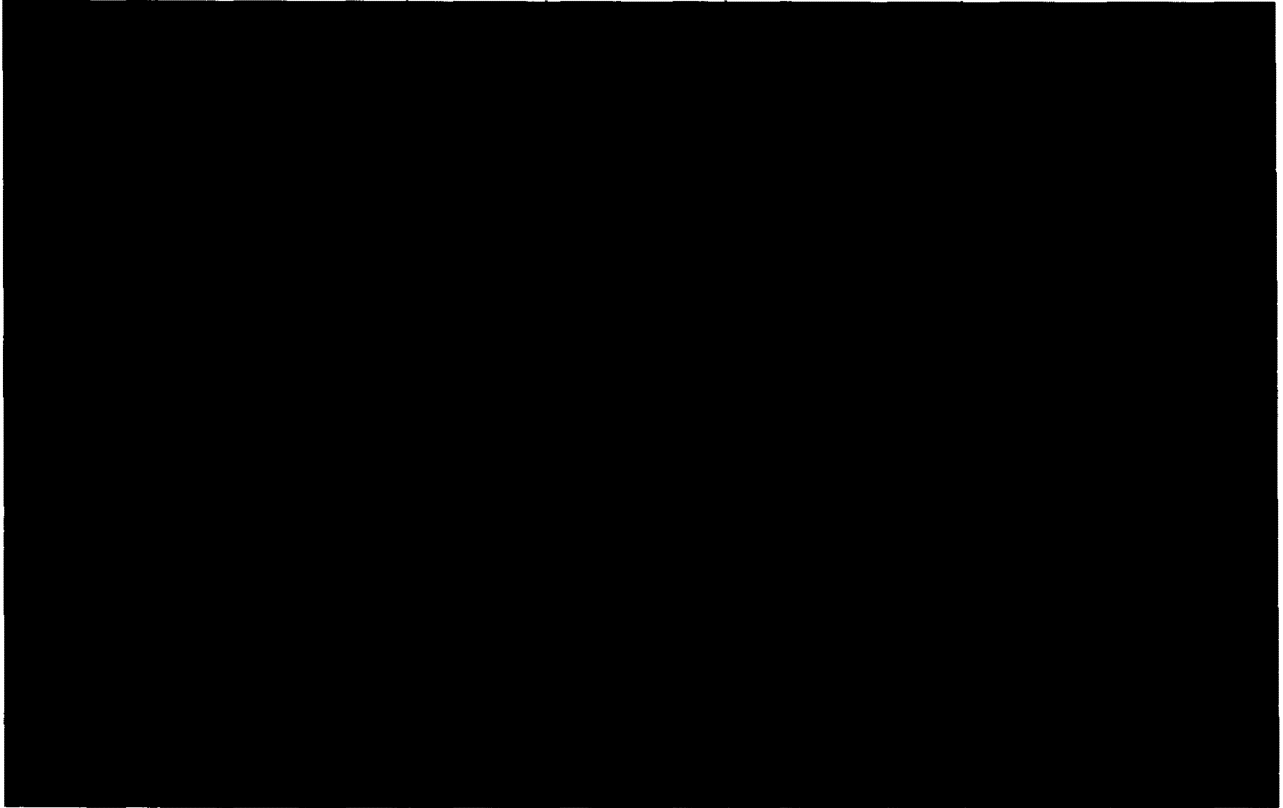
Upgrade cost estimates for Tranche 2 winning bids, are identified in the table below:

Project	Parent Company	Bid Number	Network Upgrades
Brookcliff Solar, LLC	Pine Gate Renewables	174-06	\$ 1,375,000
Stanly Solar, LLC	National Renewable Energy Corporation	147-01	\$ 84,000
Hornet Solar, LLC	Renewable Energy Services, LLC	58-04	\$ 1,500,000
Bear Branch Solar, LLC	Renewable Energy Services, LLC	58-01	\$ 1,125,000
Hunters Cove Solar, LLC	Renewable Energy Services, LLC	58-03	\$ 2,750,000
Aquadale Solar, LLC	Pine Gate Renewables	174-01	\$ 3,200,000
Healing Springs Solar, LLC	Cypress Creek Renewables	78-02	\$ 1,500,000
Wilkes Solar, LLC	Solterra Partners, LLC	145-01	\$ 1,875,000
Misenheimer Solar, LLC	Orion Renewable Energy Group	73-01	\$ 1,600,000
JSD Flatwood PV-2, LLC	JSD Management, LLC	191-03	\$ 1,500,000

In its February 21, 2018 *Order Modifying and Approving Joint CPRE Program* in Docket No. E-7, Sub 1156, the Commission required that future compliance reports identify "grid upgrade costs on a per-proposal basis." The following table, produced by the Independent Administrator, provides the required information for Tranche 2. Note that any Proposals that do not advance beyond Step 1 are not assessed for potential Upgrades.

³ *Order Modifying and Approving Joint CPRE Program*, Docket Nos. E-7, Sub 1156, and E-2, Sub 1159 (Feb. 21, 2018) (directing that "[i]n addition to requiring Duke to address grid upgrade costs, as necessary, in its explanation of the elimination of proposals, Duke shall report on grid upgrade costs on a per-proposal basis in its future CPRE compliance reports")

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DUKE ENERGY CAROLINAS, LLC

DUKE ENERGY PROGRESS, LLC

FINAL REPORT OF THE INDEPENDENT ADMINISTRATOR

RE:

DUKE ENERGY CAROLINAS (DEC)

Competitive Procurement of Renewable Energy Program (CPRE)- Tranche 2
Request for Proposals (RFP)

DUKE ENERGY PROGRESS (DEP)

Competitive Procurement of Renewable Energy Program (CPRE)- Tranche 2
Request for Proposals (RFP)

**REQUEST FOR PROPOSALS FOR
THE COMPETITIVE PROCUREMENT OF RENEWABLE ENERGY PROGRAM
TRANCHE 2**

February 9, 2021

ACCION GROUP, LLC
244 North Main Street
Concord, New Hampshire 03301
Telephone: 603-229-1644
Fax: 603-225-4923
Email: advisors@acciongroup.com
www.acciongroup.com

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**FINAL REPORT OF THE INDEPENDENT ADMINISTRATOR
RE: DUKE ENERGY CAROLINAS, LLC; DUKE ENERGY PROGRESS, LLC
REQUEST FOR PROPOSALS FOR
THE COMPETITIVE PROCUREMENT OF RENEWABLE ENERGY PROGRAM
TRANCHE 2**

February 9, 2021

I. EXECUTIVE SUMMARY

Accion Group, LLC ("Accion") serves as the Independent Administrator of the Competitive Procurement of Renewable Energy ("CPRE") program for the North Carolina Utility Commission ("Commission" or "NCUC") as applied to Duke Energy Carolinas, LLC ("DEC") and Duke Energy Progress, LLC ("DEP" and together with DEC, "Duke"). This is the Independent Administrator's final report concerning Tranche 2 of the CPRE program. This report provides an overview of Tranche 2 with a detailed explanation of the process and procedures that were employed. The Independent Administrator ("IA") also provides recommendations for improvements in Tranche 3. Duke had most recently projected the need for three tranches of CPRE solicitations to be completed within the time frame contemplated by the statute § 62-110.8 but the IA understands that whether Tranche 3 is needed remains an outstanding question to be resolved.¹ Accion began the assignment with the first solicitation ("Tranche 1") in January 2018 and completed the contracting in July 2019. The second solicitation ("Tranche 2") process was launched following the Tranche 1 Final Report in July 2019. The IA participated in all aspects of both programs, starting with working with Stakeholders and Duke in preparing the draft and final Request for Proposal ("RFP") and the Power Purchase Agreement ("PPA").² Figure 1 presents a summary of the Tranche 2 results.

Figure 1

TRANCHE 2 RESULTS			
	DEC	DEP	Total
MW Procured	589.40	75.00	664.40
Nominal Savings over 20 years	\$98.663 Million		
Average price/MWh	\$36.74	Confidential ³	Confidential ³

¹ Statute § 62-110.8 states: "Subject to the limitations set forth in subsections (b) and (c) of this section, the electric public utilities shall issue requests for Proposals to procure and shall procure, energy and capacity from renewable energy facilities in the aggregate amount of 2,660 megawatts (MW), and the total amount shall be reasonably allocated over a term of 45 months beginning when the Commission approves the program."

² Through the CPRE process and in this report the abbreviations PPA and RPPA are used synonymously. The contract executed between Duke and an MP is entitled "Renewable Power Purchase Agreement".

³ Information is considered project-specific and therefore not made public.



Figure 2 summarizes the conforming Proposals received by the IA.

Figure 2

	Number of Proposals	Total MW of Proposals
DEC	34	1,710.40
DEP	6	440.90

As IA, Accion conducted Tranche 2 on a website custom made for the purpose. The IA designed and implemented the evaluation of CPRE Tranche 2 Proposals in order to determine those Proposals which offered the greatest value to the ratepayers and recommend those Proposals for contracting with Duke. The North Carolina Utilities Commission (“NCUC” or “Commission”) required the IA to perform the following tasks:⁴

- i. Monitor compliance with CPRE Program requirements.
- ii. Review and comment on draft CPRE Program filings, plans, and other documents.
- iii. Facilitate and monitor permissible communications between the electric public utilities’ Evaluation Team and other participants in the CPRE RFP solicitations.
- iv. Develop and publish the CPRE Program methodology that shall ensure equitable review between an electric public utility’s DEP/DEC Proposal(s) as addressed in subsection (f)(2)(iv) and Proposals offered by third-party market participants.
- v. Receive and transmit Proposals.
- vi. Independently evaluate the Proposals.
- vii. Monitor post-Proposal negotiations between the electric public utilities’ Evaluation Team(s) and participants who submitted winning Proposals.
- viii. Evaluate the electric public utility’s DEP/DEC Proposals.
- ix. Provide an independent certification to the Commission in the CPRE Compliance Report that all electric public utility and third-party Proposals were evaluated under the published CPRE Program methodology and that all Proposals were treated equitably through the CPRE RFP Solicitation(s).

This report addresses how Accion completed each task and the results of CPRE Tranche 2.

Tranche 2 applied the lessons learned from Tranche 1 and achieved the MW goals, thus achieving a successful outcome that will benefit consumers and foster development of renewable resources in North Carolina. The IA anticipates future competitive solicitations will further refine the Commission’s process with the potential of delivering even greater value to customers.

⁴ NCUC Docket No. E-100, Sub 150; Rule R8-71(d)(5)

The IA believes the CPRE Tranche 2 solicitation was conducted fairly. All MPs were given access to all information at the same time, the evaluation of Proposals was completed without bias toward or against any qualifying technology or participant, and the separation protocols that isolated Proposals from Duke Company personnel, including the Duke Evaluation Team, was strictly enforced. While the Duke Transmission and Distribution Evaluation Team (“T&D Team”) and the Duke credit review personnel⁵ received queue numbers by necessity as part of the Step 2 review, the T&D Team did not receive bid price data. The IA is unaware of any other instance where other Duke personnel had access to project-identifying information from Proposals prior to the completion of CPRE Step 2 and the release of data to the Duke Evaluation Team.

1. BACKGROUND

The CPRE program is designed to procure 2,660 MW (subject to adjustment as specified in the statute)⁶ of new renewable resources over a 45-month period, provided those purchases are below Duke Energy’s respective forecasted avoided cost calculated over a twenty-year term. Projects are to be obtained either through a PPA, or from resources to be owned by Duke. Tranche 2 sought 600 MW of qualifying renewable resources for DEC and 80 MW for DEP. Duke and its affiliates are permitted to participate in the CPRE program with Proposals for projects to be constructed or acquired by Duke to serve the goals of the CPRE program.

The IA provided the web-based platform (“Website”) for Proposals submitted to DEC, DEP, and Asset Acquisition (“AA”) Proposals. The unregulated affiliate of Duke, Duke Energy Renewables (“DER”), participated in the same manner as other Market Participants (“MPs”). The Website’s electronic Proposal Form functioned as designed as the IA received a robust number of Proposals and MWs in each Silo as well as a wide variance of Proposals. Both Silos included facility locations in North Carolina and South Carolina, significant ranges in MW capacity, non-storage and storage facilities, and MPs that submitted single and multiple Proposals.

While MPs had the ability to provide other variances, some fields were submitted uniformly. Tranche 2 accepted all renewable energy resources as identified in G.S. 62-133.8(a)(8),⁷ however the IA received Proposals for only PV generation. Similarly, while MPs had the option of interconnecting to the Duke system at a Distribution or Transmission level,⁸ all Proposals were submitted for Transmission level service.

⁵ MPs were required to provide Proposal security if their Proposal was identified as eligible for Step 2 consideration. Each Proposal security, other than cash, was approved by specific Duke personnel and the IA.

⁶ In Duke’s September 1, 2020 CPRE Program Update, the Companies projected the CPRE target would be reduced from 2,660 MWs to a range of 820 – 1,420 MWs due to higher than projected Transition MWs.

⁷ Renewable resources eligible to bid were “solar electric, solar thermal, wind, hydropower, geothermal, or ocean current or wave energy resource; a biomass resource, including agricultural waste, animal waste, wood waste, spent pulping liquors, combustible residues, combustible liquids, combustible gases, energy crops, or landfill methane; waste heat derived from a renewable energy resource and used to produce electricity or useful, measurable thermal energy at a retail electric customer’s facility; or hydrogen derived from a renewable energy resource.” See: RFP at 2

⁸ Projects designed to be 20 MW or smaller could interconnect at distribution level.



On July 17, 2020, the IA completed the selection process and final status notifications were sent to MPs for each Proposal. At that time, the IA created a separate Website message board for exchanges between the MPs of the Finalist Proposals (“Finalist MPs”) and the appropriate Duke Personnel. Also at that time, the same Duke Personnel were given access to the Proposal Books of the Finalist Proposals for review. Attachment 1 sets forth the identity of the winning Proposals.

2. LESSONS LEARNED FROM TRANCHE 1

Tranche 1 provided a learning experience for all participants. Through the stakeholder process, suggestions from the Public Staff, MPs, and Duke personnel were discussed and modifications made. Each change was intended to further the CPRE goals and facilitate participation. In summary, the changes were:

1. If the DEP/DEC Proposal Team elect to a sponsor an Asset Acquisition Proposal and such Proposal was moved into Step 2, the third-party Market Participant that submitted the Asset Acquisition Proposal was required to post Proposal Security.
2. If a Utility Self-Developed Facility were selected as a winner yet failed to move forward, the amount equal to Proposal Security for Third-Party MPs⁹ would “be disallowed from the applicable CPRE Rider recovery.”
3. MPs were guaranteed 14 days’ notice by the IA of their need to post Proposal Security. The IA also committed to notify MPs at least one month before moving a Proposal to the Competitive Tier and agreed to accept draft Proposal Security documents in advance of the deadline to review for compliance. This was intended to assist MPs in meeting the Proposal Security deadline.
4. Additionally, Proposal Security would be required from the DER Proposal Team.
5. The maximum cost for the “Winners’ Fee” was doubled from five hundred thousand to one million dollars.
6. A new avoided costs threshold and pricing structure was developed consisting of nine pricing periods to be consistent with Duke’s updated avoided cost rates in NCUC Docket E-100, Sub 158.
7. The definition of “Advanced Stage” Proposals was clarified to be those that had an executed Interconnection Agreement prior to submission.

II. WEBSITE

Accion Group provided the RFP Website (“Website”) for CPRE Tranche 2 to operate as a secure platform for the solicitation process including bidding, evaluation, and contracting. The Website captured Proposals and all exchanges with MPs and preserved the data for review by the NCUC. All activity on the Website was time and date stamped to ensure a complete history of the Tranche 2 solicitation was captured.

⁹ For Asset Transfer Plus EPC and BOT Proposals, \$20/kW



The main features of the Website, including the Schedule, Question and Answer feature, Announcements, Documents, Message Board, and Proposal form tool, were also utilized in Tranche 1 and were familiar to those users who participated in that solicitation. Each user was also provided a tutorial for use of the Website, both upon registration and available throughout the solicitation on the IA Website.

III. OVERVIEW OF TRANCHE 2 CPRE PROPOSAL PROCESS

The CPRE Tranche 2 solicitation was broken into three divisions: DEC, DEP, and Asset Acquisition. This was reflected on the Website where each solicitation had their own site, or “Silo,” within the Website. The separate Silos were used so that all data associated with the particular solicitation was self-contained, instead of being co-mingled with unrelated data. The data on each Silo was preserved for future review. The three Silos had identical structures and varied insofar as to accommodate minor differences in the solicitations. The Duke Energy CPRE Tranche 2 RFP solicitation Website was released on July 22, 2019. The IA notified approximately 5,000 individuals of the release, including all participants in Tranche 1.

General information regarding the solicitation was made public upon the release of the Website. Certain features were made available to non-registrants, including the solicitation schedule, any announcements made thus far, public documents, and website tutorials in both written and video formats. All other public information was available to registered users on the Silos; this included the Q&A forum and the Messages forum. For registered Market Participants, access was granted to the Proposal Management page following the release of the Proposal form.

The Website performed as the medium for all CPRE related activities. Each Silo automatically saved all user activity tagged with the user information and a time and date stamp. All participants, including members of its evaluation teams, used the Website for all CPRE activities, thereby ensuring a complete record of the solicitation process.

Beginning on August 15, 2019, draft PPA and RFP documents were available to registered users for the purpose of the commenting period. All registered users had access to these documents. Registered users were invited to provide comments on a special “Comments” page. Interested persons, and especially MPs, were invited to review the draft documents and Proposal suggestions that would enable robust Proposals. In effect, interested parties were invited to help draft the RFP documents. The Comments page separated each RFP document into individual sections with the opportunity to provide explicit changes by “red-line” revisions, accompanied by a brief explanation of the intended result. For Tranche 2, redline revisions were made to the Tranche 1 documents.

On October 15, 2019, the Proposal form was released on the Website without the ability for MPs to submit Proposals, pending final Commission action on related matters. The Commission issued a decision establishing the Avoided Cost figures to be employed on January 24, 2020, and the completed Proposal form was available for submission on February 7, 2020. An announcement was made on each Silo, and an automatic email notification was sent informing the MPs of the release. Final Proposals were due on March 9, 2020, over four months after the Proposal form was first available.



Figure 3: Standard Proposal Book File System

Folder Name
1. Proposal Support Documents
Energy Profile 8760
Environmental Information
Financial Information
Project Information
Project Status Milestones
Supplemental Information
Technology Specific Information
2. Other Eligibility Documentation
a. EGIdoc
b. SiteControl
c. Ownership
d. Production Profile
e. Operational Experience
f. Environmental
g. Project Map
h. Confidentiality Agreement
i. Project Map
3. Proposal History
a. PPA
4. Cure Documents
5. Post Bid Document

When an MP created a Proposal, a corresponding folder was automatically generated within the MP's Proposal Book with five subfolders: Proposal Support Documents, Other Eligibility Documentation, Proposal History, Cure Documents, and Post Bid Document. Proposal Support Documents and Other Eligibility Documentation subfolders served as organized destinations for files uploaded from the Proposal form. Proposal History recorded all activities related to a Proposal, including document uploads, messages submitted on the Message Board, and Proposal Submissions, and saved it as a txt. file. The Cure Documents folder provided a medium for an MP and the IA to share documents during the cure period. The Post Bid Document folder was utilized in the event a Proposal was selected as a winner.

Throughout the process, the IA monitored the Website daily to ensure its functionality, to monitor and respond to all general and project specific questions, and to provide all necessary information to registered users. The IA achieved this by updating the schedule when appropriate, posting announcements, updating the FAQ's page, and responding to posts on the Q&A page and the Message Board in a timely manner.

IV. PRE-PROPOSAL SUBMISSION ACTIVITIES

1. REGISTRATION

On July 22, 2019, Accion Group opened registration on the CPRE Tranche 2 Solicitation Website. Registration on the Website remained open throughout the Tranche 2 CPRE process.

Registration was made straightforward and secure. The Registration page was accessed via the homepage of the Website through a tab on the menu bar titled "Register." Upon clicking the tab, users were introduced to the Terms and Conditions put forth by the IA, which they were then required to read and agree with to proceed. Users were then directed to a security page where the Website utilized *reCAPTCHA* technology to authenticate registrants.

Users were then transferred to the Registration Page, pictured in Figure 4. Registration was a crucial first step in the online solicitation for documentation purposes. Once registered, all user activity on the Website was automatically saved with an individual's identifying data. This provided a complete history of all CPRE related activities which could be tied to individual users.



Figure 4: Registration Page on the Website

As highlighted on the top of the Registration Page, users were required to Register as either an MP or a Non-Market Participant (“Non-MP”). Non-MPs had restricted use on the Website compared to MPs. This allowed Non-MPs to have necessary access to understand the progression and process of the CPRE program without participating as a Market Participant. Likewise, MPs had all necessary tools to fully participate in Tranche 2 on the Website. Figure 5 identifies Website access granted to Non-MPs and MPs.

Figure 5: Access to the Website for Non-MP’s and MPs. Check marks signify access.

	Non-MPs	MPs
Schedule	✓	✓
Announcements	✓	✓
Documents	✓	✓
Viewership to Q&A	✓	✓
Q&A		✓
User Profile	✓	✓
Tutorial	✓	✓
FAQ	✓	✓
Proposal Management		✓

Registration was available throughout the Tranche 2 process. Figure 6 displays the distribution of user types that registered on the Website. Figure 7 represents the number of MPs registered to the Website as of the Proposal Submission deadline on March 9, 2020. Within the DEC Silo, 70 MPs registered from 56 different companies. Within the DEP Silo, 34 MPs registered from 32 different companies. Within the Asset Acquisition Silo, 18 MPs registered from 17 different companies. A list of states and territories represented on the Website is shown in Figure 8.

Figure 6: Registration User Type

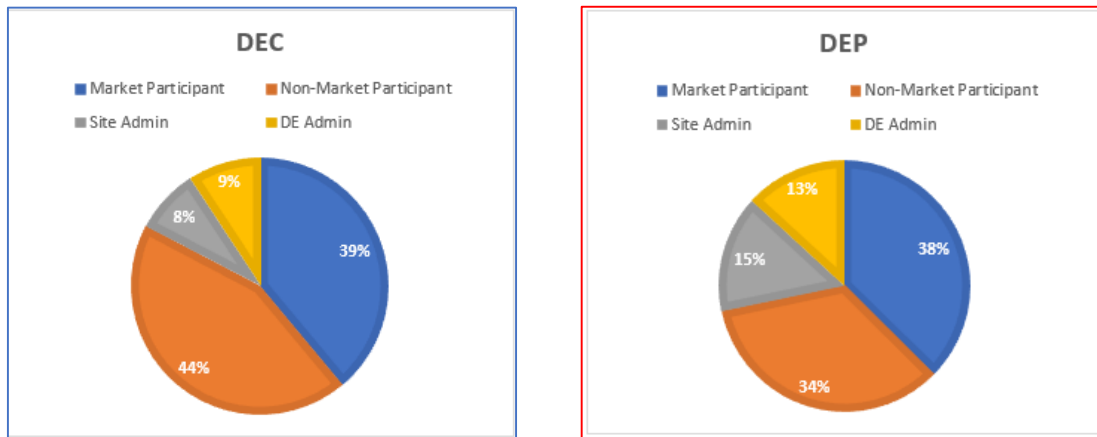


Figure 7

The IA believes the dissemination of information about this RFP was extensive and elicited significant interest. Throughout the submission process, the Website received 186 registrants from twenty-five jurisdictions in DEC, and 99 registrants from 21 different jurisdictions in DEP. These figures confirm that there was significant engagement from a wide range of companies.

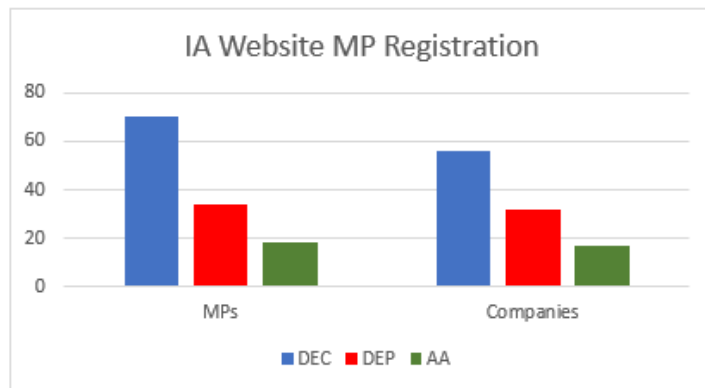


Figure 8: Registration by State/Territory

DEC		DEP	
State/Territory	Number of Registrants	State/Territory	Number of Registrants
Alabama	3	Alabama	1
Arizona	1	California	3
California	10	Colorado	1
Colorado	1	District Of Columbia	3
District Of Columbia	3	Florida	3
Florida	9	Georgia	5
Georgia	8	Idaho	1
Illinois	5	Illinois	2
Indiana	3	Indiana	2
Massachusetts	3	Maryland	1
Minnesota	1	Minnesota	1
Missouri	1	New Hampshire	16
New Hampshire	16	New Jersey	2
New Jersey	3	North Carolina	43
New York	2	Quebec CA	1
North Carolina	88	South Carolina	4
Ohio	1	Texas	5
Oregon	2	Utah	1
Pennsylvania	1	Virginia	3
South Carolina	12	Washington	1
Texas	6		
Virginia	5		
Washington	1		

2. IA GUIDANCE AND COMMUNICATION

A. Tutorial and Documents Pages

The IA maintained daily oversight of the Website and provided Website and CPRE guidance. Within the Tutorial page, registrants could access a seven-page written tutorial overviewing the Website navigation, its features, and how to properly complete a Proposal form, as well as a six-minute video walk-through highlighting the same. The IA also utilized the Documents page to post helpful information regarding the CPRE process, including the RFP and RPPA, and Grid Locational Guidance. Before the Proposal submission deadline on March 9, 2020, the IA uploaded more than 90 documents for use by MPs.



B. Q&A and Messages

For questions or concerns, MPs contacted the IA via the Q&A or Messages pages. The IA created these pages to ensure that reasonable and efficient communications could be completed and documented on the Website. On the infrequent occasions when the IA received phone calls or emails from MPs, the inquirer was immediately directed to continue the correspondence via the Website. When a substantive inquiry was received outside of the Website, the IA responded via the confidential Message Board and included a copy of the inquiry. This provides the commission with a complete record, even when MPs ignored the directive to communicate via the Website.

The Q&A page and the Message Board were created for distinct purposes. The Q&A page was opened upon the release of the Website on July 22, 2019, and closed at the end of the Submission period, on March 9, 2020. Questions on the Q&A page were non-project specific and could therefore be useful to many Tranche 2 participants. Questions were visible to all users after the IA submitted their response. For all other questions during this time, MPs were directed to the Message Board. The intended uses of the Q&A page and Message Board were explicitly stated in both the written and video tutorials, and were displayed on their respective pages. After March 9, 2020, the Q&A page was disabled and all communication between the IA and MPs occurred on the Message Board. All posts on the Q&A page remained visible to registered users for the entirety of the Tranche 2 process.

On the DEC Silo, 22 MPs asked a total of 123 questions. Three MPs accounted for over a third (36%) of the total number of questions asked. The average response time was 7.6 days. In DEP, 5 MPs asked a total of 7 questions. Figure 9 displays the response time to each question on the DEC Silo and Figure 10 displays the percentage of the total number of questions asked by MP.

Figure 9

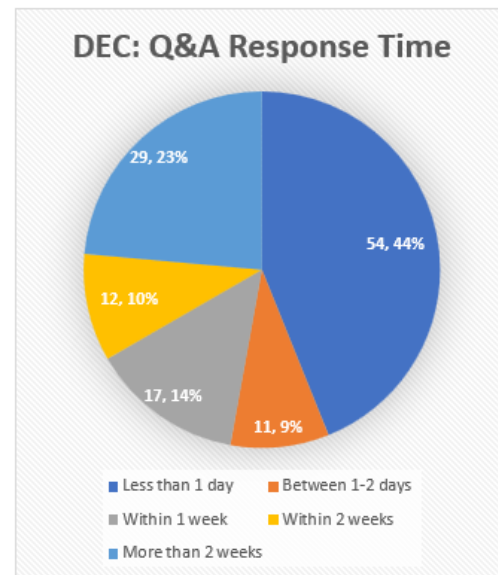
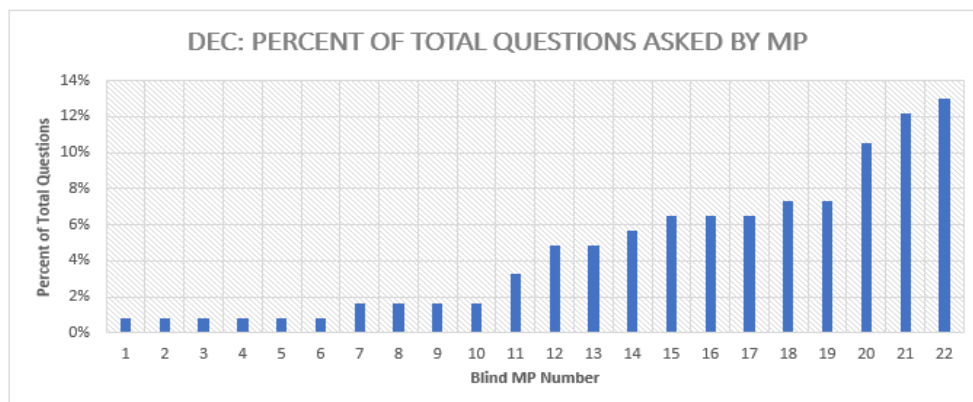


Figure 10



3. BIDDER WEBINARS/CONFERENCES

On July 2, 2019 the NCUC issued an order Modifying and Accepting CPRE Program Plan in Docket E-2, Sub 1159. That order required the Duke Companies to meet monthly with interested stakeholders to continue discussions with the IA, the Public Staff, and MPs with the goal of reaching consensus on the documents to be used for Tranche 2 and to provide further information regarding the solicitation process. These meetings were held between August of 2019 and February of 2020.

A. August 2019 Stakeholder Session

The first of the Tranche 2 Stakeholder Sessions was held on August 7, 2019. Stakeholders were invited to attend in-person at the Duke Energy offices in Raleigh, or online via Webinar. Registration was available via the IA Website and registrants were sent call-in details on August 6, 2019. Additionally, the meeting presentation and Grid Locational Guidance documents were posted on the IA Website in advance of the meeting for review by participants.

A total of eighty-eight (88) individuals from thirty-eight (38) unique and identifiable companies registered to attend the meeting either in-person or via Webinar. The following is a list of topics discussed during the August stakeholder session:

- CPRE Overview
- Tranche 1 Overview
- Tranche 2 Overview and Schedule
- Interconnection
- Grid Locational Guidance
- Storage

B. September 2019 Stakeholder Session

The second Stakeholder Session and Pre-Bid Conference were held jointly on September 12, 2019. Participants were invited to register and participate in the Webinar by going to the RFP Website, and selecting the “Pre-Bid Webinar” tab on the menu bar. Due to the disruptions caused by Hurricane Dorian, the meeting and Pre-Bid Webinar were offered without an in-person option.

The following announcement was posted on the RFP Website on September 6, 2019 announcing the Pre-Bid Conference:

9/6/2019 10:05:15 AM

The pre-bid conference and Stakeholder Session scheduled for Thursday, September 12, 2019, will be conducted by WEBINAR ONLY. Response to Hurricane Dorian requires Duke conference rooms and personnel be dedicated to storm recovery efforts. This also permits interested persons to participate without having to travel to Raleigh. All persons registered for the webinar will receive access information 24 hours before the event. Please be certain to register for the webinar on the IA Website.

Those persons who registered to participate in-person do not have to re-register because the IA transferred those to the webinar registration.

(Ref.# 9)



Eighty-one (81) individuals registered to attend the Webinar. One hundred four (104) individuals attended ¹⁰ the Webinar representing 44 unique and identifiable Companies.

The presentation slides created for the Webinar were posted on the RFP Website prior to the Webinar on September 12, 2019, and a recording of the entire program was posted on the Website following its completion, in order to provide all information for those unable to participate in the Webinar.

During the Webinar Duke and the IA provided background of the solicitation and an overview of the RFP process. The Pre-bid Conference was followed immediately by the Stakeholder Session. The following topics were discussed in their respective Webinars:

Pre-bid Conference:

- Overview and Background of Tranche 2
- Details of Tranche 2 Solicitation
- Interconnection
- Pro Forma PPA
- Asset Acquisition Proposals

Stakeholders Session:

- Tranche 1 Debrief
- Pro-forma RFP & PPA
- Status of Avoided Cost
- Storage Protocol Revisions
- Transmission Analysis

Finally, the participants were encouraged to ask questions. The Webinar produced sixty-seven (67) questions, which were answered by Duke Personnel or the IA. All responses from Duke were reviewed by the IA. The questions and written responses were posted on the CPRE Tranche 2 RFP Website on October 10, 2019. Participants were advised that the written responses should be used when preparing Proposals, as the oral response at the Pre-Bid Webinar may have been incomplete.

C. October 2019 Stakeholder Session

The October Stakeholder Session was held both in-person and via webinar on October 10, 2019. Registration was available via the IA Website and registrants were sent call-in details on October 9, 2019 or in-person meeting room information on October 10, 2019. Individuals who registered after these details were sent were given the information upon registration.

A total of sixty (60) individuals from thirty (30) companies registered to attend either in-person in Raleigh or via webinar. A copy of the meeting slides was posted on the IA Website prior to the stakeholder session, and a recording of the webinar was subsequently posted on the IA Website on October 11, 2019.

¹⁰ Registration information was collected from the IA Website. Ultimately more individuals attended via Webinar than registered on the Website; the IA believes this was due to those who had one company representative register for the webinar and then shared the call-in details, thereby accounting for the additional attendees.



The following topics were discussed during the October Stakeholder Session:

- Asset Acquisition Proposals
- Solar Integration Service Charge
- Transmission and Distribution
- Treatment of Projects with Fully Executed Interconnection Agreements
- Tranche 2 online Proposal form

Both during the presentation and at the conclusion of the meeting, participants were encouraged to ask questions. A total of thirty-nine (39) questions were asked during the meeting. These questions and their written responses were subsequently posted on the IA Website, and participants were advised that written responses should be used when preparing their Proposals.

D. November 2019 Stakeholder Session

The November Stakeholder Session was held both in-person and via webinar on November 13, 2019. Registration was available via the IA Website and registrants were sent call-in details or meeting room information on November 12, 2019. Individuals who registered after these details were sent were given the information upon registration.

A total of sixty-one (61) individuals from thirty (30) companies registered to attend either in-person in Raleigh or via webinar. A copy of the meeting slides was posted on the IA Website prior to the stakeholder session, and a recording of the webinar was subsequently posted on the IA Website on November 14, 2019.

The following topics were discussed during the November Stakeholder Session:

- Solar Integration Service Charge
- South Carolina PSC Decision
- Avoided Cost Rates
- Tranche 2 Schedule
- Proposal Security Notification Process
- December Stakeholder Session

Both during the presentation and at the conclusion of the meeting, participants engaged in discussion with Duke personnel and the IA. A total of fifteen (15) questions were asked during the meeting. These questions and their written responses were subsequently posted on the IA Website, and participants were advised that written responses should be used when preparing their Proposals.

Following the November stakeholder session, there was agreement from Duke, the IA, and stakeholders the next session, originally scheduled to take place in December 2019, should be held only after the NCUC provided a final decision regarding the Avoided Cost figures for Tranche 2. Subsequently, there was a break in the stakeholder sessions until the final meeting on February 6, 2020.

E. February 2020 Stakeholder Session

The February Stakeholder Session was held both in-person and via webinar on February 6, 2020. Registration was available via the IA Website and registrants were sent meeting location information on



February 4, 2020 or call-in details on February 5, 2020. Individuals who registered after these details were sent were given the information upon registration.

A total of eighty (80) individuals from thirty-eight (38) companies registered to attend either in-person in Raleigh or via webinar. A copy of the meeting slides was posted on the IA Website prior to the stakeholder session, and a recording of the webinar was subsequently posted on the IA Website on February 10, 2020.

The following topics were discussed during the February Stakeholder Session:

- Tranche 2 Amended Schedule
- Avoided Cost Tables
- Solar Integration Charge
- Review of IA Evaluation Process
- RCOD & In-Service Expectations
- T&D Evaluation “Base Case” Determination
- Interconnection Guidance
- Review of Stakeholder Sessions and Points of Consensus

A total of forty-six (46) questions were asked during the meeting. These questions and their written responses were subsequently posted on the IA Website, and participants were advised that written responses should be used when preparing their Proposals. No stakeholder challenged the accuracy of the IA’s documentation of the sessions.

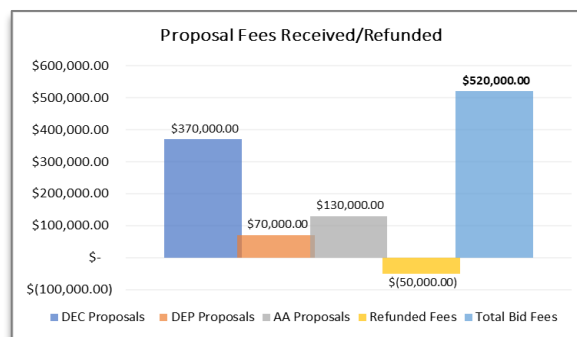
V. PROPOSAL SUBMISSION REQUIREMENTS

1. Proposals Fees

Each MP in this RFP was required to pay a non-refundable “Proposal Fee” with each Proposal submitted based on the facility’s nameplate capacity. For PPA Proposals, a minimum fee of five hundred dollars (\$500) per MW with a maximum of ten thousand dollars (\$10,000) was due at the time each Proposal was submitted. For Asset Acquisition Proposals, a non-refundable minimum Proposal Fee of ten thousand dollars (\$10,000) was due for BOT and Joint Venture Proposals.

Proposal Fees were automatically calculated as part of the online Proposal form using the nameplate capacity entered on each Proposal Form, and instructions for electronic payment were provided both on the Proposal Form, and additionally on the RFP Website documents page. Failure to submit the Proposal Fee would result in automatic disqualification of the Proposal from further consideration.

Figure 11



The IA received and reconciled all Proposal Fees with corresponding Proposals and confirmed that all fees were paid and received no later than 12:00 PM EDT (Noon) on the Proposal due date, as directed by the RFP Documents. The total gross amount of Proposal Fees received was \$570,000. Figure 11 shows the breakdown of fees received for DEC, DEP and AA Proposals submitted, including all refunded Proposal Fees. During the reconciliation process, the IA reached out via the Message Board to one DEC MP who submitted three (3) Proposals that were not eligible per the RFP terms, and one DEC MP who overpaid their Proposal fee. Upon confirmation from both MPs the IA refunded the \$30,000 in Proposal Fees for the ineligible Proposals and returned the \$20,000 overpayment.

Fees were not refunded in the case of any modification of the RFP schedule, rejection of any Proposal, or failure by a winning MP to execute a PPA.

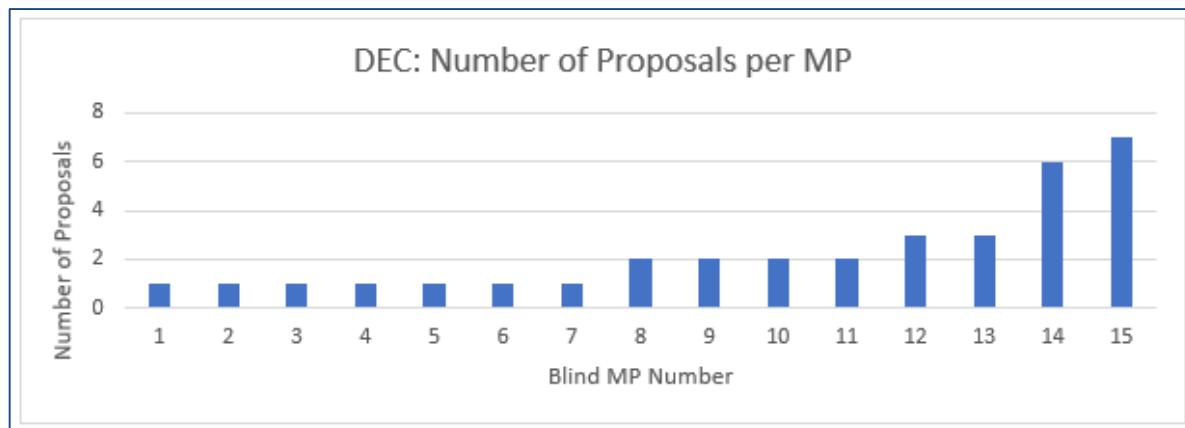
VI. PROPOSAL SUBMISSION STATISTICS

1. SUBMITTED PROPOSALS

The electronic Proposal form on the Website performed as intended, that is, it simplified the bidding process to a single medium and allowed for a wide variance of Proposals as well as easy submission of similar, but not identical Proposals. Proposals were received through March 9, 2020. Three submitted Proposals did not conform to the CPRE guidelines. This section focuses its analysis on all conforming Proposals that were submitted. In total, 40 conforming Proposals were submitted in DEC and DEP.

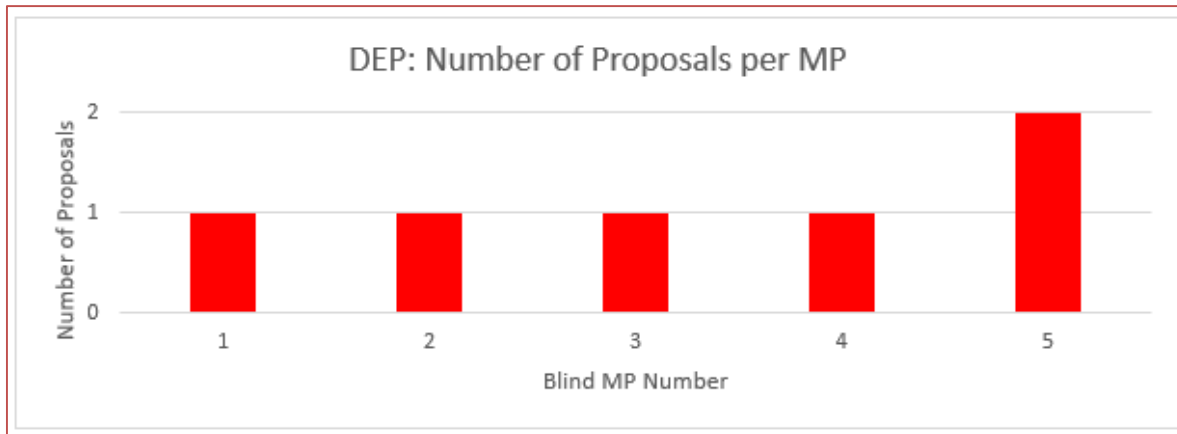
In DEC, fifteen MPs submitted at least one Proposal. Over half of the MPs submitted more than one Proposal.

Figure 12



In DEP, five MPs submitted Proposals. One MP submitted more than one Proposal.

Figure 13



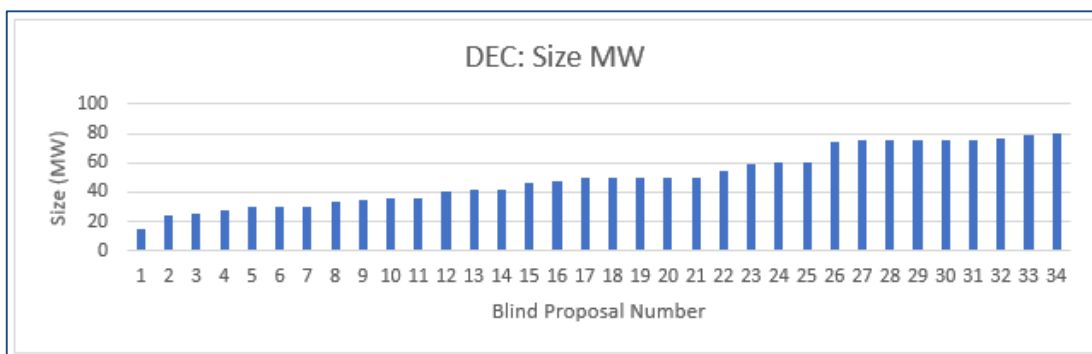
Both DEC and DEP had a robust number of Proposal submissions relative to the procurement target: DEC received 34 Proposals and DEP received six.¹¹ All Proposals were for solar photovoltaic generation. Three Proposals were submitted with energy storage systems integrated with PV systems in DEC, while one Proposal did the same in DEP. All Proposals sought interconnection at transmission level service.

2. GENERATING CAPACITY

Duke Energy Carolina (DEC)

The IA received Proposals totaling 1,710.4 MW AC of capacity in DEC, which was just under 3 times the targeted 600 MW for CPRE Tranche 2. All Proposals were for solar photovoltaic generation. The minimum Proposal size was 15 MW AC and the maximum was 80 MW. The average Proposal size was 50.3 MW.

Figure 14

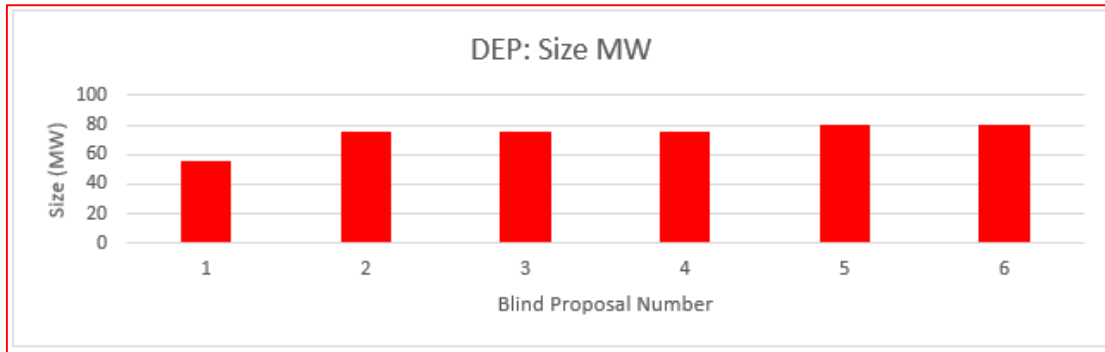


¹¹ In most cases a single Proposal would come close to satisfying the requested MW in DEP Tranche 2 (80 MW AC).

Duke Energy Progress (DEP)

The IA received Proposals totaling 440.90 MW in DEP, over 5.5 times the requested amount. The smallest Proposal size was 56 MW and the largest was 80, the maximum amount able to be proposed. The average Proposal size was 73.48 MW.

Figure 15



3. TRANSMISSION AND DISTRIBUTION

MPs were required to identify the Point of Interconnection (“POI”) to which their project would connect, as well as whether the MP desired distribution level or transmission level service. All MPs proposed to interconnect their projects at the transmission level.

4. SUBMISSION BY STATE

Pursuant to the CPRE requirements, all proposed facilities for DEC and DEP were required to be located in the respective DEC or DEP service territories in North Carolina or South Carolina. Regarding North Carolina, there were a total of 17 Proposals combining for 886.65 MWs in DEC, and a total of five Proposals combining for 366 MWs in DEP. In South Carolina, there were a total of 17 Proposals combining for 823.7 MWs in DEC, and one Proposal with 74.9 MWs in DEP. This information is depicted in Figure 16.

Figure 16

Tranche 2 Facility State Submission				
	North Carolina		South Carolina	
	Proposals	MWs	Proposals	MWs
DEC	17	886.65	17	823.73
DEP	5	366.00	1	74.90

5. PRICE DECREMENT

All Proposals were required to be proposed at a price lower than the Avoided Cost Threshold prices included in the RFP. The price decrement (“Price Decrement,” or “Decrement”) is defined as the



amount (\$/MWh) below the Avoided Cost Threshold. The average Price Decrement in DEC was \$4.02, and in DEP was \$2.95. Three Proposals were submitted with a zero Decrement.

6. NON-CONFORMING PROPOSALS

After submission, three Proposals were determined to be non-conforming and were not evaluated in Step 1. All three Proposals were from the same MP and had the same non-conformity, that being each had a pre-existing PPA with Duke. The RFP expressly stated that 100% of a Project had to be committed, including “energy, capacity, and environmental and renewable attributes” RFP at 2. As clarification, the RFP provided that “for the avoidance of doubt, an MP may not submit a Proposal for a Facility that has an existing off-take agreement.” RFP at 2, footnote 4. When submitted, each Proposal stated that the “Facility does not have an existing off-take agreement.” Proposal at 1. As part of the due diligence performed by the IA it was determined that each project had an existing PPA, which the MP acknowledged on March 11, 2020, two days after the Proposal submission date. After an initial challenge of the RFP terms, the MP reserved the option to further challenge the RFP provision and ultimately withdrew each Proposal. After repeated requests from the IA, the MP agreed to accept the refund of each Proposal Fee, with the refund completed on July 27, 2020. By order dated October 20, 2020, the Commission concluded that projects with existing PPAs should not be permitted to participate in CPRE.

VII. EVALUATION MODEL

1. OVERVIEW

Each Proposal was evaluated using the MP’s pricing information, the facility’s MW AC generating capacity, and the MP’s hourly production profile over 20 years (“Loadshape”) information. For Proposals that included storage, the facility storage parameters (nominal output, storage duration, and charging rate), and production profiles with and without storage were included in the evaluation.

The IA created a custom evaluation model based on prior experience, industry standards, and the needs of the CPRE program (“Evaluation Model”) which utilized the bid input parameters to calculate each Proposal’s benefit (“Net Benefit”) to the Company system over the twenty-year PPA term. See: Section V of the RFP.

In Step 1, the Proposals were ranked based on the Net Benefit calculation but excluded the T&D system upgrade costs. In the Step 2 process, the T&D system upgrade costs for projects were calculated in an iterative process starting with the most attractive Proposals and then imputed to the Proposal in the final ranking of Proposals.

2. REQUIRED INPUT DATA

1. Loadshape 8760

For each Proposal, the MP was required to supply a 20-year 8760 Loadshape that best represented the long-term output of the facility. The 8760 Loadshape was subject to review by the Independent Administrator to ascertain that the data within the Loadshape did not exceed the capability of the proposed facility.



A Proposal that included storage was required to submit a pre-storage Loadshape as well as the post-storage Loadshape. The pre-storage Loadshape represented the facility generation with the storage capability turned off. The post-storage Loadshape represented the individual MP's best effort to utilize the facility with its storage capability to maximize facility value (but remain within the practical limits of the energy storage capability). The pre-storage Loadshape was compared to the post-storage Loadshape to evaluate whether the MP exceeded the limits of the Proposal's storage capability in submitting the post-storage Loadshape. The evaluation of a Proposal that included storage was based upon the post-storage 8760 20-year Loadshape data.

A Proposal that did not include storage was required to submit the single 20-year 8760 Loadshape which was used in the evaluation of the facility.

2. Facility Pricing

The CPRE program required that each Proposal was priced as a single decrement (i.e., below) the levelized 20-year Avoided Cost Threshold price cap identified in the RFP (see Section IV).

The Proposal form prevented the entry of pricing above Duke's Avoided Costs Threshold as stated in the RFP. The Website Proposal form presented the calculated prices for each pricing period so the MP could confirm the Proposal pricing was as desired.

There was a range of price decrements submitted. The mean price decrement for Proposals submitted in DEC was 4.02 \$/MWh and 2.95 \$/MWh in DEP. The RFP and the Website Proposal form clearly described and presented the pricing periods.

3. Other Required Inputs

In addition, evaluation of each facility included the following data:

- a. Maximum AC Capability
- b. Interconnection (Distribution or transmission) Voltage
- c. Storage Capability (if applicable) in MW nominal output
- d. Storage Capacity (if applicable) in Hours duration at the nominal output
- e. Maximum Storage charging rate in MW (if applicable)

The maximum AC capability represented the maximum output from a project as submitted on each 8760. The interconnection voltage was included in the modeling to determine the energy that could flow from the facility.

VIII. EVALUATION

1. OVERVIEW OF EVALUATION PROCESS

The IA strictly followed the evaluation protocol set forth in the Tranche 2 RFP and in NCUC Rule R8-71(f)(3). Further, all appropriate evaluation process information was communicated to MPs in a timely manner. The Announcements, Messages, and Schedule pages were monitored daily to reflect the current Tranche 2 plan, or to remind MPs of an upcoming evaluation deadline.



The major components of the evaluation process are described in depth below. The process was designed to evaluate each Proposal individually while maximizing efficiency and fairness. The IA believes this process succeeded in this goal, and all refinement suggestions for Tranche 3 remain minor and are shown in Section XIV of this report.

2. EVALUATION TEAMS

The IA created five subject matter evaluation teams: Modeling (“Modeling”), Financial (“Financial”), Legal (“Legal”), Transmission & Distribution (“T&D”), and Engineering/Project Sufficiency (“PST”). Each team contained subject matter experts and focused their work on their respective portions of the Proposal evaluation. The Modeling Team designed and created the Evaluation Model and worked to determine the “Price Score” defined on the Scoring Sheet. The Financial Team determined the “Credit Worthiness” for each Proposal by evaluating the MP’s financial assurances and credit requirements. The Legal Team focused on three areas: determining that the MP could complete permitting to meet COD, determining that the Proposal had project site control for full term, and determining that the Proposal had site control to the POI for full term. The PST determined scores for four categories: experience of the project team, equipment to be used, required control equipment, and quality of project design. Finally, the T&D Team worked to assist the Modeling Team in determining the Price Score of each Proposal by conducting the T&D analysis of system upgrade costs as described below in Section X.

3. PRICE SCORING SHEETS

In accordance with the Appendix F of the RFP, the Price Scoring Sheet (“Scoring Sheet”) was used when reviewing each Proposal. The Scoring Sheets allocated weighted scores to each evaluation category, and category scores were summed to reach a Proposal’s overall evaluation score. This method confirmed that each Proposal was evaluated using the same criteria. An example of a Scoring Sheet is attached as Appendix A.

4. CURE PROCESS

After Proposals were submitted, it was necessary to correct any inaccuracies made by MPs, and to gather any further materials requested by the IA’s evaluation team to clarify or confirm the MPs intent. This process (“Cure Process”) began immediately following the end of the Proposal submission period. All communication during this process was held between the IA and individual MPs via the Message Board and the Proposal’s Cure Documents folder. A cure was defined as any alteration or clarification to a Proposal, including the need for additional documents or explanations not explicitly requested for on the Proposal form. The Cure Process confirmed the data inputted on the Proposal Forms for the conforming Proposals to be correct and ready for evaluation.

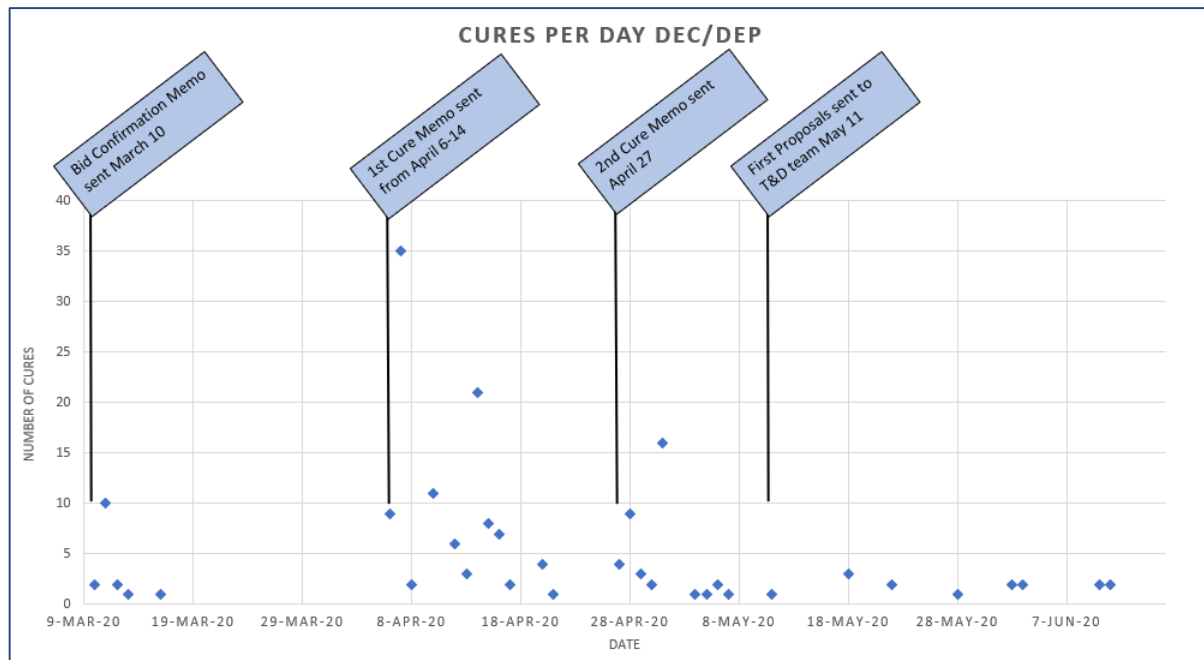
The Cure Process can be broken down into the following four classifications: The Bid Confirmation Memo, the Cure Process Memos, additional cures notified via Message Board, and the T&D Step 2 Evaluation Cures. The Bid Confirmation Memo (“Confirmation Memo”) was sent to MPs on March 10, 2020, one day following the end of the Proposal submission period and contained the most critical information for each Proposal entered by the MPs. This Memo acted as a screening tool for MPs to double-check the information they entered prior to the evaluation process. The MPs had two (2) business days to confirm the information therein. An example Confirmation Memo can be seen in Appendix B. In



response to the Confirmation Memo, the MPs of 13 Proposals identified inaccuracies in their original submission. Additionally, three Proposals were identified as non-conforming and were set aside from evaluation. The Confirmation Memo worked as desired in that it quickly identified any errors to major characteristics of Proposals prior to the evaluation process.

After the Confirmation Memo, each subject matter evaluation team participated in the Cure Process by performing an overview analysis of the data submitted pertaining to their expertise. All questions, clarifications, or errors were noted for each Proposal, then centralized to a memo ("First Cure Process Memo") that was sent to the MP of each Proposal between April 6, 2020 and April 14, 2020. As evaluations deepened, more cures were realized resulting in the need for an additional memo to be sent to appropriate MPs ("Second Cure Process Memo") on April 27. The Cure Process timeline is visualized in Figure 17. Each MP was given a deadline to complete the cures, however, it should be noted that due to complications involving Covid-19, the timetable to complete cures was extended for appropriate situations, causing delays to the evaluation process.

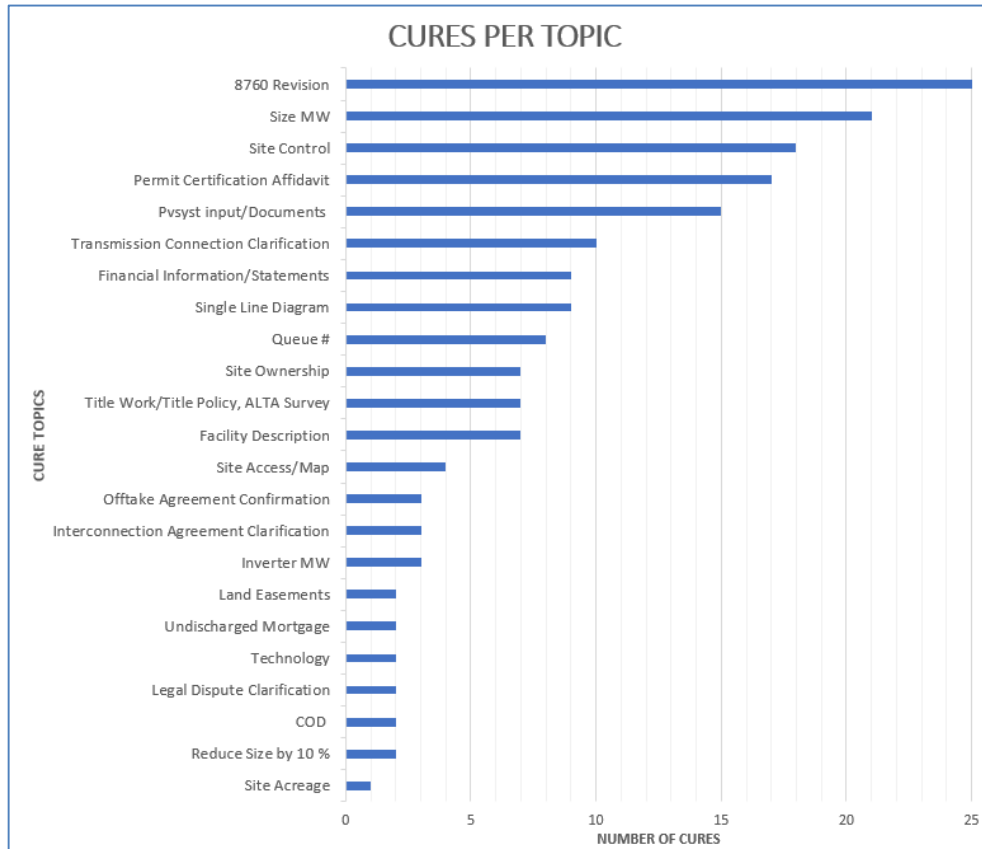
Figure 17



The Cure Process Memos highlighted the need for 125 total cures and were sent to 38 Proposals. The topics and frequency of cures required for each are displayed in Figure 18. The topic requiring the most cures was the generating profile, or 8760 ("8760"). The IA notes that the specific 8760 template required for submission was provided to the MPs on the Documents page of the Website during the Proposal process and that MPs were notified of this in the RFP. The second most frequent cure topic was the megawatt (MW) size of the facility. Most clarifications arose due to the similarities in nomenclature between Nameplate Capacity, Generating Capacity, and Maximum Net Export Capability at POI.

Outside of the Memos, all other cures were communicated directly on the Message Board. In some cases, a phone call was arranged for deeper explanations between MPs and the IA, the substance of which was always noted on the Message Board.

Figure 18



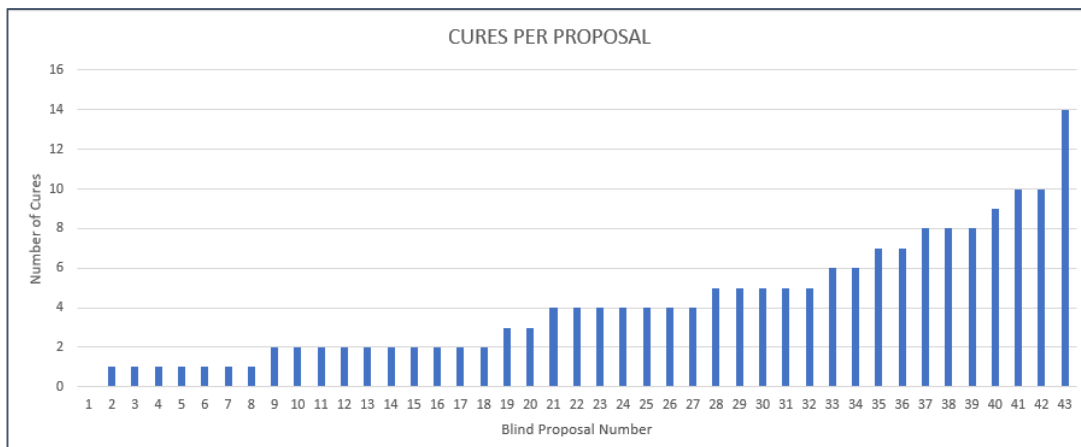
The Cure Process resolved nearly all of the errors in Proposals prior to delving into the more time-consuming and rigorous Step 2 evaluation methods, allowing the T&D team to focus solely on their areas of expertise. From their evaluations, 12 total cures were identified spreading across eight Proposals, 10 of which involved Transmission Connection clarifications.

In total, 176 cures were required from 39 Proposals in DEC and DEP. While most Proposals required a cure, the data does not suggest it to be due to confusion on the Website design or the Proposal form content. Only five topics included more than 10 cures, and four of them were pertaining to information on document uploads. Further, over half of Proposals required fewer than five cures.

More importantly, the online platform was designed for error recognition and streamlined error revising – improving the Proposal experience for MPs. The complete Proposal form was a substantial application requiring hundreds of data fields to be entered. To assist MPs, the platform was programmed to reject obvious input errors, such as alphabet characters in numerical fields and numbers outside of realistic ranges. Further, MPs could go back at any time in the Proposal process and adjust data or upload a new document. Mistakes still occurred around the guardrails, however once identified in the evaluation

process, the platform allowed for easy correction. Once given access to the specific cure field, MPs were able to adjust the information and re-submit in a few “clicks.”

Figure 19



The IA elected for the more rigorous and structured Cure Process in Tranche 2 as part of the Lessons Learned from Tranche 1. Instead of relying solely on the iterative cure process, where the MP would be notified of each cure on the Message Board as it was discovered, the Memo method concisely highlighted each cure to one centralized document for each Proposal. Further, sending the Memos within the same time span allowed the process to be more unified. This method proved easier for MPs, and while it required a more rigorous approach to the initial evaluations, made the evaluation process smoother for all.

IX. STEP 1 EVALUATION PROCESS

The Step 1 Evaluation was composed of two goals: first, to rank in order the Net Benefit (\$/MWh) of each Proposal from most attractive to least attractive for ratepayers prior to Step 2 T&D evaluation, and second, to gather a Proposal Security of the most competitive Proposals. The process began once Proposals were confirmed by the Cure Process to be eligible for evaluation. All such Proposals were sent to the Modeling Team who used the Evaluation Model to rank all Proposals based on Net Benefit to ratepayers prior to the Step 2 T&D evaluation of system upgrade costs. The most competitive Proposals, based on the Step 1 Net Benefit ranking, were selected to the Competitive Tier, and given a deadline to submit Proposal Security. The process of selecting Proposals to the Competitive Tier remained iterative to include the most competitive Proposals at any point in time. A Proposal moved into Step 2 T&D Evaluation once it had been selected to the Competitive Tier and provided an acceptable form of Proposal Security.

Proposal Security was required from the MP of all Competitive Tier Proposals prior to advancing to the Step 2 Evaluation. As per the RFP, Proposal Security equaled \$20/kW, based on the facility's inverter nameplate capacity. The Proposal Security was accepted as cash, a Surety Bond, or a Letter of Credit (“LOC”). The IA provided acceptable Surety Bond and LOC forms on the IA Website as part of the

RFP. Once a Proposal was selected to the Competitive Tier, Proposal Security was required within ten days.

As noted previously, the IA exceeded the RFP requirements by providing MPs with advance notice of when Proposal Security might be required. The IA also offered to vet an MP's draft Proposal Security prior to the due date to avoid a Proposal being disqualified for missing the deadline for delivery of a conforming form of Security. This notice occurred on April 14, 2020, which was 14 days before the first notification to MPs of Proposals being in the Competitive Tier. Tranche 2 saw significant improvements in MPs providing acceptable Proposal Security, the timely acceptance of Security by Duke, and in turn, efficiency.

In DEC, the MPs of 12 different Proposals submitted a draft form of Proposal Security before being notified of a deadline. In total, 30 DEC Proposals received selection notifications to the Competitive Tier and the associated 10-day deadline for Proposal Security. Notifications occurred beginning on April 28, 2020 through June 30, 2020, as the IA continued evaluations and attempted to reach the MW goal.

In DEP, the MP of one Proposal submitted a draft form of Proposal Security before being notified the Proposal was in the Competitive Tier. In total, only two DEP Proposals were selected for the Competitive Tier, and both provided Proposal Security.

After Proposal Security was submitted, the IA sent it to the appropriate individuals at Duke for a review of acceptability. If it was found to be unacceptable, Duke would notify the IA of any deficiencies needing cures, who in turn used the Message Board to assist the MP in providing conforming Proposal Security.

X. STEP 2 EVALUATION PROCESS – T&D OVERVIEW

The goal of the Step 2 evaluation process was to calculate the final Net Benefit (\$/MWh) of each Primary Competitive Tier Proposal. The purpose of this step was for the T&D Team to assign an estimated network upgrade cost to each qualifying Proposal. The purpose of this section of the report is to document the steps taken by the IA and the Duke T&D Evaluation Team to complete the system upgrade cost analysis for each Proposal. This work was completed at the end of July 2020. This discussion is presented as a chronology of events, starting with actions taken prior to Proposal submission. From this process the IA developed recommendations for the T&D evaluators to be employed in Tranche 3.

1. ACTIVITY PRIOR TO PROPOSAL SUBMISSION

i. Transmission Guidance Provided to MPs

The T&D Team created a locational guidance document for MPs to better understand the available transmission capability and assist them in selecting viable points of interconnection. This guidance was adapted from the locational guidance provided for Tranche 1 and represented an expansion of the constraints previously identified. The new constrained areas are included as Appendix C and were provided to the MP's during the Stakeholder sessions. A copy of the materials was available on the Document Page of the IA Website.



Notwithstanding the locational guidance, several MPs proposed non-advanced stage facilities¹² in areas that were identified as constrained. Figure 20 is a map of all DEC Proposals and the pre-identified constrained areas, with winning Proposals identified in green. Note that all winning Proposals were outside of the constrained areas. One successful DEP Proposal will interconnect at transmission level service outside of the constrained area and is shown in Figure 21.

Figure 20

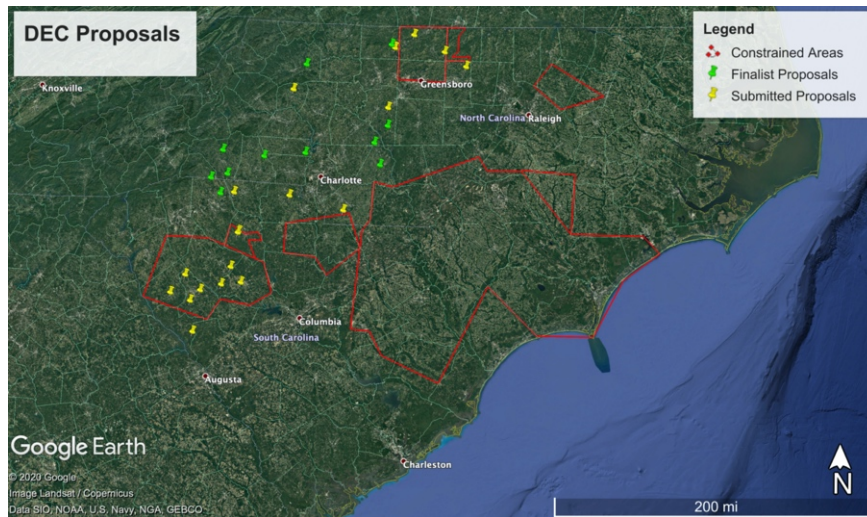
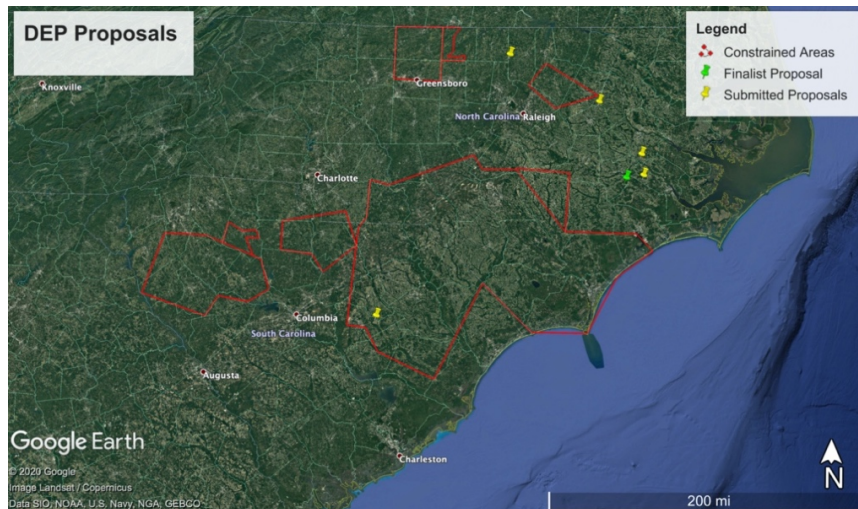


Figure 21



The locational guidance maps were revised in August 2019 in preparation for Tranche 2 using the most current assumptions for the existing system and planned future modifications. Duke T&D personnel maintained that it was not feasible to assess the entire interconnection queue nor would it provide a

¹² Advanced Stage projects are those with existing Interconnection Agreements. See: RFP at 18.

realistic picture of the system.¹³ Therefore, the grid locational guidance for queued generation was provided based on projects that had been studied (which included Interconnection Requests through October 8, 2018 in DEC and March 31, 2018 in DEP). The maps attempt to communicate geographical areas of the system where it is known that projects will face extended timelines to interconnection or higher costs associated with interconnection based on network upgrades. They were provided as guidance, but were not intended to definitively define the constrained areas. As was determined during Tranche 2, circuits near the areas identified as constrained were similarly constrained, depending on the size of proposed projects and the proposed POI. When that occurred, appropriate upgrade costs were assigned.

ii. Distribution Guidance Provided to MPs

MPs were advised that projects smaller than 20 MW would be evaluated as requiring distribution level service. Locational guidance for distribution projects was not differentiated from transmission locational guidance.

2. ANALYSIS REPORT FORMAT

As part of the practice of treating each Proposal in a fair and equitable manner, a standard document was used to record and present the analysis results for each Proposal. This draft standard document was successfully utilized in Tranche 1 and was used with minimal modification in Tranche 2.

3. COMMUNICATION DOCUMENTATION

After the Proposal submission period closed on March 9, 2020, a “T&D EVAL” folder and confidential Message Board was opened on the DEC Silo of the IA Website for data sharing with the members of the T&D Evaluation Team. Because of the limited number of Proposals for DEP, all T&D Evaluation was documented on this file system on the DEC Silo. This platform ensured that the exchange of files, and the file contents, had a time and date stamp, and that all Proposal data was shared securely. All members of the team shared access to these files, and this process continued until the ranking of the Competitive Tier became final.

One of the process changes instituted for Tranche 2 was that the Account Managers¹⁴ became part of the T&D Evaluation Team. This permitted the Account Managers to assist in the validation and verification of Proposal information.

Beginning on March 9, 2020, all voice or email messages between the IA Evaluation Team members and the T&D Evaluation Team were documented in a communication log with daily postings to the confidential evaluation files on the IA Website. Communication records were organized by week and posted to the “T&D Communication Log” folder on the Evaluation page of the IA Website.

All direct communication from members of the T&D Evaluation Team to MPs concerning CPRE topics was prohibited. Instead, T&D Team members were instructed to provide questions to the IA, who in turn posted them for MPs on the confidential Message Board of the Website. This ensured complete

¹³ This is discussed in the recommendations in this report.

¹⁴ Account Managers have day to day responsibility for working with developers during the interconnection process.

documentation of all exchanges. There were no observed instances of MPs inappropriately approaching T&D Evaluation Team members, or vice versa.

4. ADVANCED STAGE PROJECTS

Advanced Stage projects were recognized in Tranche 2 as a special class of Proposals. To qualify for Advanced Stage status, a project was required to have an executed state or FERC jurisdictional Interconnect agreement as of the date of Proposal submission. A project that obtained Advanced Stage status retained its original queue position and was also responsible for network upgrade costs, if any, whether or not it was selected as a winning project. Advanced Stage status was an advantage for a project with minimal network upgrade costs identified in their existing System Impact Study. For a project already assigned significant network upgrade costs, foregoing Advanced Stage status allowed for re-evaluation of network upgrade costs, including potential sharing of costs in the CPRE pooling process. There was one Advanced Stage project submitted in Tranche 2 and it was awarded a PPA.

5. INTERCONNECTION VERIFICATION AND VALIDATION

The process of verifying and validating the information submitted by the MPs proved to be less arduous than in Tranche 1 when there was confusion about queue identification numbering, whether projects were FERC-jurisdictional, and the precise POI of projects. The IA managed the confirmation process with assistance from Account Managers, T&D Team members, Duke attorneys, and the MPs. Because the identity and location of projects proposed into the CPRE program was to remain unknown to most Duke personnel, including those on the Duke Evaluation Team, information from Proposals was only provided when there was uncertainty about a Proposal, and then only to the Duke personnel with subject-matter expertise to assist the IA so the required separation protocols were maintained. Proposal verification started shortly after the close of bidding in March 2020, and continued into mid-July 2020. Those issues needing verification and validation are discussed below.

i. Interconnection Request and Project Data Verification

There were several instances where the interconnection request for a project contained a different queue number than was submitted for the project as part of the Proposal. The inclusion of the Account Managers in the evaluation process greatly improved the ease of determination of the correct project data.

The initial cure process was crucial to attaining the basic Proposal transmission data needed for the ranking process. The majority of this work was completed by the end of April 2020, and a few cures remained that were resolved in May.

ii. Project Size Determination

The CPRE maximum Proposal size for transmission connection was 80 MW; the distribution connection maximum was 20 MW. Project size was established in the interconnection request and could not be expanded, but it could be reduced up to 10 percent.



iii. Point of Interconnection Verification

Each bid project was required to specify a point of interconnection within the Duke system. The T&D Evaluation Team and the IA reviewed each Proposal to ascertain that the point of interconnection was appropriate for the project. In some instances, there were questions as to whether the Proposal point of interconnection was proper for the bid projects. During the Step 2 analysis, the IA and Duke T&D Evaluation Team identified a Proposal that included an invalid point of interconnection due to lack of site control. The IA worked with the MP to remedy the situation and allowed the MP to select an alternate POI so that the Proposal could be evaluated in Step 2. All MPs were required to follow Duke System equipment and interconnection standards. In this manner all MPs were treated equally.

6. STEP 2 PROCESS

i. Transmission Proposals

At the conclusion of Step 1, Proposals were selected by the IA and sent to the T&D Team to begin Step 2 analysis starting on May 11, 2020. In DEC, 13 total Proposals submitted Proposal Security that was accepted by Duke; these were included in the initial Step 2 analysis. In DEP, two (2) Proposals, totaling 155 MW, were sent to the T&D Team on May 13, 2020.

For each Proposal reviewed in Step 2, the information necessary to determine system impact cost was extracted from the Proposal submissions and provided to the T&D Team. The T&D Team reviewed the contents of these files and identified issues for which additional information was needed from the MP. The T&D Team shared requests with the IA via a confidential Message Board on the IA Website and the IA, in turn, interacted with the MP to collect the information and pass it to the T&D Team. This approach ensured that the T&D Team did not have direct CPRE correspondence with the individual MPs during the evaluation.

ii. Distribution Service Analysis

There were no distribution Proposals in CPRE Tranche 2.

7. THRESHOLD COST ESTIMATES

A review of the location of projects confirmed there were a number in the identified constrained areas where Network Upgrade costs would certainly be incurred. Using the standard transmission upgrade cost estimates prepared by Duke, the IA estimated the maximum Network Upgrade cost each Proposal could bear. For example, if the analysis indicated that a long transmission line upgrade or a significant substation addition would be needed, the network upgrade costs were estimated and compared to the threshold values previously calculated by the IA. This estimate was used to screen for projects that would require extensive and costly system upgrades.

8. MEGAWATT REDUCTIONS AVAILABLE

On the Proposal Form, MPs were asked if they would be willing to have their project sizes reduced by up to 10% if interconnection constraints were present, without changing the associated decrement price. This size reduction would not result in a change in the dollar per megawatt hour Proposal price.



Thirty-one (31) MPs expressed their willingness to accept such a reduction if necessary. In the end, it was not necessary to reduce the MW capacity of any of the Proposals in Tranche 2.

9. BASE CASE FORMULATION

The base case serves as a foundation for the analysis of the transmission system and represents a snapshot of the electric system as it would exist prior to the addition of the projects included within Tranche 2, considering the existing interconnection queues. The same process was used to evaluate all of the Proposals that were included in the Step 2 analysis. The steps were as follows.

i. Review all Projects in Serial Queue

Initially included in each base case were all projects with a queue position established prior to the Proposal submission date: March 9, 2020. Any project that bid into CPRE was removed from this initial base case, with the exception of Advanced Stage projects.

ii. Overall Base Case Discussion

The T&D Team reviewed and established the base case after receiving the listing of Proposals. The process for confirming the base case required review of all projects in serial queue, elimination of duplicate projects, and elimination of untimely projects.

iii. Eliminate Duplicate Projects

Some developers held queue positions for the same project with different configurations, such as different project sizing. Where there were multiple projects identified for a single location, including both bid and non-bid projects, only one could be built. In those instances, the IA contacted the MP and established which Project for the site the MP decided to remain in Tranche 2. Using input from the MPs, the IA and the T&D Team eliminated duplicate projects.

iv. DEC Base Case

The DEC base case was formulated by excluding all combined cycle plants queued before March 9, 2020 that did not have an executed Interconnection Agreement, and all projects that bid into CPRE that were not Advanced Stage. All remaining queued projects that were not duplicates from the same project were included in the DEC base cases.

Four transmission planning regions exist within DEC. Due to the size of DEC's generation queue, four base cases—corresponding to the four transmission planning regions—were created. The approach of using geographical groupings (based on the existing regional planning responsibilities) to create multiple base cases allowed for a systematic approach to assessing the impact of additional generation in different areas of the system.

v. DEP Base Case

The DEP CPRE Tranche 2 Base Case included all non-CPRE queue requests, both FERC and State, with queue dates through March 9, 2020.

Due to the significant amount of solar generation in DEP, impacts from additional generation span the entire DEP region. Thus, all requests in DEP were modeled in a single DEP-wide base case.



10. COST ANALYSIS COMPLETED

The analysis approach used during Tranche 2 was the same one that was used in Tranche 1. The components of the process are included below.

Standard Analysis Results Document

The following topics are included in each Proposal interconnection cost analysis:

- Proposal Information
- Study Purpose
- Study Conclusions
- Interconnection Configuration for the Proposed Proposal
- System Location of Proposed Proposal
- Analysis Structure and Assumptions
- Transmission or Distribution System Delivery Impacts
- Transmission or Distribution Facilities Estimate Including Upgrade Project Description
- Estimated Cost and Construction Time of Network Improvements

Individual analysis reports were completed for each Proposal that received Step 2 evaluation.

i. Analysis Results for Each Proposal

The T&D Evaluation Team received the Proposal ranking on May 11, 2020, 63 days after the Proposal closing date. At this point, the analysis of the individual Proposals began. The analysis results were produced and documented using the standard analysis results documentation format.

ii. Analysis Content

The analysis content was driven by the Proposal analysis document. To help the T&D Team understand and produce the required analysis and documentation of the analysis results, the IA met with the T&D Evaluation Team approximately once a week.

iii. Analysis Process and Results

a. Evaluate in Ranked Order

The process for determining costs for each Proposal started with their Step 1 ranked order. Proposals that were highest ranked had the lowest Proposal costs and were eligible for Step 2 evaluation first.

b. Apply Standard System Planning Models

Both thermal overload and reactive capability analyses were completed using standard Transmission Planning guidelines and models. The results of these analyses were reported in detail in the standard document for each Proposal. Proposal analysis documents were prepared for two DEP Proposals; both Proposals connected at transmission voltage. Proposal analysis documents were completed for DEC Proposals: all were transmission projects.

c. Complete Reactive Capability Evaluation

Reactive analysis was part of the Tranche 2 review that was completed for each Proposal in Step 2. As the transmission team was evaluating each project and determining if there was sufficient reactive



capability, it was apparent that reactive power modifications were required for some projects. These project modifications were needed to correct reactive shortcomings and were the responsibility of the MP, thus these changes did not impact the overall transmission Network Upgrade costs for these projects.

11. STEP 2 ADDITIONAL ANALYSIS

After the completion of Tranche 1, at the request of the Public Staff, the IA committed to perform a parallel analysis as a sensitivity test with an alternative definition of the base case. The alternative base case was smaller because it eliminated projects using the criteria presented to the NCUC during the May 2019 Technical Session.

The five best ranked Proposals were re-evaluated using the alternative base case analysis. This additional analysis did not alter the outcome of CPRE Tranche 2, but provides useful sensitivities to the impact of alternative analysis of the transmission system impact of Proposals.

The purpose of this additional analysis was to ascertain the extent to which the presence of previously queued projects and the allocation of transmission capacity to these projects impacted the selection of winning projects. Working with the T&D Evaluation Team, the IA formulated a process that addresses this issue. The steps of that process were:

- i. The identification of five Proposals that could have been selected, but for Network Upgrade cost challenges.
- ii. Then determine the Network Upgrade cost impacts that would have been accrued from “stepping around” the base case projects that would not go forward, using the alternative evaluation approach.
- iii. Determine the minimum resulting Network Upgrade costs for each of the five selected Proposals. Then determine if those Network Upgrade costs exceeded the maximum Network Upgrade cost that each Proposal could bear.

The final step was to identify the revised network upgrade costs for each of the five selected projects and then to contrast these costs to the original network upgrade costs.

Using the additional analysis, it was established that using the alternative approach of the network upgrade costs for several Proposals would have been reduced, but would not have been sufficient to have changed the ranking. All Proposals except one had multiple previously queued Proposals to “step around”.

12. STEP 2 PROCESS CONCLUSIONS

Based upon the entire body of work that was required to complete the Step 2 network upgrade cost analysis for both transmission Proposals in both DEC and DEP, the following conclusions are offered:

- The analysis process was the same for all Proposals, being evenly and fairly applied to all Proposals.
- The T&D Team successfully utilized the same analysis process in Tranche 2 that was established and validated in Tranche 1.



- All T&D Team members worked well and focused on the tasks required to produce Proposal cost analysis results in a timely manner. This task was made more difficult for Tranche 2 in that the available time for Step 2 analysis was reduced from the 131 days employed in Tranche 1 to 73 days for Tranche 2. Sufficient resources were available to complete the required tasks.
- The centralized Proposal status data tracking that was available to the T&D Evaluation Team and to the IA was a valuable improvement in efficiency. The availability of this consistent data set greatly improved the availability of the Proposal information and allowed all parties to rely upon its accuracy.
- The additional sensitivity analysis that the Duke T&D Team and the IA completed confirmed that approach would not have altered the ranking of Proposals.

XI. SUBJECT MATTER AREAS

1. LEGAL TEAM REVIEW

Using lessons learned from Tranche 1, the IA's Legal Team performed several tasks for Tranche 2 of the CPRE program. The legal team continued the use of a Site Control Acknowledgement Affidavit. This Affidavit is considered to be particularly helpful as it requires the Market Participant to represent, warrant, and covenant critical site control issues. These include control, site location, adequacy, authority, duration of control, notification of any change, and recognition of the obligation to provide needed site control documentation.

Following the Proposal closure date, the Legal Team reviewed the following types of documentation: Site Deed, Site Lease, Options, Site Control Acknowledgement Affidavit, Title Insurance, Boundary Survey, Description of the Site, Easements, Environmental Studies, Historical Sites Impact, Facility Descriptions, Facility Permits, Other Permits, the Project Map, Project Map with Landmarks, and Sitemaps. Some Market Participants submitted literally dozens of deeds that needed to be reviewed to verify a chain of title and locus. Often numerous option agreements were submitted, some of which had expired and did not extend the necessary term or reflect control of the transmission path to the point of connection.

When documentation was found to be missing or inadequate, a cure of the particular deficiency was requested from the Market Participant. Of the 34 Projects reviewed in DEC, 24 required cures. In the case of DEP, of the 6 Projects, 4 required cures. There was a relatively high number of Projects that were initially missing the Site Control Acknowledgment and complete title information. In some instances, the cure submitted was insufficient and an additional cure was required.

A compilation of this review was organized and submitted to the IA. Based on the Legal Team's review of the various types of documentation, the Proposals were scored by category as follows:

- permitting will be complete at the commercial operations date,
- project site control for the full term, and
- site control to the point of the interconnectivity.



The Legal Team reviewed the above types of documentation again for accuracy and to determine how they scored. A large portion of the Legal Team's time during the scoring process was spent reviewing easements, leases, options, title work, title insurance, and deeds to verify control and that such control coincided with the duration of the project.

2. PROJECT SUFFICIENCY TEAM REVIEW

The IA Project Sufficiency Team ("PST") performed a detailed technical evaluation of each Proposal submitted in CPRE Tranche 2 for DEC and DEP. The technical evaluation included a complete review of the experience of the project team, equipment to be used, required control equipment and quality of the project design. The purpose of the technical review was to confirm that any Proposal recommended by the IA for a PPA was technically capable of providing the proposed service within the proposed schedule.

Prior to the receipt of Proposals, the PST had identified which inputs on the Proposal form were pertinent to the technical evaluation and used the IA Evaluation File system to develop a file repository of five "custom reports":

1. Generating Facility (technical description of the facility).
2. Solar Design (design and equipment specifications), including a review of the PVsyst inputs and outputs underlying the 8760 energy production profiles for selected Proposals.
3. Storage Design (design and technical specifications).
4. Project Status Summary.
5. Proposal Summary.

Examples of documents uploaded to the CPRE website by MP's the PST reviewed included:

- Site Description
- Facility Description
- Inverter Warranty
- Operations (project costs)
- Project Map
- PV On-going Maintenance
- Single Line Drawing
- Site Map
- Site Plan
- Solar Project Design Information including, for selected Proposals, PVsyst documents and calculations
- Spec Sheets for solar panels and inverters
- Storage Spec Sheet
- Storage Experience
- Renewable Facilities Experience

The CPRE Tranche 2 Proposal Forms required each MP of a solar PV project to submit PVsyst modeling information, primarily in the form of document uploads. The following document uploads were required and reviewed by the PST:

- PVsyst input and output files used to produce a solar Proposal's 8760 energy production profile.



- .PAN and .OND files utilized in PVsyst evaluations (these files relate to design and performance of PV modules and inverters respectively).
- Related calculations and work papers supporting a solar Proposal's 8760 energy production file.

The PST also conducted detailed PVsyst reviews of selected solar PV and solar PV-plus-storage with respect to information provided by the MP's to confirm that the energy production estimate associated with the hourly production estimate and associated 8760 hourly energy profile was reasonable and consistent with the proposed plant design, equipment and location.

In the initial examination the PST reviewed each Proposal and its associated uploaded documents to determine whether the Proposal was "complete and conforming"; that is, whether the MP provided all of the required information to meet the RFP criteria. In any Proposal where data entries were deficient or the information required clarification, the PST used the Cure Process to provide the MP the opportunity to cure or clarify the information provided. The PST submitted 26 requests for cures to the IA Admin Cure Manager who created, sent and tracked the "cure request" to the relevant MP via the MP's confidential Message Board. Ultimately all of the submitted Proposals were corrected and deemed conforming. No Proposals were eliminated by the PST in the initial review.

Following the preliminary ranking of complete and conforming Proposals, the PST completed its evaluation in the initial tier ranking order. All Proposals were reviewed for sufficiency of the project with a full technical review as they were included in the competitive tier with a comprehensive technical review in the rank order of the Competitive Tier. This approach allowed the best ranked Proposals to proceed to the Step 2 review without delay, and those Proposals drawn from the competitive Tier Reserve to be reviewed sequentially.

The PST completed the relevant sections or subsections of the Sample Scoring Sheet for each of the Proposals. The PST addressed the following subsections: Experience of the Project Team, Equipment to be used, Required Control Equipment, and Quality of Project Design. A complete breakdown of scoring requirements can be found in Appendix F of the RFP, which is also included as Appendix A of this report.

XII. ASSET ACQUISITION PROCESS AUDIT

1. OVERVIEW

The Asset Acquisition ("AA") program was designed for Duke to acquire Renewable Energy Resources consistent with the CPRE requirements to be developed through either (i) a Renewable Resource Asset Transfer ("AT") plus Engineering Procurement and Construction ("EPC") agreement, (ii) a Build, Own Transfer ("BOT") agreement, or (iii) a Renewable Resource Transfer Agreement. MPs could elect to submit Proposals for a PPA to DEC or DEP, and as an Asset Acquisition Proposal conforming to one or more of the AA structures, or the MP could offer projects as both a PPA and an Asset Acquisition Proposal. Thirteen MP Proposals were submitted as AA Proposals in CPRE Tranche 2. There were eight Build, Own Transfer and five Asset Transfer Proposals submitted. One Proposal was submitted as a PPA and as well as an AA Proposal.



As a requirement of the Duke CPRE Tranche 2, the IA is required to perform an audit of the Duke CPRE Asset Acquisition evaluation, assessment, and selection process. The purpose of the audit is to confirm that Proposals selected to be sponsored for acquisition by the Duke DEC/DEP Proposal Team were complete and compliant with the CPRE requirements for eligibility.

The DEC/DEP Proposal Team utilized the same evaluation, assessment, and selection process that was developed for the CPRE Tranche 1 Asset Acquisition audit. The evaluation process was comprised of two stages. The first stage was a technical (non-economic) evaluation of all Proposals and the second stage was an economic evaluation. If a Proposal did not pass the technical evaluation it was eliminated, and the economic evaluation was not conducted. An economic evaluation was conducted for each Proposal that passed the technical evaluation. If a Proposal failed the economic evaluation it was eliminated and not selected to be sponsored by the DEC/DEP Proposal Team.

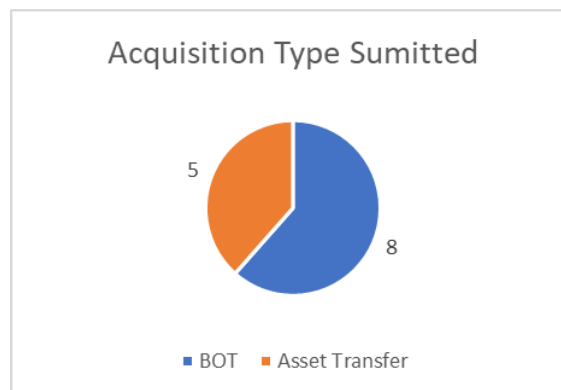
The AA Audit focused on the review of the design, execution, and consistent application of the Duke AA evaluation and selection process. The IA review of the DEC/DEP Proposal Team evaluation process included periodic update conference calls with the DEC/DEP Proposal Team as well as utilizing the IA website confidential message board to exchange messages with the DEC/DEP Proposal Team during the evaluation period. The IA also monitored the IA Asset Acquisition website and reviewed the cure requests and information exchanges between the DEC/DEP Proposal Team and the MPs.

Of the thirteen Proposals which were submitted as AA Proposals, seven of the Proposals failed the technical evaluation for a variety of reasons and therefore the stage 2 economic evaluation was not conducted. An economic evaluation was conducted on the remaining six Proposals. The DEC/DEP Proposal Team performed the stage 2 economic evaluation of the six remaining Proposals. That evaluation resulted in a finding of uneconomic pricing above avoided cost, and therefore the DEC/DEP Proposal Team did not elect to sponsor any of the thirteen Proposals.

2. AUDIT OBJECTIVE

MPs could elect to submit Proposals for a PPA to DEC or DEP, and as an AA Proposal conforming to one or more of the AA structures, or the MP could offer the project as both seeking a PPA and an AA Proposal. There were eight BOT and five AT Proposals submitted in the CPRE Tranche 2. Figure 22 summarizes the submissions.

Figure 22



3. THE AUDIT

Because there were no Proposals selected by the DEC/DEP Proposal Team for sponsorship, the IA conducted the AA audit for conformity and consistency with the Asset Acquisition Audit process developed in Tranche 1.

As requested, the DEC/DEP Proposal Team provided the following information to the IA:

- Evaluation Methodology Overview: described the process implemented to review, evaluate and rank all AA Proposals received. This included non-economic (technical) and economic evaluation criteria.
- Assessment process summary: rank ordered the thirteen AA Proposals
- Selection process

The IA reviewed the non-economic and economic evaluation criteria used in the evaluation and scoring for each of the thirteen AA Proposals and found them to be the same as the Tranche 1 criteria.

4. DEC/DEP PROPOSAL TEAM EVALUATION METHODOLOGY OVERVIEW

The DEC/DEP Proposal Team utilized the same evaluation process that was developed for the Tranche 1 AA audit. This process included a two-stage process that included both a technical (non-economic) evaluation and an economic evaluation with detailed criteria and a point system to score each Proposal. The technical evaluation was used to determine if the Proposal met the development, technical, and quality standards. An economic evaluation was only conducted if the Proposal passed the technical evaluation.

The criteria for the technical (non-economic) evaluation included:

- i. Status of site control
- ii. Quality of system design (optimal DC/AC ratio, NCF, constructability)
- iii. Design standards/equipment meet DEC/DEP requirements
- iv. Zoning and entitlements/community outreach
- v. Site investigation/environmental studies
- vi. Project schedule MP experience
- vii. Status of interconnection

Each of the non-economic criteria had a ten-point scoring system. A five-point multiplier was added to each score for a total of 400 points. A minimum score of 200 points was required for the non-economic evaluation. If the resulting score was less than 200 points, the Proposal was eliminated, and an economic evaluation of the Proposal was not conducted. If the Proposal's score was greater than 200 points, a detailed economic evaluation was conducted.

The DEC/DEP Proposal team conducted financial modeling using inputs such as project capex, project production estimates, and project operations and maintenance and maintenance costs. The economic evaluation was assigned a maximum point score of 600 points and the Proposals were ranked based on the combined non-economic and economic score of the Proposal. The Proposals for acquisition for BOT or AT were compared side by side. For AT Proposals the DEC/DEP Proposal team estimated the costs to construct the project to the same design criteria provided to all AA MPs. The DEC/DEP Proposal



team considered project risks, including but not limited to, development risks, construction risks, environmental risks, cost risk, and schedule risk. Seven Proposals did not pass the non-economic evaluation and were eliminated.

If a Proposal were to be selected, the selection would be based on the combined economic and non-economic evaluations.

5. ASSESSMENT PROCESS

The DEC/DEP Proposal Team created individual Excel spreadsheets to document the evaluation and scoring of each Proposal. DEC received eight Proposals and DEP received five. The Proposals were ranked and scored as follow:

Figure 23

DEC AA Proposals				
Proposal Ranking	Non-Economic Score	Economic Score	Observations	Disposition
1	200	0	Pricing results are above Avoided Cost	Project was not sponsored
2	200	0	Pricing results are above Avoided Cost	Project was not sponsored
3	255	0	POI is identified as a constrained infrastructure, thus was not advance to step 2 evaluations	Project was not sponsored
4	200	0	Project is located in constrained area and connects to known constrained line, thus did not advance to step 2 evaluations	Project was not sponsored
5	190	n/a	Project is located in known constrained county (0/10), Project requires zoning and conditional use approval (0/10)	Project did not pass non-economic criteria
6	180	n/a	Project requires rezoning (0/10), Project has received no completed IR studies (0/10)	Project did not pass non-economic criteria
7	170	n/a	Project has received no completed IR studies (0/10), Project has received no site investigation (0/10), Project requires rezoning (0/10), POI is located in constrained area	Project did not pass non-economic criteria
8	145	n/a	Project has received no completed IR studies (0/10), Project has received no site investigation (0/10), Project requires rezoning (0/10), POI is located in constrained area	Project did not pass non-economic criteria



Figure 24

DEP AA Proposals				
Proposal Ranking	Non-Economic Score	Economic Score	Observations	Disposition
1	280	0	Pricing results are above Avoided Cost	Project was not sponsored
2	260	0	Pricing results are above Avoided Cost	Project was not sponsored
3	250	0	Pricing results are above Avoided Cost	Project was not sponsored
4	250	0	Pricing results are above Avoided Cost	Project was not sponsored
5	170	n/a	Project has received no completed IR studies (0/10), Minimal site investigation completed (0/10), Project requires rezoning (0/10)	Project did not pass non-economic criteria

As a result of the evaluation no Proposals were selected to be sponsored and DEC/DEP Proposal Team did not enter into negotiations of any terms and conditions. For each of the Proposals that advanced to the economic evaluation, DEC/DEP Proposal Team engaged each MP to ensure alignment on any term that impacted the economic evaluations such as price, payment terms, and relevant design criteria exceptions. All communications and records with the MPs were exchanged and maintained on the IA Website. Because none of the AA Proposals were selected for sponsorship, DEC/DEP Proposal Team did not negotiate any term sheets or security agreements.

Since the evaluation was completed in two steps, where Proposals were eliminated for failing the non-economic evaluation and only technically viable projects were advanced to the economic evaluation, there was no need to re-rank the Proposals

As stated above none of the six Proposals that passed the technical evaluation passed the stage 2 economic evaluation, as the stage 2 economic evaluation resulted in uneconomic pricing above avoided cost.

6. ACQUISITION AUDIT CONCLUSIONS

The DEC/DEP Proposal Team used the same Asset Acquisition evaluation and selection process that was developed in Tranche 1 and applied in Tranche 2. The IA reviewed the conclusions and found the same standards to all Proposals. The Duke AA evaluation methodology is comprehensive and balanced,



and the DEC/DEP Proposal Team criteria are consistent with the CPRE program and technical scoring guidelines. The non-economic criteria for the technical evaluation, including the scoring, meet Duke's specification, standards, and quality for a Company owned asset. The scoring and weighting are consistent with the scoring and weighting used by the IA in evaluating and ranking the PPA Proposals; in both cases the non-economic scoring has a 400-point maximum score and the economic score has a 600-point maximum. The AA evaluation criteria were applied consistently to the thirteen AA Proposals.

XIII. FINALISTS

Eleven Proposals from DEC and one Proposal from DEP were selected as finalists at the end of Step 2 on July 17, 2020. In DEC, the projects ranged from 25 MW to 75 MW for a total group of selected Proposals totaling 614 MW. In DEP, the finalist Proposal was a 75 MW project. None of those selected Proposals included storage.

The 90-day process after selection was concluded on October 15, 2020. One finalist notified the IA on October 14, 2020 that it would not execute a PPA and would, therefore, forfeit the associated \$500,000 Proposal Security. The MP formally withdrew on October 15, 2020. This withdrawal reduced the total MWs under contract by 25 MWs to 589 total MWs for DEC.

XIV. IA RECOMMENDATIONS

Every solicitation, even those the IA conducts each year with a number of utilities, produces opportunities for improvement. The CPRE program is no exception. The following are the IA's recommendations for improving the CPRE program, or to be employed for any other competitive solicitation by Duke. At the end of Tranche 1 the IA recommended changes relating to the transmission queue as ways to meet a goal of having so-called "shovel ready" projects move forward. The IA sought to identify projects that were ready for construction, hence the review of the project site and the level of preparedness of the MP. The Step 2 evaluation was intended to identify projects that could use existing transmission resources, so that the cost and lead time of transmission Network Upgrades could be minimal.

The transmission queue includes projects that will not be built, such as when there are multiple queue position reservations from the same project site, when only one project could be constructed. This excess makes it difficult to identify projects submitted into CPRE that could be completed most quickly while minimizing transmission system upgrade costs, because current standards require reserving transmission capacity for some projects that will likely not be completed. The IA understands that the transmission queue issues are the subject of much debate in both North Carolina and South Carolina as well as being addressed in a separate docket before the NCUC to which the IA is not a party. Our recommendations are ways to improve the evaluation process for Tranche 3 by permitting Duke to give priority to projects selected in the CPRE process. Because of the extensive review and evaluation given to CPRE Proposals, Duke and the Commission should have a very high degree of confidence that CPRE selected winners will complete their projects and achieve COD in timely fashion. Adoption of the following



recommendations would further increase that confidence by permitting Duke to commit transmission planning resources to the CPRE selected winners.

1. Presently, Duke is prohibited from prioritizing CPRE winning Proposals within the interconnection queue and must ensure that CPRE projects are not prioritized over non-CPRE projects when preparing System Impact Study Agreements. Because of this, in Tranche 2, winning MPs did not receive their System Impact Study Agreements for over two months following the completion of the Step 2 process. Because these projects were already studied in the CPRE Step 2, permitting Duke to “step around” other projects in the queue and expedite the study process would advance the goals of CPRE.

2. The Interconnection Agreement sets forth the expected system upgrade completion schedule, and only Advanced Stage projects have that agreement when submitting a Proposal into CPRE. Notwithstanding having established the ability to complete a project by the COD date of a CPRE Tranche, the MP awarded a PPA must wait months before having a reliable expectation for interconnection. The IA urges the Commission to permit Duke to expedite processing Interconnection Agreements for CPRE projects with executed PPAs, which in turn will encourage MPs to arrange financing, etc., based on best information concerning the commencement of delivery and payments from Duke.

3. The locational guidance maps are a pictorial presentation of the circuit constraints, data that was also provided to MPs in the form of lists of constrained circuits and substations. During the stakeholder sessions Duke thoroughly explained why the data behind the maps was, under current rules, set more than a year before Proposals were received. The IA encourages Duke to continue to develop locational guidance that is as up-to-date as possible for Tranche 3 as well as to provide explanations accompanying the maps to help MPs find sites that will require minimal transmission system upgrade costs.

4. The definition of “capacity” and “capacity pricing” should be standardized and agreed to during a stakeholder session. There were different definitions for different purposes in Tranche 2, which led to some confusion. E.g., “POI” Maximum, “installed inverter capacity,” “Nameplate Capacity.” The IA recommends the Interconnection Request (MWac) be used for calculations of the Proposal fee and Proposal Security.

5. During the ‘cure period’ and the Step 2 review, MPs should be offered the opportunity to change the number of inverters of their project. This will permit correct alignment between Proposals and the project then listed on the transmission queue.

6. The Letter of Credit form should reflect the 90-day contracting period. The Tranche 2 RFP has two different definitions of the amount of time allowed to execute the PPA before Duke could draw on the Proposal Security in the event the selected finalist failed to come to terms and execute the PPA, which led to some confusion.



Attachment 1—CPRE Tranche 2 Winners

Attachment 1—CPRE Tranche 2 Winners

DEC Winners

Contracting Party	Parent Company	Technology	Location	Size MW
Brookcliff Solar, LLC	Pine Gate Renewables	Solar Tracking	Cherryville, North Carolina	50
Stanly Solar, LLC	National Renewable Energy Corporation	Solar Tracking	Albermarle, North Carolina	50
Hornet Solar, LLC	Renewable Energy Services, LLC	Solar Tracking	Stanley, North Carolina	75
Bear Branch Solar, LLC	Renewable Energy Services, LLC	Solar Tracking	Walnut Cove, North Carolina	35
Hunters Cove Solar, LLC	Renewable Energy Services, LLC	Solar Tracking	Rutherfordton, North Carolina	50
Aquadale Solar, LLC	Pine Gate Renewables	Solar Tracking	Mooresboro, North Carolina	50
Healing Springs Solar, LLC	Cypress Creek Renewables	Solar Tracking	Denton, North Carolina	55
Wilkes Solar, LLC	Solterra Partners, LLC	Solar Tracking	Wilkesboro, North Carolina	75
Misenheimer Solar, LLC	Orion Renewable Energy Group	Solar Tracking	Misenheimer, North Carolina	74.4
JSD Flatwood PV-2, LLC	JSD Management, LLC	Solar Tracking	Spartanburg, South Carolina	75

DEP Winner

Contracting Party	Parent Company	Technology	Location	Size MW
Marley Solar, LLC	Birch Creek Development, LLC	Solar Tracking	Kinston, North Carolina	75



Appendix A—Tranche 2 Proposal Scoring Sheet

Duke Energy Carolinas, LLC and Duke Energy Progress, LLC CPRE RFP Tranche 2: Appendix F

OFFICIAL COPY

Feb 23 2021

Bid Scoring Categories	% of Bid Score	Description	Individual Categories	Maximum Scoring	Bid Score	Section Score
1. Price Score	60%	Includes fixed and variable costs	The price score will be calculated on the basis of the bid's projected total cost per MWH	600		
2. Project Development Criteria	16%	Respondent must show sufficient evidence of ability to provide services included in Proposal for the contract term	Demonstrate that permitting will be complete to meet COD	30		
			Experience of project team	30		
			Project Site control for full term	50		
		Evidence of operational capability to provide proposed services	Site control to POI for full term	50		
3a. Facility Project Characteristics 3b. Transmission Project Characteristics	14%	Evidence of equipment designed to meet specifications	Equipment to be used	30		
			Required control equipment	30		
			Quality of project design	30		
		Interconnection Transmission Rights	Submitted completed interconnection request and obtained a queue number	50		
4. Project Characteristics	4.5%	Value of Project Characteristics	Demonstrates ability to meet performance guarantee and liquidated damages pursuant to the PPA	45		
5. Historically Underutilized Business	.5%	Owned by Minorities	Ascertain that at least 51% of venture is owned by eligible minority	5		
6. Credit Worthiness	5%	Financial assurances to meet schedule and milestones in PPA	Confirms meeting all Duke credit requirements Pass: MP provides acceptable Proposal Security Fail: MP does not provide acceptable Proposal Security	50		
Total Score	100%			1,000		



Appendix B— Sample Bid Confirmation Memo

MEMORANDUM

TO: [Company]
 FROM: Independent Administrator
 DATE: March 10, 2020
 RE: Confirm Bid Details

Your Proposal was received on March 9, 2020 for the [DEC/DEP] CPRE RFP. The following information was taken directly from the online Proposal form; please review the following items which were included in your Proposal.

- If the information is correct, use the confidential Message Board on the IA Website to confirm the information is correct.
- If you believe any of the information was inaccurately entered, use the confidential Message Board on the IA website to upload an explanation of the error along with the information you believe was intended for entry.
- For each response, please remember to use the drop-down feature on the confidential Message Board to identify the Proposal for which your response is provided.

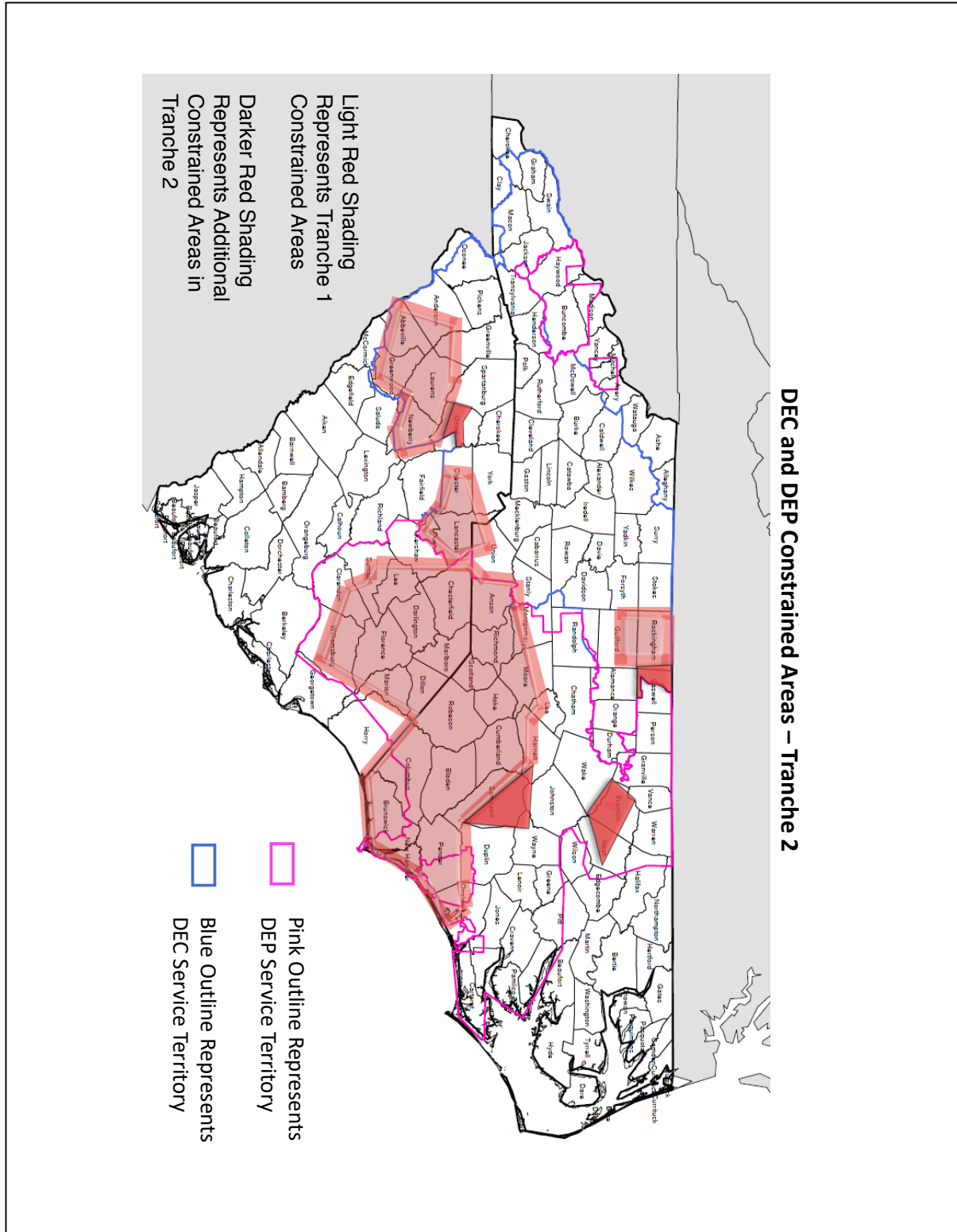
Responses must be provided on the IA Website no later than two (2) business days from the time and date this memorandum was posted.

Proposal Information			
Proposal Number:		Facility Location:	
Queue Number:			
Project Name:			
Technology:			
Proposal Fee:			
Forecasted COD:		Storage Included?:	
Nameplate Capacity MW AC:		ESS Nameplate DC Capacity:	
Installed DC Rating (MW DC):		ESS Output Rating	
Offering to Reduce MW Size for same MWh?:		Does Not Have Existing Fully Executed Off-Take Agreement:	
MW Reduction Amount:			

Capacity Pricing		
	Transmission	Distribution
Summer On		
Winter On (AM)		
Winter On (PM)		
All Other Periods		



Appendix C—Constrained Area Guidance



APPENDIX D—CPRE TRANCHE 2 RFP

**REQUEST FOR PROPOSALS
FOR THE
COMPETITIVE PROCUREMENT OF
RENEWABLE ENERGY PROGRAM
TRANCHE 2**

**DUKE ENERGY CAROLINAS, LLC
DUKE ENERGY PROGRESS, LLC**

**Dated: October 15, 2019
Proposals Due: March 9, 2020**



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i



I. PROGRAM OVERVIEW

Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP” and, together with DEC, the “Companies”) are soliciting proposals for new renewable energy projects in support of the Companies’ Competitive Procurement of Renewable Energy (“CPRE”) Program (“Program”).¹ The CPRE Program is being implemented in accordance with N.C. Gen. Stat. § 62-110.8, as enacted by North Carolina Session Law 2017-192 (“HB 589”), the North Carolina Utilities Commission’s (“Commission” or “NCUC”) Rule R8-71 (“CPRE Rule”), and the Commission’s Order Modifying and Accepting CPRE Program Plan dated July 2, 2019, in Docket Nos. E-2, Sub 1159 and E-7, Sub 1156 (“Tranche 2 Order”). Capitalized terms not otherwise defined herein shall have the meaning set forth in the NCUC Rule R8-71(b).

This Tranche 2 Request for Proposals (“RFP”) is soliciting approximately 600 megawatts (“MW”) of new renewable energy resources in DEC and approximately 80 MW of new renewable energy resources in DEP.² Eligible Market Participants (“MPs”) for this RFP include third-party renewable developers (“Third-Party MPs”), the DEC/DEP Proposal Team (as further described herein), and any affiliate of DEC or DEP that elects to submit a Proposal. Proposals submitted into the RFP (“Proposals”) must be submitted in one of the following Proposal categories (as further described herein): (1) a Power Purchase Agreement (“PPA”), (2) Utility Self-Developed Facility (as further described herein), or (3) Asset Acquisition (as further described herein).

Tranche 2 is soliciting Proposals for electric generating facilities (each a “Facility”) that meet all of the following requirements:

1. (i) In the case of Proposals submitted into the DEC portion of the RFP, are located in the DEC North Carolina or South Carolina³ service territory and have requested to physically interconnect with the DEC transmission or distribution systems; and (ii) in the case of Proposals submitted into the DEP portion of the RFP, are located in the DEP North Carolina or South Carolina service territory and have requested to physically interconnect with the DEP transmission or distribution systems.

¹ For the avoidance of doubt, the DEC and DEP portions of this RFP will be separately administered for purposes of ranking and selection.

² Given that the optimal portfolio may not align exactly with the MW target for DEC or DEP, the IA may recommend a portfolio within a range of +/- 10%. This approach will avoid the potential for foregoing an attractive Proposal that because it is the next-best ranked Proposal, would cause the portfolio to exceed the solicitation goal. In addition, the IA may consider any project size range provided by MPs in designing a portfolio that most closely meets the Tranche 2 target (see Section II(B)). In the event the IA determines a Proposal will be recommended for the final portfolio in an amount less than the maximum size proposed by an MP, the IA will confirm the MP’s commitment to proceed with the Proposal at the size identified by the IA.

³ The South Carolina Public Service Commission (“SCPSC”) is currently considering a waiver to the SC GIP to allow for the System Impact Grouping Study to be utilized in Tranche 2 for Facilities located in South Carolina. In the event that the SCPSC rejects use of the System Impact Grouping Study for Facilities located in South Carolina, facilities located in South Carolina will only be eligible to participate in Tranche 2 as Advanced Stage Proposals.

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2. Placed in service after July 10, 2018 and be capable of completing Facility construction (not completion of interconnection) by January 1, 2023.⁴
3. Are sized between 1 MW and 80 MW (based on the inverter nameplate rating)). A Facility must have a single point of interconnection ("POI").
4. Use a renewable energy resource identified in G.S. 62-133.8(a)(8) and have demonstrated an adequate fuel supply from a qualifying resource.⁵
5. Commit to sell 100% of its renewable electrical energy, capacity, and environmental and renewable attributes to DEC or DEP (as applicable).
6. In the case of PPA Proposals and Asset Acquisition Proposals, have submitted Form 556 to the Federal Energy Regulatory Commission on or before the date of submission of the Proposal to obtain qualifying facility ("QF") certification.
7. In the case of PPA Proposals and Asset Acquisition Proposals, have either (i) obtained a queue number under the North Carolina Interconnection Procedures ("NCIP") or the South Carolina Generator Interconnection Procedures ("SC GIP") to interconnect to the DEC transmission or distribution systems in the case of Proposals submitted into the DEC portion of the RFP or the DEP transmission or distribution system in the case of Proposals submitted into the DEP portion of the RFP; or (ii) where a Facility has previously submitted a FERC-jurisdictional interconnection request has submitted a Jurisdictional Interconnection Transition Request Form.⁶
8. In the case of Facilities that include energy storage, have all storage located on the DC side of the inverter and charged solely from the applicable Facility.

A. INDEPENDENT ADMINISTRATOR

This RFP will be administered by an Independent Administrator, the Accion Group, LLC ("Accion" or the "IA"). Accion is responsible for developing and utilizing the CPRE Program

⁴ For the avoidance of doubt, an MP is not required to obtain a certificate of public convenience and necessity ("CPCN") to construct the facility prior to submitting a PPA Proposal, but will be required to establish a reasonable plan for obtaining all necessary permits and certificates (including a CPCN) in a timely manner. Also for the avoidance of doubt, an MP may not submit a Proposal for a Facility that has an existing off-take agreement.

⁵ "Renewable energy resource" means a solar electric, solar thermal, wind, hydropower, geothermal, or ocean current or wave energy resource; a biomass resource, including agricultural waste, animal waste, wood waste, spent pulping liquors, combustible residues, combustible liquids, combustible gases, energy crops, or landfill methane; waste heat derived from a renewable energy resource and used to produce electricity or useful, measurable thermal energy at a retail electric customer's facility; or hydrogen derived from a renewable energy resource. "Renewable energy resource" does not include peat, a fossil fuel, or nuclear energy resource.

⁶ Interconnection requests for Facilities where the MP plans to contractually commit to sell the full output of the Facility to the interconnected utility, as required under the CPRE Program, are subject to the jurisdiction of, and interconnection procedures and agreements established by either the NCUC and South Carolina Public Service Commission. MPs with generating facilities that have previously submitted interconnection requests pursuant to the Companies' Joint Open Access Transmission Tariff shall be allowed to retain their queue position while transitioning to become state jurisdictional interconnection customers of DEC or DEP (as applicable) prior to the CPRE RFP Solicitation bid due date. The Jurisdictional Interconnection Request Form has been made available on the IA RFP Website and contains further details regarding the transition process.

Appendix D – Tranche 2 RFP

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Methodology to evaluate all Proposals in accordance with the evaluation process established under NCUC Rule R8-71(f)(3)(iii), as further described herein, and ensuring that all Proposals are treated equitably throughout the RFP.

B. RFP ACCESS AND INSTRUCTIONS

Accion hosts a website (“IA RFP Website”) that serves as the required vehicle for all RFP communications. Respondents and interested parties must be registered on the IA RFP Website to access further information related to the RFP. The IA RFP Website may be accessed at <https://decprerfp2019.accionpower.com>.

The IA RFP Website will also be used for registered parties to provide comments on or before August 30, 2019 regarding this RFP document, the pro forma PPA, and the various Asset Acquisition agreements. In addition, registered parties may submit questions concerning the RFP on the “Q&A” page of IA RFP Website. The questions and responses will be posted for viewing by all persons registered on the IA RFP Website. Finally, the IA RFP Website also has a confidential “message board” available to registered MPs to facilitate project-specific questions to the IA that should not be disclosed to all MPs. The IA will review all questions and messages and solicit information from the Evaluation Team, as necessary, without disclosing the identity of the MP posing the request. Questions and responses that the IA determines are appropriate for disclosure to all registered MPs will be posted in the Q&A page. After the Proposal submission date, the confidential message board will be used should the IA need clarification concerning any Proposal.

Proposals and all associated documentation must be submitted to the IA through the IA RFP Website on or before **12:00 pm EDT (Noon) on March 9, 2020.**

C. TRANCHE 2 RFP SCHEDULE

The table below presents the planned Tranche 2 RFP schedule. As provided in the CPRE Rule, the Tranche 2 RFP schedule may be modified after consultation with and approval by the IA. MPs will receive notification of any schedule changes through the IA RFP Website.



Appendix D – Tranche 2 RFP

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Milestone	Date
August Stakeholder Meeting	08/07/2019
Draft RFP documents posted to IA RFP Website	08/15/2019
Comment period on draft RFP documents closes	08/30/2019
Bidder Conference and September Stakeholder Meeting	09/12/2019
PPA filed with NCUC	09/15/2019
IA report re: RFP documents	09/25/2019
October Stakeholder Meeting	10/10/2019
Final RFP documents posted to IA RFP Website and RFP Opens	10/15/2019
November Stakeholder Meeting	11/13/2019
Final Stakeholder Meeting	02/06/2020
Deadline for submission of Proposals	03/09/2020
Projected Conclusion of Step 1 of the Evaluation Process	04/17/2020
Projected Conclusion of Step 2 and winning bids notified	06/30/2020
Projected Conclusion of Contracting period	09/30/2020

D. SEPARATION PROTOCOLS

The IA will ensure compliance with the communication restrictions and other requirements set forth in NCUC Rule R8-71(e) (the “Separation Protocols”). Pursuant to such CPRE Rule, DEC and DEP have collectively established a team that is responsible for preparing bids on behalf of DEC/DEP (such team, the “DEC/DEP Proposal Team”), and Duke Energy Renewables, Inc. (“DER”) has established a separate team that is responsible for preparing bids on behalf of DER (such team, the “DER Proposal Team” and together with the DEC/DEP Proposal Team, the “Proposal Teams”). In addition, DEC and DEP have established a team that is responsible for assisting the IA in developing the RFP and evaluating Proposals (the “Evaluation Team”). Finally, the Evaluation Team has a sub-team responsible for assessing and assigning System Upgrade costs to Proposals (the “T&D Sub-Team”). All members of the Proposal Team(s) and the Evaluation Team have been separately identified in writing to the IA and physically segregated for purposes of all activities that are part of the Tranche 2 RFP solicitation process. All Proposal Team and Evaluation Team members have also been required to execute acknowledgements regarding compliance with the Separation Protocols, which have been provided to the IA. As shown in the Tranche 2 RFP Schedule above, the IA will require that the Proposal Teams submit any Proposals no less than 24 hours before the RFP window closes.

E. CONFIDENTIALITY

The IA will not publicly disclose the identity of all MPs during the Step 1 and Step 2 evaluation process. However, at the conclusion of the Step 2 evaluation, upon selection of winning MPs, the IA and/or Duke shall be permitted to publicly identify all CPRE participants that submit Proposals in response to any Commission-directed reporting requirements.

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II. GENERAL TERMS

A. PROPOSAL CATEGORIES

Proposals may be structured using one of the three proposal categories (“Proposal Categories”) defined in the following table:

Proposal Type	Proposal Cost Structure
PPA	Levelized (non-escalating) payments for capacity, energy, and environmental and renewable attributes in \$/MWh terms for 20 years from the commercial operation date. The pro forma PPA is attached as Appendix A .
Utility Self-Developed Facilities	Utility owns or controls the property and offers Renewable Resource facility(s) into the CPRE RFP in \$/MWh terms for 20 years from the commercial operation date.
Asset Acquisition	Asset Transfer plus EPC – The Facility is submitted into the RFP for purchase by DEC/DEP along with an offer to build the site under an Engineering Procurement and Construction Agreement (“EPC”) for purchase by DEC or DEP. Facility is developed by the MP and ownership transfers to DEC or DEP before the start of construction.
	Build Own Transfer (“BOT”) – Facility is fully developed and constructed by the MP and submitted as a “turn-key” offer into the RFP by MP. Facility ownership will be transferred to DEC or DEP prior to commercial operation.
	Asset Transfer – Facility siting, land control, design, permitting, and interconnect studies completed by the MP and fully-developed project offered into the RFP. Facility ownership will be transferred to DEC or DEP prior to construction and DEC or DEP will be responsible for construction.

B. PROPOSAL ALTERNATIVES AND SIZE FLEXIBILITY

MPs may submit Proposals for the same Facility proffering different sizing, pricing or technology. (e.g., a Facility that is proposed both with and without energy storage must submit separate Proposals for each Facility configuration). Each Proposal will be a separate submission subject to a separate Proposal Fee. A MP may submit the same Facility as both an Asset Acquisition Proposal and as a PPA Proposal, and that would constitute two separate Proposals. If the Asset Acquisition Proposal is sponsored by the DEC/DEP Proposal Team, the Acquisition Proposal will be converted

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to PPA pricing as more specifically discussed below. In such case, the highest ranking of all Proposals for the Facility, based on the IA's evaluation, will be considered the "best" or controlling proposal for such Facility and the IA shall eliminate the other Proposal from further consideration in the RFP.

MPs will be permitted to identify the minimum size of the Facility (up to a 10% maximum reduction)⁷ that the MP is willing to provide at the same \$/MWh price. For example, for a 50 MW Proposal, the MP could indicate that it is willing to deliver a Facility sized anywhere between 45-50 MW for the same \$/MWh price.

C. MARKET PARTICIPANTS AND PROPOSAL SPONSORS

DEC and DEP recognize that MPs may utilize partners or sponsors ("Proposal Sponsors") for Proposal development. Proposals that rely on Proposal Sponsors to meet RFP requirements must provide evidence that is satisfactory to the IA of a binding legal partnership or similar relationship with such Proposal Sponsor.

Historically underutilized businesses are encouraged to participate in the RFP. The definitions to be employed for such purposes are set forth in **Appendix B** to this RFP. MPs shall not discriminate based upon race, religion, color, national origin, age, sex, or handicap.

D. PROPOSAL FEES

Each MP is required to submit with each Proposal a non-refundable "Proposal Fee" of \$500/MW, based on the Facility's nameplate capacity, up to a maximum of ten thousand dollars (\$10,000). In addition, successful MPs will be responsible for a pro-rata share of the Winners' Fee (as hereinafter defined).

Proposal Fees are non-refundable and for the avoidance of doubt, will not be refunded in the case of any modification of this RFP schedule, rejection of any Proposal, or failure by a winning MP to execute a PPA. Proposal Fees must be paid via electronic payments through Accion's website: <https://decprerfp2019.accionpower.com>. Payment is due at the time of Proposal submission and must be received no later than 12:00 PM EDT (Noon) on the Proposal due date. Failure to submit the Proposal Fee will result in automatic disqualification of the Proposal from further consideration.

⁷ The maximum reduction percentage is based on Section 1.5.1.6 of the NCIP and Attachment 1 of the SC GIP.

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E. WINNERS' FEE

The "Winners' Fee" is the amount to be determined as described below in order to recover any remaining IA costs not covered by the Proposal Fee. The Winners' Fee will be determined upon conclusion of the RFP. Any such Winners' Fee costs will be allocated among all winning Proposals selected by both DEC and DEP on a pro-rata basis on a per MW basis. The total of the Winners' Fees shall not exceed one million dollars (\$1,000,000.00).

F. STEP 2 PROPOSAL SECURITY

1. Third-Party MPs and DER Proposal Team

Security in the amount of \$20/kW, based on the Facility's inverter nameplate capacity, must be posted by all Third-Party MPs and the DER Proposal Team submitting PPA Proposal that are selected to move into Step 2 of the evaluation process ("Step 2 Proposal Security"). This Step 2 Proposal Security can be in the form of (i) cash; (ii) a Surety Bond; or (iii) a Letter of Credit ("LOC"), in each case, in a form acceptable to the Companies and issued by an entity that meets the Companies' issuer requirements and naming DEC or DEP (as applicable) as the sole beneficiary. An issuing bank for the LOC must have a minimum credit rating of A- from S&P and A3 from Moody's and a surety must be rated A.M. Best "A- VII" or higher. Surety bonds must be irrevocable and require payment by the surety within ten days of demand. Interest will not be paid on cash deposits. An example of acceptable LOC is provided in **Appendix C** and an acceptable surety bond is provided in **Appendix D**.

The IA will provide notification to an MP when the IA determines it will likely select the Proposal to move into the Step 2 evaluation. Within 14 days of such initial notification, MPs are required to provide draft forms of Proposal Security, if not posting cash, to allow sufficient time for the IA and the Companies to review and confirm the Proposal Security materially conform to the forms provided in **Appendix C** and **Appendix D**, respectively. The IA will then notify the MP when the Proposal is formally moved into the Step 2 Evaluation, at which point, the MP must post the Step 2 Proposal Security within ten business days⁸.

2. DEC/DEP Proposal Team

In the case of Asset Acquisition Proposal sponsored by the DEC/DEP Proposal Team, Step 2 Proposal Security will be required from the Third-Party MP as further described in Section III(C).

In the case of Utility Self-Developed Facilities, the DEC/DEP Proposal Team will be required to acknowledge that in the event such Proposal is selected as a winner and fails to execute the

⁸ As indicated in the schedule in Section I(c), the IA currently expects that Step 1 of the evaluation process will be completed on or around March 1, 2020.

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Acknowledgment Form, an amount equal to \$20/kW will be disallowed from the applicable CPRE Rider recovery.

3. Step 2 Proposal Security Administration

The Step 2 Proposal Security will be released (i) if the Proposal is eliminated by the IA due to failure to meet any required RFP criteria or action; (ii) if the Proposal is not selected as a winning proposal, upon closure of the contracting period; or (iii) if the Proposal is selected as a winning Proposal, upon completion of the contracting phase of the RFP, including execution of the applicable contract (PPA or definitive agreement for Asset Acquisition Proposals) and posting of security as required in the applicable agreement. DEC or DEP (as applicable) will be entitled to draw on the full amount of the Step 2 Proposal Security in the event that the MP (a) withdraws its Proposal during Step 2 of the Evaluation Process; or (b) if the Proposal is selected as a winning Proposal but the MP fails to complete the contracting phase.

III. ADDITIONAL PROPOSAL REQUIREMENTS

A. SELF-DEVELOPED, SUBSIDIARY, AND AFFILIATE PROPOSALS

Utility Self-Developed Proposals and conversions of Asset Acquisition Proposals will be bid using the same templates, forms, and pricing requirements applicable to PPA Proposals. Proposals submitted by the DER Proposal Team will be made via the IA RFP Website and meet the same requirements as Proposals from Third-Party MPs. In accordance with G.S. 62-110.8(b)(4), no more than thirty percent (30%) of the total CPRE procurement requirements can be awarded to Facilities in which DEC, DEP, or any subsidiary or affiliate holds an ownership interest at the time of Proposal submission.

Utility Self-Developed Proposals and conversions of Asset Acquisition Proposals will be priced based on the assumption that these facilities will continue to receive market-based revenues based on a pricing mechanism to be established by the Commission at the conclusion of the initial 20-year term of the PPA.

B. PPA PROPOSALS

All PPA Proposals must meet the technical specifications set forth in the PPA, as determined by the IA (in consultation with the Evaluation Team, as necessary). The pro forma PPA is provided as Appendix A. After closure of the RFP comment period, and subsequent filing of the PPA with the NCUC, the pro forma PPA is not subject to negotiation or adjustment for purpose of Tranche 2.

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C. ASSET ACQUISITION PROPOSALS

Third-Party MPs are permitted to submit Asset Acquisition Proposals for DEC/DEP to consider acquiring a proposed Facility. In Tranche 2, only solar photovoltaic Facilities that are 20 MWac or greater will be accepted for consideration as Asset Acquisitions. As discussed above, Third-Party MPs may submit PPA Proposals as well as Asset Acquisitions for the same Facility, but each Proposal Category must be submitted as a separate Proposal.

Asset Acquisition Proposals must be priced on a \$/kw nameplate capacity basis to be paid according to payment milestones set forth under each type of Asset Acquisition Proposal. All Proposals must meet the DEC/DEP Proposal Team's technical design specifications, as provided in definitive agreements, including complying with the DEC/DEP Proposal Team's list of approved vendors/suppliers (provided on the IA RFP Website for review). After submission of an Asset Acquisition Proposal by an MP, the DEC/DEP Proposal Team will consider all aspects of the Proposal, including location, size, viability, technology, and price to determine if the DEC/DEP Proposal Team will sponsor the Asset Acquisition Proposal. Should the DEC/DEP Proposal Team elect to sponsor an Asset Acquisition Proposal, the DEC/DEP Proposal Team will coordinate with the MP and submit a Proposal into the CPRE RFP in on a \$/MWh basis utilizing the percentage decrement structure described in Section IV below. All Asset Acquisition contracts (definitive agreements under which the MP and DEC/DEP will transact) and exhibits related thereto (including the DEC/DEP Proposal Team's technical design specifications), will be available on the IA RFP website for review and comment by MPs. The DEC/DEP Proposal Team will review and consider any proposed changes (in the form of redlines) to its Asset Acquisition contracts that are submitted at the time an Asset Acquisition Proposal is submitted. The DEC/DEP Proposal Team will not, in any event, consider any proposed changes to the Asset Acquisition contracts, or exhibits related thereto (including the DEC/DEP Proposal Team's technical design specifications), from an MP that are not submitted along with Asset Acquisition Proposal. If the DEC/DEP Proposal Team decides to sponsor one or more Asset Acquisition Proposal(s), the DEC/DEP Proposal Team will require the applicable MP execute a term sheet relating to the principal commercial terms of the Asset Acquisition Proposal and acknowledging that no further changes to the Asset Acquisition Contracts (other than those noted at the time of Proposal Submission) will be accepted, and the DEC/DEP Proposal Team will then submit to the IA the Proposal, for consideration in Step 1 of the evaluation process on a \$/MWh basis utilizing the percentage decrement structure described in Section IV below. Any such Proposals would then be evaluated by the IA along with all other PPA and Utility Self-Developed Proposals submitted. At no time during this process will the DEC/DEP Proposal team have access to any information from the IA RFP Website, including pricing, for PPA Proposals submitted by any Third-Party MPs.

For solar photovoltaic Facilities, additional guidance relating to the DEC/DEP Proposal Team's PV facility design and Proposal criteria will be provided on the portion of the IA RFP Website section dedicated to Asset Acquisition Proposals.

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MPs will be required to complete a proposal form that includes detailed information for each Facility, including a list of all major equipment included in the Asset Acquisition Proposal, including manufacturer name and equipment type for all panels, inverters, and racking supply. All Asset Acquisition Proposals should include product data sheets, product warranty information, and the design criteria that forms the basis of the pricing proposal. The DEC/DEP Proposal Team will review project design criteria to properly evaluate the quality of the project design and scope of work included in the proposal price and conformance with the design specifications.

For MPs submitting Asset Acquisition Proposals that do not wish to construct the Facility, the DEC/DEP Proposal Team will only consider Facilities that have completed System Impact Studies, secured long-term site control, initiated or obtained requisite project permits, completed a Phase I Environmental Site Assessment, conducted site analysis (including wetland delineation, preliminary geotechnical analysis, and boundary surveys), prepared a preliminary site layout, obtained CPCN approval (if applicable), and provided all additional required information as identified on the IA RFP Website to allow for full and proper evaluation of the project attributes. For all Asset Acquisition Proposals, MPs must identify which portion of the capital costs are ITC eligible and provide details of any property tax abatement or exemption or fee in lieu of tax (FILOT) arrangements or eligibility for other grants or tax credits. MPs must identify the portion of capital costs that belong to each federal tax depreciation class.

Interconnection Facilities (as defined herein) cost estimates must be included as an additional project cost and documented in the Proposal.

MPs submitting Asset Transfer plus EPC or a BOT (but not if proposing an Asset Transfer only) must have completed or directly managed the completion of the development, engineering, equipment procurement, and construction of at least 50 MW of solar facilities within the United States or Canada. For all Asset Acquisitions, MPs must provide sufficient financial assurances, as set forth in the form EPC and BOT agreements, as necessary for the Facility to meet schedule and proposed performance milestones. In addition, MPs must provide evidence of at least one recent successful construction financing completed by the MP of comparable size to the submitted proposal.

The Third-Party MP that submitted the Asset Acquisition Proposal will be required to provide Step 2 Proposal Security in accordance with the notification and timing requirements described in Section II(F)(1). For Asset Transfer plus EPC and BOT proposals, the Step 2 Proposal Security is \$20/kWac. For Asset Transfer proposals, the Step 2 Proposal Security shall be an amount equal to twenty percent (20%) of the purchase price of the Proposal. Such Step 2 Proposal Security must conform with the requirements of Section II(F)(1) and will administered in accordance with Section II(F)(3).

Appendix D – Tranche 2 RFP

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IV. AVOIDED COST THRESHOLD AND PROPOSAL PRICING

All PPA and Utility Self-Developed Facility Proposals must be submitted using levelized 20-year dollar per megawatt-hour (\$/MWh) pricing, and, as discussed above, the DEC/DEP Proposal Team will convert any Asset Acquisition Proposals selected into levelized 20-year dollar per megawatt-hour (\$/MWh) pricing.

All Proposals (including the cost of System Upgrades as described herein) must be at or below the applicable 20-year dollar per megawatt-hour (\$/MWh) avoided cost rates specified in the tables below.

Avoided Costs Threshold for Tranche 2

DEP 20 Year CPRE - Solar Only											
CAPACITY PRICING				ENERGY PRICING							
Summer Months	Winter Months	Winter Months	Summer Months	Summer Prem Pk	Summer On-Peak	Summer Off-Peak	Winter Prem Pk	Winter On-Peak	Winter On-Peak	Winter Off-Peak	Shoulder
PM	AM	PM	PM					AM	PM		On-Peak
\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh
Distribution	\$ -	\$ 135.59	\$ 58.11	\$ 40.19	\$ 41.71	\$ 35.82	\$ 57.82	\$ 44.02	\$ 51.45	\$ 40.32	\$ 35.76
Transmission	\$ -	\$ 133.00	\$ 57.00	\$ 39.04	\$ 40.57	\$ 35.29	\$ 56.39	\$ 43.23	\$ 50.43	\$ 39.74	\$ 35.28

DEP 20 Year CPRE - Non-Solar Renewable Generation											
CAPACITY PRICING				ENERGY PRICING							
Summer Months	Winter Months	Winter Months	Summer Months	Summer Prem Pk	Summer On-Peak	Summer Off-Peak	Winter Prem Pk	Winter On-Peak	Winter On-Peak	Winter Off-Peak	Shoulder
PM	AM	PM	PM					AM	PM		On-Peak
\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh
Distribution	\$ -	\$ 135.59	\$ 58.11	\$ 42.58	\$ 44.10	\$ 38.21	\$ 60.21	\$ 46.41	\$ 53.84	\$ 42.71	\$ 38.15
Transmission	\$ -	\$ 133.00	\$ 57.00	\$ 41.43	\$ 42.96	\$ 37.68	\$ 58.78	\$ 45.62	\$ 52.82	\$ 42.13	\$ 37.67

DEC 20 Year CPRE - Solar Only											
CAPACITY PRICING				ENERGY PRICING							
Summer Months	Winter Months	Winter Months	Summer Months	Summer Prem Pk	Summer On-Peak	Summer Off-Peak	Winter Prem Pk	Winter On-Peak	Winter On-Peak	Winter Off-Peak	Shoulder
PM	AM	PM	PM					AM	PM		On-Peak
\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh
Distribution	\$ 43.49	\$ 83.48	\$ 28.30	\$ 58.37	\$ 57.01	\$ 33.76	\$ 72.32	\$ 52.93	\$ 65.38	\$ 41.34	\$ 45.82
Transmission	\$ 42.33	\$ 81.25	\$ 27.54	\$ 56.18	\$ 55.05	\$ 33.08	\$ 70.04	\$ 51.56	\$ 63.70	\$ 40.52	\$ 44.91

DEC 20 Year CPRE - Non-Solar Renewable Generation											
CAPACITY PRICING				ENERGY PRICING							
Summer Months	Winter Months	Winter Months	Summer Months	Summer Prem Pk	Summer On-Peak	Summer Off-Peak	Winter Prem Pk	Winter On-Peak	Winter On-Peak	Winter Off-Peak	Shoulder
PM	AM	PM	PM					AM	PM		On-Peak
\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh
Distribution	\$ 43.49	\$ 83.48	\$ 28.30	\$ 59.47	\$ 58.11	\$ 34.86	\$ 73.42	\$ 54.03	\$ 66.48	\$ 42.44	\$ 46.92
Transmission	\$ 42.33	\$ 81.25	\$ 27.54	\$ 57.28	\$ 56.15	\$ 34.18	\$ 71.14	\$ 52.66	\$ 64.80	\$ 41.62	\$ 46.01

Appendix D – Tranche 2 RFP

Duke Energy Carolinas, LLC and Duke Energy Progress, LLC
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For Energy Credit purposes in DEP:

Summer months are defined as calendar months June through September, Winter months are defined as calendar months December through February, and Shoulder months are defined as March through May and October through November. Summer on-peak hours shall be Monday through Friday from 1:00 p.m. to 4:00 p.m. and 8:00 p.m. to 9:00 p.m. Winter on-peak hours shall be Monday through Friday with morning hours from 4:00 a.m. to 6:00 a.m. and 9:00 a.m. to 11:00 a.m., plus evening hours from 6:00 p.m. to 10:00 p.m. Shoulder on-peak hours shall be Monday through Friday with morning hours from 5:00 a.m. to 10:00 a.m. plus evening hours from 5:00 p.m. to 11:00 p.m. Summer premium peak hours shall be Monday through Friday from 4:00 p.m. to 8:00 p.m. Winter premium peak hours shall be Monday through Friday from 6:00 a.m. to 9:00 a.m. There are no premium peak hours for Shoulder months. All other hours, plus the following holidays, shall be off-peak: New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and the day after, and Christmas Day. When a holiday falls on a Saturday, the Friday before the holiday will be considered off-peak; when the holiday falls on a Sunday, the following Monday will be considered off-peak.

For Capacity Credit purposes in DEP:

Capacity Credit shall only be applicable in Summer months defined as the calendar months of July and August and Winter months defined as calendar months of December through March. Summer on-peak hours shall be 4:00 p.m. to 8:00 p.m. during all Summer days. During Winter months, the morning on-peak hours shall be all Winter days from 6:00 a.m. to 9:00 a.m. and evening on-peak hours shall be all Winter days from 6:00 p.m. to 9:00 p.m. Capacity credits are not applicable in all other months.

For Energy Credit purposes in DEC:

Summer months are defined as calendar months June through September, Winter months are defined as calendar months December through February, and Shoulder months are defined as March through May and October through November. Summer on-peak hours shall be Monday through Friday from 12:00 p.m. noon to 4:00 p.m. and 8:00 p.m. to 10:00 p.m. Winter on-peak hours shall be Monday through Friday with morning hours from 5:00 a.m. to 6:00 a.m. and 9:00 a.m. to 10:00 a.m., plus evening hours from 5:00 p.m. to 10:00 p.m. Shoulder on-peak hours shall be Monday through Friday with morning hours from 6:00 a.m. to 10:00 a.m. plus evening hours from 4:00 p.m. to 11:00 p.m. Summer premium peak hours shall be Monday through Friday from 4:00 p.m. to 8:00 p.m.. Winter premium peak hours shall be Monday through Friday from 6:00 a.m. to 9:00 a.m. There are no premium peak hours for Shoulder months. All other hours, plus the following holidays, shall be off-peak: New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and the day after, and Christmas Day. When a holiday falls on a Saturday, the Friday before the holiday will be considered off-peak; when the holiday falls on a Sunday, the following Monday will be considered off-peak.

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For Capacity Credit purposes in DEC:

Capacity Credit shall only be applicable in Summer months defined as the calendar months of July and August and Winter months defined as calendar months of December through March. Summer on-peak hours shall be 4:00 p.m. to 8:00 p.m. during all Summer days. During Winter months, the morning on-peak hours shall be all Winter days from 6:00 a.m. to 9:00 a.m. and evening on-peak hours shall be all Winter days from 6:00 p.m. to 9:00 p.m. Capacity credits are not applicable in all other months.

The Avoided Cost Thresholds identified above for solar resources include a reduction to account for the Solar Integration Services Charge (“SISC”) in accordance with the Commission’s January 24, 2020 Order Approving Form PPA. The PPA includes protocols by which an MP would have the opportunity to earn a credit equal to the SISC to the extent that the MP is able to reduce the intra-hour volatility of its project. For the avoidance of doubt, the IA will only evaluate the as-bid price and will not make any assumption regarding the ability of the MP to reduce intra-hour volatility and thereby earn credits under the PPA.

Proposal pricing must be in the same format of 20-year avoided cost pricing periods as shown in the tables above. Proposal pricing must be stated as a fixed dollar per MWh decrement that is applied equally to all energy pricing periods. For example, an MP could propose pricing that is \$2.00/MWh less than the avoided cost in each energy pricing period (for clarity, the decrement does not apply to capacity pricing periods). This format for pricing will be required for the bid entry on the IA RFP Website and will be the basis for the pricing in the PPA. Translating this \$2.00/MWh proposed pricing decrement example into a levelized form of pricing, the following would be the result for a Transmission connected solar project in DEC:

DEC 20 Year CPRE Solar Proposal with \$2/MWh pricing decrement (on energy only)												
CAPACITY PRICING						ENERGY PRICING						
Summer Months PM	Winter Months AM	Winter Months PM	Summer Prem Pk	Summer On-Peak	Summer Off-Peak	Winter Prem Pk	Winter On-Peak AM	Winter On-Peak PM	Winter Off-Peak	Shoulder On-Peak AM/PM	Shoulder Off-Peak	
\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh	
\$ 42.33	\$ 81.25	\$ 27.54	\$ 56.18	\$ 55.05	\$ 33.08	\$ 70.04	\$ 51.56	\$ 63.70	\$ 40.52	\$ 44.91	\$ 29.70	
			\$ 54.18	\$ 53.05	\$ 31.08	\$ 68.04	\$ 49.56	\$ 61.70	\$ 38.52	\$ 42.91	\$ 27.70	

PPA pricing must include all project costs to the Point of Interconnection (“POI”), including the cost to directly connect to the existing DEC or DEP transmission/distribution system (“Interconnection Facilities”). Interconnection Facilities costs at the POI will include all DEC’s or DEP’s (as applicable) costs to connect the Facility to the existing transmission/distribution system delivery point, but shall not include the costs of upgrades to the transmission or distribution system beyond the POI. For transmission interconnections in DEC, evaluation will assume the most cost-effective communication method that meets the Transmission Provider’s requirements in their transfer trip scheme. The MP has cost responsibility for the transfer trip scheme. MP-owned equipment up to the POI often includes equipment such as the generator step-up

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transformer (for conversion up to the interconnecting voltage level), facility side generator breaker (as needed), and all station service equipment. Utility-owned equipment typically includes metering, protective equipment, relays, and other new electrical infrastructure and specific configurations for transmission connections as discussed in more detail below.

MPs with successful Proposals will be responsible for all Interconnection Facilities costs, even if the actual costs exceed the amount estimated by the MP. The IA will review the estimated Interconnection Facilities costs included in each proposal for reasonableness and reserves the right to impute a larger amount of Interconnection Facilities Costs where it determines that the Interconnection Costs assumed by the MP are unreasonably low. Should the IA determine imputed Interconnection Facilities Costs should be used, the MP will be advised and provided the opportunity to review the revised cost estimates with the IA and advise the IA of whether the imputed estimate is accepted by the MP.

The costs of transmission/distribution grid improvements and upgrades (“System Upgrades”) should not be incorporated in the MP’s PPA price, unless the MP elects to be treated as an Advanced Stage Proposal, as further defined below. System Upgrade costs for all non-Advanced Stage Proposals will be identified during Step 2 of the evaluation process as set forth in NCUC Rule R8-71(f)(3)(iii). For the avoidance of doubt, for purposes of determining the satisfaction of the avoided cost threshold, the System Upgrade costs determined by the T&D Sub-Team shall be converted to 20-year \$/MWh pricing and incorporated into the Proposal price by the IA.

V. PROPOSAL EVALUATION

A. OVERVIEW

Proposals will be evaluated by the IA in accordance with the evaluation process set forth in NCUC Rule R8-71(f)(3). A copy of the CPRE Rule is provided on the IA RFP Website. As specified in NCUC Rule R8-71(f)(3), in Step 1 of the evaluation process, the IA will perform the initial ranking of Proposals based on a combination of economic and non-economic criteria. As a part of the Step 1 evaluation, the IA may allow a market participant an opportunity to modify or clarify its proposal to cure a non-conformance or non-substantive deficiency that would otherwise require elimination of the Proposal. The IA will provide the MP with written notice of the deficiency and the MP shall then have five (5) business days after receiving the written notice to cure the deficiency, where failure to cure the deficiency shall result in withdrawal of the Proposal from further consideration. Proposal Fees for a Proposal that fails to timely cure any deficiency identified by the IA shall not be returned.

Each Proposal will be evaluated on its benefit to the DEC/DEP system over the twenty-year analysis period on a \$/MWh basis (accumulated net present value). Although an MP may enjoy economies of scale with respect to the owner’s and development cost of a Facility, the evaluation will be conducted on a \$/MWh (benefit to DEP/DEC) basis and therefore will not favor a Proposal

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based on Facility size. In order to assess a Proposal's net benefit, the evaluation must determine both the Proposal's cost and the Proposal's benefit to the DEC/DEP system. The cost of the Proposal is determined by taking the MP submitted \$/MWh rate and applying the rate to the Facility's projected output (8760 hours x 20 years). The benefit to the DEC/DEP system is determined using two metrics: (1) the Proposal's output contributes toward the ability to defer future DEC/DEP generating unit capacity and (2) the Proposal's energy output replaces energy that would have been supplied at DEC/DEP system cost for that particular hour.

Proposals must include a set of 8760 hour output projections each of the 20 years of the term. Proposals must be accompanied by PVSyst inputs/outputs and supporting workpapers and calculations demonstrating the basis for the energy profiles proposed. Proposals that include storage must submit two sets of 8760 hour output projections (for the twenty years) for the facility design. The first set is the output projection assuming that the storage capability is not utilized (i.e., turned off) and the second set of output projections is the Facility output after utilizing the storage capability. It is assumed that the post-storage output projections reflect that the MP has optimized the use of the storage capability. The IA will review both the pre-storage and post-storage Facility output in order to determine that the post-storage projections are reasonable.

Note that under the terms of the PPA, DEP/DEC has the right to curtail energy from the Facility up to 10% of the Facility's annual energy production in the DEP jurisdiction and 5% in the DEC jurisdiction, without compensation to the Facility owner. For purposes of the evaluation, it will be assumed that DEP/DEC fully exercises the energy curtailment to the respective 5% and 10% limits. Note that the energy curtailment reduces the Facility's revenue (in that less energy is sold to the DEP/DEC grid).

In the Proposal evaluation, the curtailment methodology will optimize energy costs for DEP/DEC. In other words, the methodology will begin curtailing the Facility's output when the cost of the Facility's energy is most costly when measured against the DEP/DEC system cost for that hour. This methodology will continue (as the cost difference is reduced) until the full allotment of curtailment is reached (either 5% or 10%).

With Facilities that include storage, it is recognized that some of the Facility's energy that is "lost" during curtailment can be stored and sold into the DEP/DEC system several hours later. For purpose of the evaluation, the following limitations will be taken into account: the overall roundtrip efficiency of energy storage, the MW capability of the storage system (which may be smaller than the facility output), and the MWh (energy) capability of the storage system.

The non-economic criteria specified below will also be evaluated by the IA and scored in accordance with the scoring sheet attached hereto as **Appendix F**, which has been developed by the IA and sets forth the weighting the IA will use in determining the Step 1 ranking of all

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Proposals. The Step 1 evaluation ranked Proposals into an initial Competitive Tier (“Competitive Tier”), Competitive Tier Reserve (“Competitive Tier Reserve” or “Reserve List”), and released Proposals. For those Proposals that do not advance to Step 2 of the evaluation process, the IA will notify the relevant MP on or before the milestone for concluding Step 1 of the Evaluation Process identified in the Tranche 2 RFP schedule.

In Step 2 of the evaluation process, the T&D Sub-Team shall assess the system impact of the Proposals in the order ranked by the IA and assign any System Upgrade costs attributable to each such Proposal. The IA will utilize such information to re-rank the Proposals (as necessary), and this process will continue in an iterative manner until the optimal portfolio of Proposals has been identified.

Step 2 of the evaluation process shall utilize the System Impact Grouping Study⁹ and all Proposals will be required to be studied based on the Queue Number established by the Companies for purposes of the System Impact Grouping Study.

B. NON-ECONOMIC SCORING CRITERIA

The following non-economic criteria will be evaluated for each Proposal and scored in accordance with the scoring sheet.

1. Facility Permitting

MPs should disclose all permits that will have to be obtained and the status of each permit along with a timeline for the completion of all permits that relate to the Proposal. The site evaluation and studies conducted to date, as well as a timeline for completion of these studies, should be included in the Proposal.¹⁰

2. Financing Experience

Each Proposal should describe the plans for acquiring the necessary funds for developing, constructing, and operating the Facility. Such plans should include a discussion of the Facility’s legal ownership structure and the expected sources and types of capital that the MP has committed to secure. If available, letters of interest or letters of commitment from such financial partners or key sources of funding should be provided.

⁹ As that term is utilized in the NCIP.

¹⁰ MPs should take reasonable steps to develop projects in a manner that protects the environment and the communities served by the Companies. According to the North Carolina Wildlife Resources Commission, increasing the availability of native plants at solar facilities can help support pollinators, including birds, bees, and other wildlife, benefiting nearby agricultural fields and community growers. Please consider following the “Solar Site Pollinator Habitat Planning & Assessment Form” provided in **Appendix G**.

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For PPA proposals, MPs must be able to provide evidence of at least one recent successful facility financing completed of comparable size to the Proposal submitted within the last five years.

MPs must provide the financial and credit information set forth in **Appendix E**.

3. Technical Development and Operational Experience

In general, MP must show experience in developing and operating renewable facilities of comparable size and technology as the Facility submitted in the Proposal. More specifically, MP must:

- In the case of PPA proposals, have operated a renewable energy project or portfolio of projects >50 MW AC or 3x the nameplate capacity of the Proposal, whichever is less;
- In the case of solar Proposals, have completed or directly managed the completion of the development, engineering, equipment procurement, and construction of >50 MW or 3x the nameplate capacity of the Proposal, whichever is greater, of solar facilities, including at least one project of comparable size to the proposed facility within the United States or Canada; and
- In the case of non-solar Proposals, have completed or directly managed the completion of the development, engineering, equipment procurement, and construction of at least 10 MW of relevant renewable energy facilities within the United States or Canada.

4. Historically Underutilized Businesses

Historically underutilized businesses meeting the requirements set forth in **Appendix B** will be scored in accordance with the score sheet.

VI. **ADDITIONAL INFORMATION**

A. **INTERCONNECTION TIMELINE AND PPA TERM**

Typically, execution of an Interconnection Agreement is achieved approximately 4 – 6 months after completion of a System Impact Study. For transmission-connected projects, commercial operation of the Interconnection Facilities is achieved 18 – 24 months after execution of an Interconnection Agreement. However, it is important to note that the amount of time required for construction of Interconnection Facilities for transmission-connected projects can be substantially impacted by the number of non-CPRE projects that execute Interconnection Agreements prior to CPRE Tranche 2 winning Proposals.

The amount of time required to construct System Upgrades varies significantly depending the scope of the System Upgrade.

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For the avoidance of doubt, the term of all PPAs shall be 20 years from the Commercial Operation Date (as that term is defined in the PPA).

B. ADVANCED STAGE PROPOSALS

A MP that has a fully executed Interconnection Agreement with the Companies as of the Proposal submission date (whether under the NCIP, SC GIP or the Companies' Joint Open Access Transmission Tariff) and is not in default under the Interconnection Agreement shall have the option to elect to participate as an "Advanced Stage Proposal" by so designating in its Proposal form. An Advanced Stage Proposal will not be evaluated as part of the System Impact Grouping Study. Instead, the MP submitting such Advanced Stage Proposal shall be solely responsible for the cost of any System Upgrades assigned to it under its Interconnection Agreement and should bid accordingly. A MP sponsoring an Advanced Stage Proposal must perform all obligations (including satisfying any applicable payment or financial security obligations) arising under the Interconnection Agreement. Participation in CPRE as an Advanced Stage Proposal will not entitle such MP to delay, defer or avoid any such obligations under the Interconnection Agreement nor will such participation alter any term or condition of the applicable Interconnection Agreement, including the MP's obligation to pay the actual cost of the System Upgrade in the manner required under the applicable Interconnection Agreement. In the event that, during the Tranche 2 evaluation process, a default on the part of the Interconnection Customer occurs under the relevant Interconnection Agreement or the relevant Interconnection Agreement is terminated, the Advanced Stage Proposal shall be removed from the evaluation process and, if applicable, forfeit the Step 2 Proposal Security.

For the avoidance of doubt: (1) an Advanced Stage Proposal does not forfeit its queue position by participating in CPRE Tranche 2 and (2) the outcome of CPRE Tranche 2 shall have no impact on the applicable Interconnection Agreement, which shall continue to be administered in accordance with the terms thereof both during and after CPRE Tranche 2. If a Facility satisfies the eligibility criteria for an Advanced Stage Proposal, but elects not to participate in CPRE as an Advanced Stage Proposal, then: (1) such Facility will be included in the System Impact Grouping Study and studied based on the Queue Number established by the Companies and (2) the applicable Interconnection Agreement will be terminated by the Companies.

C. TRANSMISSION GRID LOCATIONAL GUIDANCE

For purposes of the Tranche 2 CPRE RFP, the Companies have provided grid locational guidance on the IA RFP Website indicating known transmission and distribution limitations resulting from the amount of existing or proposed renewable energy facilities in a particular area. This grid locational guidance is intended to provide MPs with information regarding areas on the transmission system where System Upgrade costs are likely based upon recent transmission system studies. The Documents Page of the IA RFP Website includes a map and supporting documentation, including tables of constrained circuits and substations to indicate areas of known

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transmission constraints in which System Upgrade costs will likely be required. Studies will be required to determine the extent and cost, if any, of these System Upgrades.

Transmission areas not identified as zones of known transmission constraints may still require System Upgrades, and transmission studies will be required to determine the extent and cost, if any, of these System Upgrades.

D. PRODUCTION ESTIMATES

MPs shall include an 8760 production profile for the first year of operation as part of their Proposal. In the case of solar facilities, the required production profile shall be generated in PVSyst. Production profiles should be based on energy delivered at the POI and taking into account all transformation losses to the POI, including final GSU transformation. For example, transmission interconnected projects should include any transformational losses incurred through the GSU to the high-side of the interconnect. For transmission-connected Facilities, utility power factor requirements should also be included in determination of energy delivered to the POI.¹¹ The production profile provided with the Proposal should not be adjusted for Daylight Standard Time.

All Proposals including on-site storage must submit two production profiles for the facility: one profile with the storage option and one profile without the storage option.

E. STORAGE

Energy storage devices must be on the DC side of the inverter and charged exclusively by the Facility. Storage devices must be controlled by the Seller in accordance with the Energy Storage Protocols specified in the pro forma PPA, including in Exhibit 10 thereof.

F. CONTROL INSTRUCTIONS

Section 8.6 to 8.10 of the pro forma PPA addresses DEC and DEP system operators' rights to issue instructions to control the renewable generating facilities procured through the CPRE Program in the same manner as DEC's and DEP's control of the Companies' own generating facilities.¹² CPRE Facilities must be designed with control equipment that will facilitate full or incremental instantaneous control over the Facility¹³ in order to take any action directed by the Companies' system operators to implement or otherwise effectuate system operator instruction.

¹¹ DEC requires each transmission-connected Facility to be capable of delivering power to the POI within the power factor range of 0.93 lagging to 0.97 leading. DEP requires the Facility to be capable of delivering power to the POI within the power factor range of 0.95 lagging to 0.95 leading.

¹² See N.C. Gen. Stat. § 62-110.8(b).

¹³ As specified in the Energy Storage Protocols in Exhibit 10 of the PPA, DEC/DEP will not have control of the storage resource.

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The CPRE dispatch control entitlements are in addition to otherwise applicable system emergency condition instructions and force majeure instructions, as defined in the PPA,¹⁴ and may be issued by the system operator for any reason, including planning its security-constrained unit commitment and dispatch for operational efficiency (e.g., avoid taking a large unit off-line for short intra-day durations to avoid operationally excess energy) or to provide for operational flexibility for anticipated operational challenges (e.g., dispatching down facilities to reduce extreme evening ramp rates).

Section 8.9 of the pro forma PPA specifies that the uncompensated, non-force majeure/emergency conditions CPRE dispatch control entitlement is limited to 5% of the facility's annual expected output in DEC and 10% of the facility's annual expected output in DEP. Compensation at the full contract price will be provided for each MWh of energy that could have been generated but was not due to dispatch down control instruction(s) exceeding the contracted-for percentage CPRE dispatch control entitlement. Section 8.9 and Exhibit 9 to the pro forma PPA also describe the methodology that will determine whether the CPRE dispatch control entitlement was exceeded during a given year and will be used to calculate any compensation owed to the seller under the PPA.

VII. RESERVATION OF RIGHTS

In submitting a Proposal into this RFP, an MP agrees and accepts that nothing contained in this RFP will be construed to require or obligate the Companies to select any Proposal. Per the Commission's CPRE Order, MPs retain the right to initiate a complaint proceeding before the Commission. MPs should be aware that submittals, even if marked "Confidential," may be subject to discovery and disclosure in regulatory or judicial proceedings. The Companies will notify the MP in advance of any required disclosure of confidential information.

¹⁴ The Companies will manage dispatch control instructions of CPRE resources and system emergency curtailments in accordance with the Operating Procedures filed January 30, 2018, in Docket No. E-100, Sub 148.

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APPENDIX A
FORM OF RENEWABLE POWER PURCHASE AGREEMENT

[See attached document]

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APPENDIX B HISTORICALLY UNDERUTILIZED BUSINESSES

As an advocate for corporate responsibility, Duke Energy excels among our utility peers in seeking and developing local and diverse businesses, as well as those with environmentally sustainable practices, through our supply chain sourcing strategy. Including Corporate Responsibility as a standard component of the sourcing process creates a standardized approach when evaluating suppliers, while maintaining flexibility based on opportunity and risk avoidance.

Diverse Supplier Designations

The following designations will be utilized in the CPRE program to qualify a Market Participant as a Historically Underutilized Business:

Designation	Description	Requirement
WBE	Women Owned Business Enterprise	At least 51% owned
MBE	Minority Owned Business	At least 51% owned
VBE	Veteran Owned Business	At least 51% owned
SDVBE	Service Disabled Veteran Owned Business	At least 51% owned

Above business concerns must be at least 51% owned by one or more of individuals in the diverse categories or, in the case of any publicly owned business, at least 51% of the stock is owned by individuals within the groups. In addition, the owners must control the management and daily business operations. In case of a permanent or severe disability, the spouse or caregiver of such a service-disabled veteran may control the management and daily operations.

Certification

MP's that meet one or more of the diverse supplier designations above will be required to complete a self-certification form on the website and will be provided the opportunity to upload third party certifications.

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**APPENDIX C
FORM OF LETTER OF CREDIT**

[LETTERHEAD OF ISSUING BANK]

Irrevocable Standby Letter of Credit No.: _____

Date: _____

Beneficiary:

[Duke Energy legal entity name] _____
550 South Tryon Street, DEC40C
Charlotte, NC 28202
Attention: Chief Risk Officer

Ladies and Gentlemen:

By the order of:

Applicant:

We hereby issue in your favor our irrevocable letter of credit No.: _____ (“Letter of Credit”) for the account of _____ (the “Applicant”) for an amount or amounts not to exceed _____ US Dollars in the aggregate (US\$ _____) available by your drafts at sight drawn on [Issuing Bank] effective _____ and expiring at our office on *[insert date which is one year from issuance]* (the “Expiration Date”), unless terminated earlier in accordance with the provisions hereof or otherwise extended.

Funds under this Letter of Credit are available against your draft(s), in the form of attached Annex 1, mentioning our letter of credit number and presented at our office located at [Issuing Bank’s address must be in US] and accompanied by a certificate in the form of attached Annex 2 with appropriate blanks completed, purportedly signed by an authorized representative of the Beneficiary, on or before the Expiration Date in accordance with the terms and conditions of this Letter of Credit. Partial drawings under this Letter of Credit are permitted.

We hereby undertake to promptly honor your drawing(s) presented in compliance with the terms of this Letter of Credit, up to the amount then available herein, in no event will payment exceed the amount then available to be drawn under this Letter of Credit.

We engage with you that drafts drawn under and in conformity with the terms of this Letter of Credit will be duly honored on presentation if presented on or before the Expiration Date. Presentation at our office includes presentation in person, by certified, registered, or overnight mail.

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This Letter of Credit shall automatically terminate on the earliest of the following to occur: (i) the making by you and payment by us of the drawings in an amount equal to the maximum amount available to be made hereunder; (ii) the date we receive from you a Certificate of Expiration in the form of Annex 3 attached hereto; or (iii) the above stated Expiration Date.

Except as stated herein, this undertaking is not subject to any agreement, condition or qualification. The obligation of [Issuing Bank] under this Letter of Credit is the individual obligation of [Issuing Bank] and is in no way contingent upon reimbursement with respect hereto.

This Letter of Credit is subject to the International Standby Practices 1998, International Chamber Of Commerce Publication No. 590 ("ISP98"). Matters not addressed by ISP98 shall be governed by the laws of the state of New York.

We shall have a reasonable amount of time, not to exceed three (3) business days following the date of our receipt of drawing documents, to examine the documents and determine whether to take up or refuse the documents and to inform you accordingly.

Kindly address all communications with respect to this Letter of Credit to [Issuing Bank's contact information], specifically referring to the number of this Letter of Credit.

All banking charges are for the account of the Applicant.

This Letter of Credit may not be amended, changed or modified without our express written consent and the consent of the Beneficiary.

Very truly yours
[Issuing Bank]

Authorized Signer

Authorized Signer

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This is an integral part of letter of credit number: *[irrevocable standby letter of credit number]*

ANNEX 1

FORM OF SIGHT DRAFT

[Insert date of sight draft]

To: *[Issuing Bank's name and address]*

For the value received, pay to the order of _____ by wire transfer of
immediately available funds to the following account:

[name of account]
[account number]
[name and address of bank at which account is maintained]
[aba number]
[reference]

The following amount:

[insert number of dollars in writing] United States Dollars
(US\$ *[insert number of dollars in figures]*)

Drawn upon your irrevocable letter of credit No. *[irrevocable standby letter of credit number]*
dated *[effective date]*

[Beneficiary]

By: _____
Title: _____

This is an integral part of letter of credit number: *[irrevocable standby letter of credit number]*



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ANNEX 2

FORM OF CERTIFICATE

[Insert date of certificate]

To: *[issuing bank's name and address]*

Duke Energy _____ (the “Beneficiary”) is drawing the funds requested under this draft based on the below specified draw condition:

[check appropriate draw condition]

[] [Legal name of bidding entity] (the “Bidder”) has withdrawn its proposal in violation of the bidding rules under the Request for Proposals for the Competitive Procurement of Renewable Energy (“RFP”) which was issued by [Insert Beneficiary’s name] on [insert date of RFP]; or

[] A proposal submitted by [Legal name of bidding entity] (the “Bidder”) has been selected as a winning proposal in the Request for Proposals for the Competitive Procurement of Renewable Energy (“RFP”) which was issued by [Insert Beneficiary’s name] on [insert date of RFP] and Bidder has failed to execute the *[insert name of required contract]* (the “Agreement”) within 60 days of the closing of the RFP; or

[Legal name of bidding entity] (the “Bidder”) has received a winning proposal in the Request for Proposals for the Competitive Procurement of Renewable Energy (“RFP”) which was issued by [Insert Beneficiary’s name] on [insert date of RFP] and has failed to meet the creditworthiness requirements under the *[insert name of required contract]* (“Agreement”) or to post performance security as required under the Agreement within 5 business days of the execution of the Agreement.

Duke Energy _____

By: _____

Title: _____

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ANNEX 3

FORM OF CERTIFICATE OF EXPIRATION

[Insert date of certificate]

To: *[issuing bank's name and address]*

Attention Standby Letter of Credit Unit

Re: irrevocable letter of credit No. *[irrevocable standby letter of credit number]* dated *[effective date]* the "Letter of Credit."

Ladies and Gentlemen:

The undersigned hereby certifies to you that the above referenced Letter of Credit may be cancelled without payment. Attached hereto is the referenced Letter of Credit, marked cancelled.

Duke Energy _____

By: _____

Title: _____

Cc: _____ [Bidder]

Duke Energy Carolinas, LLC and Duke Energy Progress, LLC
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**APPENDIX D
FORM OF SURETY BOND**

**SURETY BOND – COMPETITIVE PROCUREMENT OF
RENEWABLE ENERGY**

COLLATERAL SECURITY PAYABLE UPON DEMAND

* * * * *

***PRINCIPAL / BIDDER** (Legal Name and Business Address)*

<i>SURETY (Legal Name and Business Address)</i>	<i>CONTRACT NO.</i>	<i>CONTRACT DATE</i>
<i>OBLIGEE</i> [Duke Energy Carolinas, LLC][Duke Energy Progress, LLC] ---- add address ----	<i>SURETY BOND EFFECTIVE DATE</i>	
<i>PROPOSAL SECURITY AMOUNT</i>	<i>PENAL SUM OF BOND</i>	

KNOW ALL PERSONS BY THESE PRESENTS THAT: PRINCIPAL (herein, “Bidder”) and SURETY are held and firmly bound to [Duke Energy Carolinas, LLC] [Duke Energy Progress, LLC] (“Duke Energy”), a limited liability company organized and existing under the laws of the state of North Carolina, its successors and assigns in the amount of \$[insert Bond Amount] (“Proposal Security Amount”), for the payment of which the Bidder and Surety, their heirs, executors, administrators, successors and assigns are hereby jointly and severally bound.

WHEREAS, Bidder has submitted a bid proposal into Duke Energy’s Request for Proposals for the Competitive Procurement of Renewable Energy (“RFP”), which was issued by Duke Energy on [_____];

WHEREAS, Duke Energy has selected Bidder’s proposal (the “Bid”) for further evaluation in Step 2 of the RFP process (such evaluation referred to herein as the “Step 2 Evaluation Process”) pursuant to the RFP;

WHEREAS, Bidder and Surety acknowledge that the RFP process will be delayed and Duke Energy will be harmed if Bidder withdraws the Bid, or if the Bid is selected as a Bid for the Step 2 Evaluation Process and the Bidder does not execute the RENEWABLE POWER PURCHASE AGREEMENT or the ASSET PURCHASE AND SALE AGREEMENT (as applicable, the “Agreement”) associated with the RFP as requested by Duke Energy and/or fails to provide Performance Assurance as required under and as defined in the Agreement; and

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WHEREAS, Bidder desires to furnish this Bond pursuant to the requirement in Section III of the RFP to provide Proposal Security for a bid selected to continue forward into the Step 2 Evaluation Process;

NOW THEREFORE, the condition of this obligation is such that if (i) Duke Energy or the Independent Administrator acting on its behalf notifies Bidder that the Bid has been eliminated from consideration in the RFP, or (ii) Duke Energy subsequently selects the Proposal as a winning Proposal under the RFP and Bidder has executed the Agreement and posted Performance Assurance as required in such Agreement, then this obligation will be null and void; otherwise it will remain in full force and effect, subject to the following additional conditions:

1. Capitalized terms undefined herein will take the meaning or definition provided in the RFP or where indicated, the Agreement. In the event of any conflict between this Bond and the RFP, the terms of this Bond will control.
2. If Bidder withdraws the Bid, or if Duke Energy selects the Bid as a winning Proposal and the Bidder does not execute the Agreement with Duke Energy for the Bid within 90 days of the closing of the RFP or fails to meet the creditworthiness requirements or to post the performance security as required under the Agreement within 5 business days of the execution of the Agreement, then Duke Energy will issue a demand for payment of the Proposal Security Amount to the Surety ("Demand for Payment").
3. Surety will, not later than ten (10) days after delivery of a Demand for Payment to the Surety at the address provided below, pay the Proposal Security Amount to Duke Energy. Surety's obligation for payment of the Proposal Security Amount will be deemed established regardless of the underlying causes for Bidder's withdrawal of the Bid and irrespective of any other circumstance whatsoever that might otherwise constitute a legal or equitable discharge or defense of the Surety.
4. Bidder and Surety acknowledge that the Proposal Security Amount represents a fair and reasonable pre-estimation of the damages due to Duke Energy under the circumstances existing as of the Surety Bond Effective Date and that such amount represents a reasonable estimate of Duke Energy's losses in the event of (i) Bidder's withdrawal of the Bid following its selection for further evaluation in the Step 2 Evaluation Process, or (ii) Bidder's failure to execute the Agreement with Duke Energy for the Bid if selected as a winning Proposal or failure to provide Performance Assurance as required under the Agreement. The Proposal Security Amount will not be deemed a penalty, and the Bidder and Surety hereby waive and forfeit any right to contest the reasonableness or validity of the liquidated Proposal Security Amount. Duke Energy's right to recover the Proposal Security Amount will in no way limit its entitlement to other non-monetary remedies to which Duke Energy may be entitled pursuant to the terms of the RFP, the Bond, or applicable law.
5. It is hereby agreed that this obligation is effective beginning on the Surety Bond Effective Date, above, provided that, if this Bond remains in effect after one (1) year following the Surety Bond Effective Date, Bidder may cancel this Bond after such one (1) year period by giving Duke Energy at least forty-five (45) days prior written notice of the cancellation date. Such cancellation notice will be sent by certified mail or by overnight courier with tracking service to:

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Duke Energy Carolinas, LLC and Duke Energy Progress, LLC
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{Add notice info}

with copy to
[Duke Energy Carolinas, LLC] [Duke Energy Progress, LLC]
Attn: Credit Risk Manager
550 South Tryon Street (DEC40C)
Charlotte, NC 28202

Any obligations of the Bidder prior to any such cancellation will survive such cancellation and continue to be a liability of the Surety until paid in full by the Bidder.

This Bond is irrevocable by Surety.

6. Within thirty (30) days following the date of any notice of cancellation of this Bond that is provided to Duke Energy under Paragraph 6, Bidder will provide to Duke Energy a replacement Bond that satisfies the requirements of Section III of the RFP in the amount of the Performance Security required for the pre-COD period. Bidder's failure to provide such replacement Bond in the required timeframe will constitute a default under this Bond and will entitle Duke Energy to issue a Demand for Payment to the Surety for the payment of the Proposal Security Amount.
7. The Surety's liability is limited to the Proposal Security Amount ("Penal Sum of Bond"), unless suit must be brought for enforcement of the within obligations and in which case the Surety will also be liable for all costs in connection therewith, interest and reasonable attorneys' fees, including costs of and fees for appeals.
8. Failure of the Surety to pay the Proposal Security Amount within ten (10) days of Demand for Payment will constitute default of the Surety's obligation under the Bond and Duke Energy will be entitled to enforce against the Surety any remedy available to it.
9. Surety, for value received, hereby stipulates and agrees that no change, modification, omission, addition or change in or to the RFP or the Agreement, and no action or failure to act by Duke Energy will in any way affect the Surety's obligation on this Bond; and Surety hereby waives notice of any and all such modifications, omissions, alterations, and additions to the terms of the RFP or the Agreement.
10. If any part or provision of this Bond will be declared unenforceable or invalid by a court of competent jurisdiction, such determination in no way will affect the validity or enforceability of the other parts or provisions of this Bond.
11. The undersigned Surety and Bidder are held and firmly bound for the payment of all legal costs, including reasonable attorney's fees, incurred in all or any actions or proceedings taken to enforce



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this Bond or the obligations created herein, or payment of any award of judgment rendered against the undersigned Surety. Nothing contained herein will be construed to obligate Duke Energy to pay any fees or expenses incurred in connection with the issuance of this Bond.

12. All disputes relating to the execution, interpretation, construction, performance, or enforcement of the Bond and the rights and obligations thereto will be governed by the laws of, and resolved in the State and Federal courts in North Carolina. The rights and remedies of Duke Energy herein are cumulative and in addition to any and all rights and remedies that may be provided by law or equity.
13. The undersigned Surety agent(s) represent that he/she is a true and lawful attorney-in-fact for the Surety and authorized to bind the Surety hereto and to affix the Surety's corporate seal hereunder, as evidenced by the attached power of attorney.

IN WITNESS WHEREOF, this instrument is SIGNED AND SEALED this ____ day of _____, 20__.

PRINCIPAL/BIDDER:

For Bidder: _____

Signature: _____

(SEAL)

Name and Title: _____

Address: _____

SURETY:

Attorney in Fact: _____

Signature: _____



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Duke Energy Carolinas, LLC and Duke Energy Progress, LLC
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(SEAL)

Name and Title: _____

Address: _____

AFFIDAVIT AND ACKNOWLEDGEMENT OF ATTORNEY-IN-FACT

STATE OF _____

COUNTY OF _____

I hereby certify that I am the attorney-in-fact of _____, a [insert entity type], which is the surety in the foregoing bond, and that I am authorized to execute on the above Surety's behalf the foregoing bond pursuant to the Power of Attorney dated _____ and attached hereto, and on behalf of the Surety, acknowledge the foregoing bond before me as the above Surety's act and deed.

Given under my hand this ____ day of _____.

ATTORNEY-IN-FACT

PRINT NAME

(NOTARY SEAL)

Duke Energy Carolinas, LLC and Duke Energy Progress, LLC
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APPENDIX E
REQUIRED FINANCIAL INFORMATION

- A. Description of ownership and proposed financing arrangements, including the expected percentage of debt and equity capital that the bidder has committed to secure.
- B. Annual reports for the past three (3) years and any Form 10-K and 10-Q filings since the period covered in the last annual report. If these documents are not available, then audited financial statements for the last three (3) years will be accepted. All financial statements, annual reports, and other large documents may be referenced via a website address. If a bidder has not been in operation for three (3) years, please provide the above information, as applicable, since the commencement of operation.
- C. Dunn and Bradstreet identification number.
- D. Documentation of the bidder's (or parent's if applicable) credit ratings from S&P, Moody's, or Fitch rating services, if rated.
- E. Details related to its banking relationships or liquidity.
- F. Description of plans for acquiring the necessary funds for developing and operating the Facility, including a discussion of the Facility's legal ownership structure, the expected percentage of debt and equity capital that the bidder has committed to secure, and the identity and credit rating or other financial information indicative of the financial strength of firms that are likely to provide such financing.
- G. Any additional documentation needed to determine the bidder's financial strength and the strength of any corporate parents.

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APPENDIX F
SAMPLE SCORING SHEET

Bid Scoring Categories	Bid Score	% of Bid Score	Description	Individual Categories	Maximum Scoring	Section Score
1. Price Score		60%	Includes fixed and variable bid costs	The price score will be calculated on the basis of the bid's projected total cost per MWH	600	600
2. Project Development Criteria		15%	Respondent must show sufficient evidence of ability to provide services included in proposal for the contract term Evidence of operational capability to provide proposed services	-Demonstrate that permitting will be complete to meet COD -Experience of project team -Project Site control for full term -Site control to POI for full term	30 30 50 50	160
3a. Facility Project Characteristics		15%	Evidence of equipment designed to meet specifications	-Equipment to be used -Required control equipment (TBD) <u>-Quality of project design</u>	30 30 30	90
3b. Transmission Project Characteristics			Interconnection Transmission Rights	-Submitted completed interconnected request and obtained a queue number	50	50
4. Project Characteristics		4.5%	Value of Project Characteristics	Demonstrates ability to meet performance guarantee and liquidated damages pursuant to the PPA	45	45
5. Historically Underutilized Businesses		.5%	Ownership by Minorities (to be defined)	Ascertain that at least 51% of venture is owned by eligible minority	5	5
6. Credit Worthiness		5%	Financial assurances to meet schedule and milestones in PPA	-Confirms meeting all Duke credit requirements -Pass: MP provides acceptable Proposal Security - Fail: MP does not provide acceptable Proposal Security	50 50 0	50
Total Score	1,000	100%			1,000	

Duke Energy Carolinas, LLC and Duke Energy Progress, LLC
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APPENDIX G
RECOMMENDATIONS FOR ESTABLISHING NATIVE POLLINATOR HABITAT ON
SOLAR FARMS IN NORTH CAROLINA

[See attached document]

PROFESSIONAL SERVICES AGREEMENT
INDEPENDENT ADMINISTRATOR SERVICES
FOR THE NORTH CAROLINA COMPETITIVE PROCUREMENT
OF RENEWABLE ENERGY PROGRAM

This Professional Services Agreement (this “**Agreement**”) is entered into as of January 9, 2018 (the “**Effective Date**”) by and between Duke Energy Business Services, LLC, as agent for and on behalf of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC (“**Duke Energy**”), and Accion Group, LLC, a New Hampshire limited liability company (“**Consultant**”). Duke Energy and Consultant are referred to herein individually as a “**Party**,” and collectively as the “**Parties**.”

Duke Energy Business Services, LLC is entering into this Agreement as agent for and on behalf of each of the Duke Energy companies designated above individually and not jointly. As such, no such company for which Duke Energy is acting as agent shall have any liability to Consultant unless and until it (or its agent on behalf of such company) issues a work authorization under this Agreement and then any such liability shall be several and not joint with any other such company. Each work authorization is a separate contractual commitment of the company (or its agent on behalf of such company) that issues such work authorization and not a commitment of any other company.

RECITALS

WHEREAS, the North Carolina Utilities Commission (the “**Commission**”) has recently adopted Rule R8-71, to implement the Competitive Procurement of Renewable Energy (the “**CPRE**”) program enacted by Part II of Session Law 2017-192, as codified at Section 62-110.8 of the North Carolina General Statutes and as implemented in Commission Rule R8-71 (the “**CPRE Rule**”);

WHEREAS, the CPRE Rule provides that Duke Energy shall contract with a third-party independent administrator, the engagement of whom shall be subject to the approval of the Commission, to administer Duke Energy’s upcoming CPRE solicitations and to perform the duties of the third-party independent administrator identified in the CPRE Rule, which duties include, without limitation, providing technical expertise and services in the area of competitive renewable energy facility procurement;

WHEREAS, Consultant is in the business of providing consulting services similar to those required to be provided by the third-party independent administrator as described in the CPRE Rule;

WHEREAS, on December 8, 2017, Duke Energy filed its initial comments and recommendations that the Commission approve the Consultant as the third-party independent administrator and, on January 9, 2018, the Commission issued an Order approving Consultant to act in such capacity; and

WHEREAS, each of Duke Energy and Consultant desires to enter into this Agreement to enable Duke Energy to utilize Consultant to provide the third-party independent administrator services required under the CPRE Rule;

NOW, THEREFORE, in consideration of the recitals, the mutual promises herein and other good and valuable consideration, the receipt and sufficiency of which the Parties acknowledge, the Parties, intending to be legally bound, stipulate and agree as follows:

1. Definitions.

“Deliverables” means: (a) all drawings (stamped or certified as required by law), all charts, graphs, studies, reports, computer programs, software and other related documents; (b) all supporting documentation for such drawings, charts, graphs, studies, reports, computer programs, and all training documentation related thereto; and (c) all tangible media upon which the information is recorded, including disks, tapes, chips, all of which are specified for delivery by Consultant to Duke Energy in the Agreement.

“Duke Energy PII” has the meaning set forth in Attachment A.

“Services” means all services and related obligations to be performed by Consultant under the Agreement as required by Subsection (d)(5) of the CPRE Rule, including, without limitation, (i) monitoring Duke Energy’s compliance with CPRE program requirements, (ii) reviewing and commenting on draft CPRE program filings, plans, and other documents, (iii) facilitating and monitoring permissible communications between Duke Energy’s evaluation team and other participants in the CPRE request for proposal solicitations, (iv) developing and publishing the CPRE program methodology that shall ensure equitable review between Duke Energy’s self-developed proposals as addressed in subsection (f)(2)(iv) of the CPRE Rule and proposals offered by third-party market participants, (v) receiving and transmitting proposals, independently evaluating the proposals and monitoring post-bid negotiations between Duke Energy’s evaluation team and participants who submitted winning proposals, (vi) evaluating Duke Energy’s self-developed proposals for the Commission, (vii) providing an independent certification to the Commission in the CPRE compliance report that all Duke Energy and third party proposals were evaluated under the published CPRE program methodology and that all proposals were treated equitably through the CPRE request for proposal solicitations.

“Specifications” means that certain Statement of Work, attached hereto as Exhibit A.

- 2. Order of Precedence.** The **“Agreement”** shall mean and shall consist of the following documents, listed in their order of priority in the event of a conflict: (a) any Amendment or Change Order signed by both parties, (b) the Duke Energy Purchase Order issued to Consultant, as applicable, to which these terms and conditions are attached or included; (c) these terms and conditions; and (d) any exhibit(s), schedule(s), or descriptions and Specifications incorporated into the Agreement.

3. Scope of Work; Schedule; Term.

(a) Consultant shall furnish all required labor, materials, transportation and supervision necessary to perform, in a professional manner and in accordance with applicable law (including the CPRE Rule), any Services to be provided hereunder. Consultant shall organize and staff all Work so as to complete it in a timely manner at the lowest reasonable cost to Duke Energy. Consultant represents that it is qualified and equipped to undertake the Services described herein. The Parties hereto hereby acknowledge and agree that the Consultant, and the Services to be performed hereunder, remain subject to ongoing Commission oversight during the Term.

(b) Time is of the essence with respect to Services to be performed hereunder. Consultant shall notify Duke Energy within 24 hours of its first knowledge that any completion date(s) will not be met.

(c) The term of this Agreement shall commence on the Effective Date and shall continue until the earlier of (i) the completion of the CPRE Program and (ii) the fourth (4th) anniversary of the Effective Date (the “**Term**”), unless extended by written agreement between Duke Energy and the Consultant, or unless sooner terminated at any time during the Term in accordance with the terms and conditions hereof.

4. **Inspection and Acceptance.** Duke Energy’s inspection or acceptance of the Services shall not relieve Consultant of its obligation to comply with the terms of the Agreement. Duke Energy shall have ninety (90) days from the successful completion of the Services under the Agreement to confirm that the Services were performed in accordance with the Specifications. Excluding any latent errors or omissions and subject to the warranty obligations set forth herein, any Services not rejected by Duke Energy shall be deemed accepted. If Duke Energy determines that the Services were not performed in accordance with the Specifications, Duke Energy must notify Consultant in writing, during such acceptance period, of the discrepancies. Duke Energy and Consultant agree to work together for a period not to exceed thirty (30) days to resolve these discrepancies.
5. **Assigned Personnel.** Consultant shall assign properly licensed, qualified, and competent supervision and personnel to perform the Services. Key personnel shall not be removed or replaced without prior written notice to Duke Energy, which consent shall not be unreasonably withheld. Personnel provided by Consultant under this Agreement shall at all times remain the sole responsibility of said Consultant for purposes of personal and professional liability. Consultant shall secure and protect its own materials, tools, equipment and the Services, including Duke Energy provided materials and equipment. Consultant shall provide Duke Energy with periodic progress reports as requested by Duke Energy. The price shall include, and the Consultant shall be responsible for the payment to its employees of all compensation, taxes, assessments for unemployment insurance, social security and disability benefits, and other fees, benefits (including health and retirement) and taxes which are based upon the compensation paid to persons employed by Consultant or its subcontractors for the performance of any Services. Consultant agrees to indemnify, defend and hold Duke Energy and its directors, officers, employees and administrators of Duke Energy’s benefit and health plans harmless from all claims, liabilities or expenses related to such compensation.
6. **Changes in Services.** Duke Energy may change the scope of Services with the approval of the Commission and agreement of the Consultant from time to time through the use of a “**Change Order**”. If Consultant’s price or schedule will be affected by the change, Consultant must submit a request for a Change Order under the Agreement and Duke Energy must approve such change in scope in writing through the issuance of a Change Order prior to Consultant starting the changed Services. Additionally, in the event the parties are unable to agree to the terms of the Change Order, or in the event of an emergency, Duke Energy may, at any time, provide Consultant with a written change directive to make changes in, additions to and omissions from the Services or the schedule, and Consultant shall promptly proceed with the performance of Services so changed once approved by the Commission. Claims for additional compensation or time for performance must be itemized and supported with adequate documentation. Services

performed outside the scope or schedule set forth in this Agreement which are not requested by a Change Order or written change directive may not form the basis of a claim for additional compensation or time. If an omission or a reduction in scope is made from the Services, a decrease in compensation shall be agreed to by both parties.

7. **Payment.** Consultant shall invoice Duke Energy, with proper documentation, for all Services performed during the prior month or as otherwise set forth in the Purchase Order. The price to be paid for the Services to be performed hereunder are set forth in Exhibit B. If Services are being performed on a time-and-materials basis, the invoice shall include a statement or be accompanied by time sheets showing each employee's name, classification, hours worked, and the applicable rate of compensation to Consultant. If any equipment has been used for which a charge applies, the invoice must also specify the equipment used, hours of usage and rate of reimbursement for use. Any tax paid on material or equipment must be shown separately from the sale or rental price of those items. Duke Energy shall pay Consultant, upon submission of proper invoices and supporting documentation, the price due and owing for Services performed within forty five (45) days after receipt of the invoice. Duke Energy may withhold and offset payment if Duke Energy disputes Consultant's compliance with the terms of the Agreement, including but not limited to amounts that are incorrectly invoiced, and may withhold and offset any amount sufficient to reasonably protect Duke Energy from loss, damage or expense of any claim or lien against Duke Energy arising in connection with this Agreement. Duke Energy's payment does not constitute acceptance of the Services. The Purchase Order number must appear on all invoices and notices.
8. **Taxes.** Consultant shall be responsible for, and shall pay directly, any and all corporate and individual taxes that are measured by net income, profit or gross receipts imposed by any governmental authority on Consultant, its employees or subcontractors due to the execution of any agreement or the performance of or payment for Services in accordance with the Agreement. The price for the Services shall include all applicable foreign, federal, state and local taxes imposed on the Consultant by a governmental authority with respect to this Agreement. Consultant assumes exclusive liability for all sales, use or privilege taxes applicable to any materials, supplies, equipment or tools purchased, rented, leased, used or otherwise consumed by Consultant in conjunction with the performance of the Services. Consultant shall invoice the sale of tangible personal property separately from the provision of labor or Services. Tangible personal property includes materials, parts or other property that Consultant installs, incorporates, furnishes or otherwise supplies for Duke Energy's use or consumption that becomes the property of Duke Energy. Invoices for tangible personal property sold or leased to Duke Energy shall contain a note stating, "Property Transferred to Duke Energy". Taxes shall be billed as a separate line item on the original invoice for taxable purchases. When sales tax is not billed on the original invoice for taxable purchases, Duke Energy is not responsible for the sales tax and such tax is the sole obligation of the Consultant. When Services are to be performed in South Carolina, Consultant shall submit prior to commencement of Services, a properly completed State of South Carolina, Department of Revenue, Nonresident Taxpayer Registration Affidavit Income Tax Withholding form, Form I-312. If Duke Energy is exempt from the payment of any applicable sales or use taxes or has a direct payment permit with respect to such taxes, Consultant may access such certificate or permit, duly executed and issued by the appropriate governmental authority at <http://www.duke-energy.com/pdfs/legal/DirectPayPermit.pdf>. If Consultant fails to avail itself of such certificate or permit, Consultant shall be responsible for and shall pay any sales, use or privilege tax resulting from such failure.

9. **Warranty.** Consultant warrants that the Services provided: (i) will be performed in accordance with the highest professional standards and will be free from defects in design and fit for its intended purpose, (ii) will be performed in a timely manner as required by the Agreement and performed and supervised by qualified personnel, and (iii) will conform to the requirements of this Agreement and any attachments hereto, including, but not limited to, the Specifications. Consultant further warrants that all application software developed or implemented by Consultant under this Agreement, when used in accordance with its associated documentation, shall not infringe upon the intellectual property rights or marks of a third party. Consultant further represents and warrants that it is not a party to nor subject to any agreement or order which would limit, prevent or restrict its performance of any Services. In the event any portion of the Services furnished to Duke Energy fails to comply with this warranty obligation, Consultant will promptly re-perform the Services that were performed incorrectly or otherwise do not comply fully with this warranty without additional compensation from Duke Energy or, at Duke Energy's election, if re-performance is impractical or impossible in Duke Energy's sole discretion, will refund the amount paid to Consultant for the Services. If Consultant fails to commence and pursue corrective action as hereinabove provided, or in the event of an emergency, Duke Energy may correct the defective Services itself or hire others to do so and all costs to make such correction shall be paid by or back charged to the Consultant.
10. **Insurance.** Commencing with the performance of the Services hereunder, and continuing until the termination of the Agreement including during the performance of any warranty services, Consultant (and any tier subcontractors) shall maintain or cause to be maintained occurrence form insurance policies as follows: (a) Workers' Compensation specific to the applicable statutory requirements for the Services to be performed; provided that Consultant (or its subcontractor(s)) must notify Duke Energy if it is exempt from the statutory Workers' Compensation requirements; (b) Employer's Liability Insurance of not less than \$1,000,000 each accident/employee/disease; (c) Commercial General Liability Insurance having an available limit of at least \$1,000,000 per occurrence/\$2,000,000 in the aggregate for contractual liability, personal injury, bodily injury to or death of persons, and/or loss of use or damage to property, including but not limited to products and completed operations liability (which shall continue for at least three (3) years after completion), and premises and operations liability coverage (d) Commercial/Business Automobile Liability Insurance (including owned, non-owned or hired autos) having an available limit of at least \$1,000,000 each accident for bodily injury, death, property damage, with any fellow employee exclusion removed, and contractual liability; (e) Umbrella/Excess Liability insurance with available limits of at least \$1,000,000 per occurrence and follow form of the underlying Employer's Commercial General and Auto Liability insurance, and provide at least the same scope of coverages thereunder; (f) Professional Liability/Errors & Omissions (E&O) Insurance (claims-made form acceptable with reporting requirements of at least three (3) years after completion) with no resulting bodily injury or property damage exclusion with available limits of at least \$1,000,000 each claim, and (g) if accessing Duke Energy PII, Cyber Risk/Privacy Data protection liability insurance covering claims arising from breaches of security; violation or infringement of any right privacy, breach of federal, state, or foreign security and/or privacy laws or regulations; data theft, damage, destruction, or corruption, including without limitation, unauthorized access, unauthorized use, identity theft, theft of Duke Energy PII, transmission of a computer virus or other type of malicious code information security or data breaches, or misappropriation of data; with available limits of at least \$1,000,000 each occurrence and in the aggregate. All insurance policies provided and maintained by Consultant and each subcontractor shall: (i) be underwritten by insurers which are rated A.M. Best "A- VII" or higher; (ii) specifically include Duke Energy and its directors, officers, employees, affiliates,

subcontractors, and joint owners of any facilities as additional insureds, including for completed operations, with respect to Consultant's or its subcontractors' acts, omissions, services, products or operations, whether in whole or in part, excluding, however, for Worker's Compensation/Employer's Liability, E&O, and, if applicable, Cyber Risk/Privacy Data insurance; (iii) be endorsed to provide, where permitted by law, waiver of any rights of subrogation against Duke Energy and its directors, officers, employees, affiliates and subcontractors, and joint owners of any facilities; (iv) provide that such policies and additional insured provisions are primary with respect to the acts, omissions, services, products or operations of Consultant or its subcontractors, whether in whole or in part, and without right of contribution from any other insurance, self-insurance or coverage available to Duke Energy and its affiliates; and (v) contain a standard cross liability clause and separation of insured and severability of interest provisions except with respect to the limits of the insurer's liability. Any deductibles or retentions shall be the sole responsibility of Consultant and its subcontractors. Evidence of such coverage shall be provided via Consultant's certificate of insurance furnished to Duke Energy prior to the start of Services, upon any policy replacement or renewal and upon Duke Energy's request. All insurance policies shall provide that the insurer will provide at least thirty (30) days' written notice to Consultant, who in turn shall provide at least thirty (30) days' written notice to Duke Energy prior to cancellation or non-renewal of any policy (or ten (10) days' notice in the case of non-payment of premium). Consultant's compliance with these provisions and the limits of insurance specified herein shall not constitute a limitation of Consultant's liability or otherwise affect Consultant's indemnification obligations pursuant to this Agreement. Any failure to comply with all of these provisions shall permit Duke Energy to suspend all Services until compliance is achieved. The failure by Consultant to provide any or accurate certificates of insurance, or Duke Energy to insist upon any or accurate certificates of insurance, shall not be deemed a waiver of any rights of Duke Energy under this Agreement or with respect to any insurance coverage required hereunder. If there is a claim related to the Services under this Agreement, Consultant or its applicable subcontractors shall, upon Duke Energy's request, provide a copy of any or all of its required insurance policies, including endorsements in which Duke Energy is included as an additional insured.

11. **Force Majeure.** Force Majeure shall mean: (a) war, riots, insurrection, rebellion, floods, hurricanes, tornadoes, earthquakes, extreme and unanticipated weather conditions, and other natural calamities; (b) acts or inaction of any government authority which directly impact the Services; (c) explosions or fires arising from lightning or other natural causes unrelated to acts or omissions of the Party; or (d) delays in obtaining goods or services from any subcontractor caused solely by the occurrence of any of the events described in the immediately preceding subparts (a) through (c). Such acts, events or conditions listed in (a) through (d) above shall only be deemed a Force Majeure to the extent they: (i) directly impact the Services and are beyond the reasonable control of the Party claiming a delay, (ii) are not the result of the willful misconduct or negligent act or omission of such Party claiming a delay (or any person over whom that Party has control), (iii) are not an act, event or condition, the risk or consequence of which such Party has expressly assumed under the Agreement, and (iv) cannot be cured, remedied, avoided, offset, or otherwise overcome by the prompt exercise of reasonable diligence by the Party (or any person over whom that Party has control). Any delays in performance by Duke Energy or Consultant shall not constitute a default hereunder if and to the extent such delays of performance are caused by a Force Majeure event. The scheduled completion date shall be adjusted to account for any Force Majeure delay. The affected Party shall exercise all reasonable efforts to overcome and mitigate the effects of any force majeure event at its own cost.

12. **Compliance with Laws and Procedures.** (a) Consultant and its subcontractors, if any, shall observe and abide by all applicable laws, federal, state and local, and the rules and regulations of any lawful regulatory body acting thereunder in connection with the Services, including but not limited to the following: Executive Order 11246, Executive Order 13672 and Executive Order 13496 (29 CFR Part 471, Appendix A to Subpart A), and all amendments of the foregoing that may be made from time to time, the Americans with Disabilities Act, Fair Labor Standards Act of 1938, the Rehabilitation Act of 1973, the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended, and their respective implementing regulations, which are made a part hereof as if set out herein. **This contractor (Duke Energy) and subcontractor (Consultant) shall abide by the requirements of 41 CFR 60-300.5(a) and 60-741.5(a). These regulations prohibit discrimination against qualified individuals on the basis of protected veteran status or disability, and require affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans and individuals with disabilities.** Consultant and its subcontractors, if any, shall also comply with all applicable Duke Energy health, safety and security rules, programs or procedures. To the extent applicable, during the performance of this Agreement, Consultant shall observe and abide by the Equal Employment Opportunity provisions contained in 41 C.F.R. 60-1.4, 41 C.F.R. 60-300.5(a) and 41 C.F.R. 60-741.5(a), and the reporting clause set forth in 41 C.F.R. 61-300.10, and all amendments of the foregoing that may be made from time to time, all of which are incorporated herein by reference. In addition, Consultant shall comply with the following Federal Acquisition Regulation ("FAR") clauses as indicated and as applicable: (i) FAR 52.203-13, Consultant Code of Business Ethics and Conduct (Purchase Orders that exceed \$5 million and have a performance period of more than 120 days); (ii) 52.219-8, Utilization of Small Business Concerns (Purchase Orders that exceed \$150,000); (iii) 52.222-26, Equal Opportunity (all Purchase Orders unless Consultant is exempt from EO 11246); (iv) 52.222-35, Equal Opportunity for Veterans (all Purchase Orders of \$100,000 or more unless Consultant is exempt); (v) 52.222-36, Affirmative Action for Workers with Disabilities (Purchase Orders that exceed \$15,000 unless Consultant is exempt); (vi) 52.222-40, Notification of Employee Rights Under the National Labor Relations Act (Purchase Orders that exceed \$10,000 unless Consultant is exempt); (vii) 52.222-50, Combating Trafficking in Persons (all Purchase Orders) and (viii) 52.222-55, Minimum Wages Under Executive Order 13658 (all Purchase Orders). (b) Consultant shall fully comply with all export and import control laws and regulations with regard to any Services performed by Consultant or with regard to information supplied by Duke Energy to Consultant under this Agreement. In particular, Consultant shall not directly or indirectly use, export, re-export, distribute, transfer or transmit any such Services or information in whole or in part, in any form without all required United States and foreign government licenses and authorizations, including but not limited to any applicable export controls of the U.S. Nuclear Regulatory Commission, the U.S. Department of Energy or the U.S. Department of Commerce. In no event shall Duke Energy be obligated under this Agreement or any other agreement to provide access to or furnish any Services or information except in compliance with applicable United States export control laws, regulations, policies, licenses and approvals. For any Services that are to be performed in South Carolina, Consultant certifies that it will comply with the applicable requirements of Title 8, Chapter 14 of the South Carolina Code of Laws and agree to provide, upon request any documentation required to establish that Consultant and its subcontractors are in compliance with Title 8, Chapter 14 of the South Carolina Code of Laws. Consultant shall provide to Duke Energy written evidence of Consultant's compliance with this requirement at least five days prior to beginning any Services subject to this requirement. (c) To the extent applicable, by entering into this Agreement, Consultant and its subcontractors agree to

comply with the provisions of the Foreign Corrupt Practices Act (FCPA) for any business transactions occurring outside the United States of America.

13. **Safety.** Consultant and its personnel involved in performance of the Services including, but not limited to, employees, subcontractors and agents, shall comply with all Duke Energy environmental, safety and security procedures, policies and regulations (inclusive of: i) Duke Energy's Health and Safety Handbook; ii) Duke Energy's Health and Safety Supplemental Requirements; iii) Duke Energy's Environmental Handbook; and iv) Duke Energy's Safety and Security procedures – all while on Duke Energy's premises to achieve an injury-free workplace and all as amended from time to time; provided that such rules and procedures do not conflict with the Occupational Safety and Health Act of 1970 (“OSHA”), or any revisions or amendments to OSHA or successor legislation, or other safety laws, rules and regulations. Written alternative work practices that provide equivalent safety may be submitted to Duke Energy and used by Consultant in the performance of Services upon Duke Energy's written approval. In addition, Consultant must follow detailed technical safety specifications when they are provided. Consultant shall comply with and enforce all laws, rules, and regulations applicable to safety and health standards, including but not limited OSHA. If Consultant employs non-English speaking persons, Consultant shall ensure that a bilingual person fluent in speaking, reading and writing both English and the applicable non-English language is available at the jobsite where the non-English speaking person(s) are working for purposes of safety and hazard related communications, communicating technical information, emergency responses, and similar issues. Consultant shall further ensure that all written and verbal safety training, hazard communications, and work rules are provided in the appropriate language for such non-English speaking employees or persons. Consultant shall not, and shall not permit any worker, employee, or other party to bring any firearm or other weapon of any type upon any property owned or controlled by Duke Energy. Further, Consultant shall not permit or tolerate the introduction or use of intoxicating liquor, narcotic drugs, gambling, or gambling paraphernalia at any Duke Energy site or during the performance of the Services. Any employee, independent contractor, or agent of Consultant found engaging in such activities shall be removed and permanently barred from Duke Energy property, including any and all Duke Energy sites.
14. **Infringement.** Consultant warrants that its performance of the Services and the provision of the Deliverables will not infringe upon or violate any trademarks, patents, copyrights, trade secrets, or other third party property rights, If the performance of Services or Deliverables is held in any action to constitute infringement, or the use of the Services or Deliverables is enjoined, Consultant, at its expense, shall procure for Duke Energy the right to continue use of the Services or Deliverables, or replace the Services or Deliverables with non-infringing Services or Deliverables that satisfy the applicable Specifications and are satisfactory to Duke Energy, or modify the Services or Deliverables in a manner that satisfies the applicable Specifications and is satisfactory to Duke Energy so that the Services or Deliverables become non-infringing. Consultant agrees to indemnify, defend and save Duke Energy harmless from and against any liability or damages, including attorneys' fees, arising out of any alleged infringement or violation.
15. **Intellectual Property; Deliverables.** During the performance of the Services, Duke Energy may provide Consultant with technical data, web content, customer lists, and other data. All right and interest in the Duke Energy data will remain with Duke Energy. Consultant shall be responsible for any discrepancies, errors or omissions in any Deliverables prepared by it, without regard to whether such documents have been reviewed or approved by Duke Energy. No such approval,

review or lack of review shall be deemed an approval or acceptance by Duke Energy and shall not create any liability on the part of Duke Energy. Duke Energy's approval, either with or without comments or modification(s) of any Deliverables furnished by Consultant shall not relieve Consultant of any responsibility or liability imposed upon it by any provisions of this Agreement.

16. Confidentiality; Publicity and Use of Marks.

(a) **Definition:** Each Party agrees that any Personal Information (as defined below) and information relating to the other Party's business, including but not limited to, intellectual property, information security systems that could be used to gain unauthorized access or pose a security threat to a Party, generation plans and customer, employee, retiree, shareholder or supplier information, or technical, financial, administrative and internal activities or any business plans and methods, operating and technical data, reports, drawings, operating documents, project documents, reports, and all non-public information, financial or otherwise, data specific to each Party and its business or its customer or group of customers, including, but not limited to, electricity or natural gas consumption, bulk electric system, electric distribution system, Critical Energy Infrastructure Information (as defined by the Federal Energy Regulatory Commission at 18 C.F.R. § 388.113, as amended), load profile, billing history, or credit history that is or has been obtained or compiled by Duke Energy in connection with supplying electric services or gas services to such customers, is considered confidential and proprietary information, including, without limitation all outage schedules, customer consumption, billing and credit data, and any and all other data or information written, oral or other media form that is: (i) disclosed at any time to either Party in connection with or incidental to the Services contemplated by this Agreement; (ii) processed at any time by either Party in connection with or incidental to the Services contemplated by this Agreement, (iii) derived by either Party from the information described in (i) or (ii) above; or (iv) marked "Confidential" or contains a similar marking ((i) – (iv) collectively referred to as "**Confidential Information**"). "**Personal Information**" means: any information relating to an identified or identifiable individual, including, but not limited to, name; postal address; email address or other online contact information (such as online user ID); telephone number; date of birth; Social Security number (or its equivalent); driver's license number (or other government-issued identification number); account information (including financial account information); payment card data (including primary account number, expiration date, security code, full magnetic strip data or equivalent on a chip, or pin number); access code, password, security questions and answers; medical information; health insurance information; biometric data; Internet Protocol (IP) address; or any other unique identifier.

(b) **Definition Exclusions:** Except with respect to "Personal Information," "Confidential Information" shall not include any information that: (i) was already known to the receiving Party at the time it was disclosed by the disclosing Party; (ii) was available to the public at the time it was disclosed by the disclosing Party; (iii) becomes available to the public after being disclosed by the disclosing Party through no wrongful act of, or breach of this Agreement by the receiving Party; (iv) is received by the receiving Party without restriction as to use or disclosure from a third party; or (v) is independently developed by the receiving Party without benefit of any disclosure of information by the disclosing Party. For the avoidance of doubt, Personal Information is considered Confidential Information and the terms of this Agreement (including those in this Section 16) apply to such information regardless of (i) – (v) above.

(c) **Disclosure Prohibited:** Each Party agrees that it shall not use (except in connection with

the provision and receipt of Services as described in this Agreement) share, transfer, disclose, or publish or otherwise provide the Confidential Information of the other Party to any third party (including affiliates and subcontractors) for any reason unless approved in writing by the disclosing Party.

1. Consultant agrees not to disclose the Confidential Information of a Duke Energy business unit to any other Duke Energy entity during the Term hereof and at any time subsequent thereto without the prior written consent of Duke Energy. For purposes of clarity, Duke Energy shall not disclose, nor approve the disclosure of, any proprietary customer information without the prior consent of the applicable customer. Consultant shall not disclose or transmit any PII to Duke Energy without the prior written consent of Duke Energy.
2. Where Consultant, with the consent of Duke Energy, provides to a third party access to Duke Energy Confidential Information, Consultant shall impose obligations on such third party that are substantially similar to those imposed on Consultant in this Section 16. Consultant shall only retain subcontractors that Consultant reasonably can expect to be suitable and capable of performing the delegated obligations in accordance with this Section 16. Consultant shall be responsible for, and remain liable to Duke Energy for, any such third party's compliance with this Section 16.
3. Consultant shall not disclose or transmit any Personal Information to Duke Energy without prior written consent of Duke Energy.

(d) **Use Restrictions:** Each Party agrees to use Confidential Information solely for the purpose of this Agreement and shall disclose the other Party's Confidential Information only to its employees with a need to know such information for the performance of this Agreement and only after such employees understand and agree to be bound by the terms at least as restrictive as those contained in this Section. Each Party shall (i) provide training, as appropriate, regarding the privacy, confidentiality and information security requirements set forth in this Section 16; and (ii) exercise the necessary and appropriate supervision over its relevant employees to maintain the appropriate privacy, confidentiality and security of Confidential Information. Each Party shall be responsible for, and remain liable to Duke Energy for, its employees' compliance with this Section 16.

(e) **Degree of Care:** Each Party agrees to protect the Confidential Information of the other Party with at least the same degree of care used to protect its own most confidential information.

(f) **Court Order:** To the extent the Parties have an existing non-disclosure or other confidentiality agreement which covers the same subject matter as this Agreement in effect as of the effective date of this Agreement, this Section shall supersede such agreement unless otherwise agreed by the Parties. If the receiving Party is requested or ordered by a court or governmental entity to disclose any or all of the Confidential Information, the receiving Party shall (i) promptly notify the disclosing Party of the existence, terms and circumstances surrounding the request or order; (ii) consult with the disclosing Party on the advisability of taking steps to resist or narrow the request or order; (iii) cooperate with the disclosing Party in any lawful effort the disclosing Party undertakes to obtain any such relief and with any efforts to obtain reliable assurance that confidential treatment will be given to that portion of Confidential Information that is disclosed; and (iv) furnish only the minimal portions of Confidential

Information as the receiving Party is advised by counsel is legally required to be disclosed, unless the disclosing Party expressly authorizes broader disclosure in writing.

(g) Storage and Encryption of Duke Energy Confidential Information and Duke Energy PII:

- a. Consultant shall not store, access, or maintain any Duke Energy Confidential Information outside the United States (including its territories and protectorates); provided that the Parties acknowledge that Consultant shall be permitted to back up the CPRE request for proposals ("RFP") website to be maintained CPRE to an offsite server located in the United States.
- b. Consultant shall encrypt all Duke Energy electronically stored Duke Energy Confidential Information in its possession both at rest and in transit
- c. Consultant shall encrypt all Duke Energy electronically-stored Duke Energy PII data elements listed in Attachment A., using the following design elements:
 - i. The Duke Energy PII shall be encrypted in all applications where the Duke Energy PII is initially acquired.
 - ii. Decryption of data elements of the Duke Energy PII shall only occur in a consuming application, or in output, with a Legitimate Business Requirement for native data elements of the Personal Information. (A "Legitimate Business Requirement" is a need that supports or fulfills the provision of a Service under this Agreement.)
 - iii. Access to a fully decrypted data element of the Duke Energy PII is provided only to individuals/entities with a Legitimate Business Requirement for such access, where such access is authenticated using identity management techniques.
 - iv. Masking output is utilized to provide access to, or display, a portion of decrypted data in the absence of a Legitimate Business Requirement for decrypted access (i.e. mask all but last 4 digits of social security number on reports).
 - v. Custom application(s) will be developed to accommodate ad hoc database queries returning decrypted results appropriate for the individual's Legitimate Business Requirement.
- d. Consultant shall use encryption algorithms used for the Duke Energy Confidential Information and the Duke Energy PII that are currently endorsed by NIST (www.nist.gov), and such algorithms shall be updated as such NIST endorsements are updated from time-to-time. Consultant may not use proprietary encryption algorithms.
- e. Consultant shall employ encryption / decryption key management such that the keys are managed confidentially.

(h) Return of Confidential Information: Promptly upon the expiration or earlier termination of this Agreement, or such earlier time as Duke Energy requests in writing, Consultant will return to Duke Energy or its designee, or render unreadable or undecipherable if return is not reasonably feasible or desirable to Duke Energy (which decision will be at Duke Energy's sole discretion), each and every original and copy in every media of all Duke Energy Confidential Information in Consultant's possession, custody or control including all information and materials that contain or are derived from Duke Energy Confidential Information ("**Data Return Requirements**"), unless Consultant is required to keep copies of such Duke Energy Confidential Information by law, and then only to the extent necessary for compliance. To the extent Consultant is required to keep copies of Duke Energy Confidential Information by law, Consultant shall provide Duke Energy with a written, detailed inventory of such information and a citation to the applicable law

for each such item, in advance of keeping such copies. Promptly following any return or alternate action taken to comply with the Data Return Requirements, Consultant will provide to Duke Energy a written certification from one of Consultant's officers certifying that such return or alternate action occurred.

(i) **Vendor Network:** Upon request, Duke Energy may provide Consultant access to an external network to access the Internet ("**Vendor Network**") while Consultant works on-premises at a Duke Energy facility. Consultant agrees that any use of the Internet and electronic mail through the Vendor Network will be solely for necessary business purposes.

(j) **Internal Network:** Duke Energy's internal network ("**Internal Network**") is independent of the Vendor Network. Consultant agrees that it may access the Internal Network solely for the purpose of performing the Services. The Internal Network contains Duke Energy Confidential Information, which Consultant may be required to access to perform the Services. Consultant agrees that access to the Internal Network for other purposes, or the use of the Internal Network to access other non-Services-related networks, is strictly forbidden, and Consultant is responsible and liable for all damages for such unauthorized access or all damages arising resulting from such actions; and Consultant agrees that such activity may result in the discontinuation of any and all Duke Energy network access.

(k) **Internet Access:** In accordance with Duke Energy's existing Internet usage policies, Consultant and its employees shall not access any gambling, pornography or hate or violence sites from either the Vendor Network or the Internal Network; introduce any viruses, worms, Trojan horses or other bugs or errors in any Duke Energy network; or forward any chain letters, executable "ready to run" files or other files which may cause damage to Duke Energy's computer or network systems. Duke Energy reserves the right to monitor Consultant's use of the Vendor Network, the Internal Network, the Internet through the Vendor and Internal Networks, and Duke Energy's information systems for these or other unauthorized or unlawful activities.

(l) **Access Termination:** Duke Energy reserves the right, in its sole discretion, to terminate Consultant's access to and use of the Vendor Network or Internal Network at any time, for any reason, and without notice to Consultant.

(m) **Compliance with Privacy Laws** Consultant shall comply, and shall require its subcontractors to comply, with (i) all applicable international, federal, state, provincial and local laws, rules, regulations, directives and governmental requirements currently in effect and as they become effective relating in any way to the privacy, confidentiality or security of Confidential Information ("**Privacy Laws**"); (ii) all applicable industry standards concerning privacy, confidentiality or information security including, without limitation, the ISO/IEC 27001 and ISO/IEC 27002 Standards, the National Institute of Standards and Technology ("**NIST**") Framework for Improving Critical Infrastructure Cybersecurity and the Payment Card Industry Data Security Standard ("**PCI DSS**"); and (iii) applicable provisions of Duke Energy's written requirements currently in effect and as they become effective relating in any way to the privacy, confidentiality or security of Confidential Information, or applicable privacy policies, statements or notices that are provided to Consultant by Duke Energy in writing.

(n) **Consultant's Security Procedures; Consultant's Security Program Requirements.** (1). In addition to any other privacy, confidentiality or security requirements set forth herein, Consultant will maintain a comprehensive data and systems security program ("**Security**

Program”), which encompasses (but is not limited to) any of Consultant’s goods that contain software (including firmware) (“**Software**”) executed or installed on any device connected to such Software or connected to a Duke Energy information system or network); which program shall include, but may not be limited to, reasonable and appropriate technical, organizational, administrative and physical security measures to (i) ensure the security and confidentiality of and (ii) protect against the destruction, loss, and unauthorized access, acquisition, use disclosure or alteration of: (x) Duke Energy Confidential Information, (y) Duke Energy’s information systems, and (z) Duke Energy’s networks. (2). Without limiting the generality of the foregoing, Consultant’s Security Program shall, (unless otherwise agreed in advance, in writing) at a minimum: (i) use industry standard software and hardware data and system security tools generally available on the market and shall not use Consultant’s proprietary technology; (ii) include secure user authentication protocols; secure access control measures; reasonable monitoring of systems on which Confidential Information is maintained; appropriate segregation of Confidential Information from information of Consultant or its other customers; effective systems for identifying and responding to threats; effective systems for identifying and addressing information security vulnerabilities; and appropriate personnel security and integrity procedures and practices; and (iii) use best practice cyber security and coding practices that address issues identified in the then current Open Web Application Security Project Top 10, and the SysAdmin, Audit, Networking, and Security (“**SANS**”) Top 25 Programming Errors, and SANS top 20 critical controls. (3). Consultant shall promptly, upon Duke Energy’s request: (y) disclose to Duke Energy IT Security all backdoors, embedded credentials and interactive remote management/support capabilities, and (z) verify that unused features have been disabled. The content and implementation of Consultant’s Security Program shall be fully documented in writing by Consultant. Upon Duke Energy’s request, Consultant shall permit Duke Energy to review such documentation and/or inspect Consultant’s compliance with the Security Program. (4). Consultant agrees to: (a) notify Duke Energy, in accordance with Section 30 hereof (and with a copy to cirthotline@duke-energy.com) as soon as reasonably possible; but in no case later than twenty-four (24) hours after it becomes aware of any threatened, attempted or successful breach or loss of, destruction of, unauthorized access to, acquisition of, use of, disclosure of, or other compromise of (x) Duke Energy Confidential Information (y) Duke Energy’s information systems, or (z) Duke Energy’s computer networks (each such event referred to herein as a “**Security Event**”). Notwithstanding the twenty-four (24) hour requirement set forth above, Consultant agrees to provide such notification within thirty (30) minutes after it becomes aware of any such Security Event that is reasonably likely to have a material adverse effect on the integrity or operation of a Critical Cyber System (as defined below). Such notice shall summarize in reasonable detail the effect on Duke Energy; (b) immediately investigate and perform a root cause analysis of the Security Event; (c) cooperate fully with Duke Energy and remediate the effects of such Security Event; and (d) provide Duke Energy with such assurances as Duke Energy shall request that such Security Event is not likely to recur. The content of any filing, communication, notice, press release or report related to any Security Event must be approved by Duke Energy prior to any publication or communication. “**Critical Cyber System**” means any computer or information network, system, facility, equipment, hardware device, or software which, if mis-used, degraded, destroyed, or rendered unavailable, would adversely affect the reliable operation of Duke Energy’s bulk electric systems, nuclear facilities or electric distribution system. (5) Upon the occurrence of a Security Event involving (i) Confidential Information in the possession, custody or control of Consultant or for which Consultant is otherwise responsible, or (ii) Critical Cyber Systems accessed by or accessible to Consultant in connection with Consultant’s performance of the Services for or on behalf of Duke Energy, Consultant shall reimburse Duke Energy on demand for all Notification Related Costs (as defined

below) incurred by Duke Energy arising out of or in connection with any such Security Event. "Notification Related Costs" shall include Duke Energy's internal and external costs associated with investigating, addressing, and responding to the Security Event, including but not limited to: (i) preparation and mailing or other transmission of notifications or other communications to consumers, employees or others as Duke Energy deems reasonably appropriate; (ii) establishment of a call center or other communications procedures in response to such Security Event (e.g., customer service FAQs, talking points and training); (iii) public relations and other similar crisis management services; (iv) legal, consulting forensic expert and accounting fees and expenses associated with Duke Energy's investigation of and response to such event; and (v) costs for commercially reasonable credit monitoring or identity protection services.

(p) **Data Security and Compliance Audits:** If Consultant: (i) provides any Software that is installed on a Duke Energy computer or network; or (ii) has access to, or stores or processes any Duke Energy Confidential Information; or (iii) connects its computer systems, Software, and/or applications to any Duke Energy network, including but not limited to, the Vendor Network or Internal Network, then Duke Energy shall have the right to monitor Consultant's compliance with the terms of this Section and perform data security and system integrity audits ("**Audits**") on any of Consultant's applicable systems and/or applications used to provide the Software or Services. Consultant hereby grants permission to Duke Energy to perform such Audits.

- a. On an annual basis, Consultant, at Consultant's expense, shall require auditors to conduct an examination of the controls placed in operation and a test of operating effectiveness, as defined by Statement on Standards for Attestation Engagements No. 16, Reporting on Controls at a Service Organization ("**SSAE 16**"), of the services performed by Consultant for or on behalf of Duke Energy and issue SOC 1 and SOC 2 reports (Type II) thereon (collectively "**SOC Reports**") for the applicable calendar year. Consultant shall submit the proposed control objectives to Duke Energy for approval prior to conducting the audit. Consultant shall deliver to Duke Energy a copy of the SOC Reports within six (6) weeks after conducting the SSAE 16 assessment for the calendar year. Consultant shall correct any audit control issues, deficiencies or weaknesses identified in any SOC Reports, at no additional cost to Duke Energy. If specific audit recommendations are not implemented by Consultant, then Consultant should implement such alternative steps as are reasonably satisfactory to Duke Energy for the purposes of minimizing or eliminating the risks identified in any such SOC Report.
- b. If Consultant does not cause a SSAE 16 examination to the controls placed in operation and a test of operating effectiveness to be conducted as described in paragraph (a) above and deliver the SOC Reports to Duke Energy, Duke Energy shall, at its discretion, conduct an audit, or have an audit conducted by a designated representative, at Duke Energy's expense at a date and time mutually agreed to by Duke Energy and Consultant. Such Audits shall include, but shall not be limited to, physical inspection of facilities and equipment, external scan, process reviews, and reviews of system configurations, including firewall rule sets, and any information or materials in Consultant's possession, custody or control, relating in any way to Consultant's obligations under this Section. Duke Energy has the right to review copies of the internal scans that have been performed on Consultant's internal servers connected to the Internal Network.
- c. To the fullest extent permitted by law, Consultant hereby waives the benefit of any state or federal law which may provide a cause of action against Duke Energy based on actions permitted under this Section.

- d. Should the Audits result in the discovery of material data security or system integrity risks to Duke Energy, Duke Energy shall notify Consultant of such risks and Consultant shall respond to Duke Energy in writing with Consultant's plan to take reasonable measures to promptly correct, repair or modify its network or application to effectively eliminate the risk, at no cost to Duke Energy, and Consultant shall have 10 (ten) business days to cure such data security or system integrity risks, unless Duke Energy agrees to a longer period of time for such cure. If a data security or system integrity risk is, in good faith, found by Duke Energy and such risk cannot be alleviated in the timeframe contemplated by this Section, based on the nature of the risk, Duke Energy may terminate its network connection to Consultant immediately with or without notice to Consultant without cost or liability to Duke Energy.
- e. Upon Duke Energy's written request, Consultant shall complete and submit to Duke Energy an information security due diligence questionnaire provided by Duke Energy within the time-frame requested by Duke Energy.

(q) **Injunctive Relief:** Each Party agrees that any use, disclosure or handling of Confidential Information in violation of this Section or any applicable Privacy Law, or any other violation of this Section 16 (including a Security Event) may cause immediate and irreparable harm to the other Party and either Party shall be entitled to equitable relief, including an injunction and specific performance, in addition to all other remedies available at law or equity. Therefore, each Party agrees that the other Party may obtain specific performance and injunctive or other equitable relief for any such violation (in addition to its remedies at law) without proof of actual damages and without the necessity of securing or posting any bond in connection with such remedy.

(r) **Duke Energy Name and Logo; No Publication.** Consultant shall not use Duke Energy's (including Duke Energy's parent, affiliates and/or subsidiaries) name or the fact that Consultant is performing Services for Duke Energy in any press releases, media statements or public communications or otherwise publicize this Agreement without Duke Energy's prior written consent; which shall be at Duke Energy's sole discretion. Consultant shall not use Duke Energy's (including Duke Energy's parent, affiliates and/or subsidiaries) name, logos, copyrights, trademarks, service marks, trade names, or trade secrets in any way without Duke Energy's prior written consent, which shall be at Duke Energy's sole discretion; and Duke Energy shall not be deemed to have granted Consultant a license of, or granted Consultant any rights in, any of the foregoing by entering into this Agreement, provided that Duke Energy hereby grants permission to Consultant to utilize Duke Energy's name and logo on the CPRE RFP website and other CPRE RFP materials. Additionally, Consultant agrees to cooperate with Duke Energy in maintaining good community relations. Duke Energy will issue all public statements, press releases, and similar publicity concerning any Services, its progress, completion, and characteristics. Consultant shall not make or assist anyone to make any such statements, releases, photographs or publicity without prior written approval of Duke Energy. If applicable to Consultant's performance of Services under this Agreement, Consultant represents and warrants that all Services have been completed in adherence to Duke Energy's web accessibility guidelines which are set forth at <https://www.duke-energy.com/customer-service/accessibility>.

17. **Termination for Default; Suspension.** (a) If Consultant defaults under any term of the

Agreement or a Purchase Order and does not cure that default within 15 days after Duke Energy gives Consultant written notice of default, Duke Energy shall be entitled to seek an order from the Commission: (i) to suspend its performance under the applicable Purchase Order; (ii) to terminate the applicable Purchase Order or the Agreement and have no further obligation to Consultant; (iii) to declare all or part of Consultant's obligations to Duke Energy under the applicable Purchase Order immediately due and payable; and (iv) to pursue any other right or remedy Duke Energy may have. Duke Energy shall be entitled to set off all of its losses, costs and damages against all amounts Duke Energy owes Consultant. Upon any such termination, Consultant shall immediately stop work on the terminated portion of the Agreement or as otherwise required by Duke Energy to complete any portion of the Services. Consultant shall not be entitled to any profit or overhead on that portion of the Services not performed, nor any other damages. Upon termination, Duke Energy shall not be liable to Consultant for Consultant's lost profits on the terminated portion of the Agreement. Upon termination of a Purchase Order, Consultant shall provide to Duke Energy all portions of any Deliverable created prior to such termination. (b) Duke Energy may temporarily suspend all or any portion of the Services hereunder for a reasonable period of time. In such event, Consultant shall cease all Services and subsequently resume performance of the Services in accordance with notice from Duke Energy. Consultant's time for performance shall be extended in the event of such suspension but Consultant shall not be entitled to any additional compensation or delay damages, except for direct charges and costs related to demobilization and remobilization of personnel and equipment, if any, as agreed to by Duke Energy.

18. **Indemnification.** To the maximum extent permitted by law, Consultant shall indemnify, defend and hold harmless Duke Energy (including its parent, subsidiary and affiliate companies), its officers, employees, agents, and any other party with an ownership interest in the premises from and against all liability, loss, costs, claims, damages, expenses, judgments, and awards, whether or not covered by insurance, arising or claimed to have arisen in whole or in part: (a) from acts or omissions of, or as a result of Services performed or omitted from being performed, or as a result of negligence by Consultant, its subcontractors, materialmen, or assignees and their agents or employees, which resulted in: (i) injury (including mental or emotional) to or death of any person, including employees of Duke Energy (including its parent, subsidiary and affiliate companies) or (ii) damage to or destruction of any property, real or personal, including without limitation property of Duke Energy (including its parent, subsidiary and affiliate companies) and its other contractors, Duke Energy's (including its parent, subsidiary and affiliate companies') employees and fellow employees; (b) out of injuries sustained and/or occupational diseases contracted by Consultant, its employees, Consultant's subcontractors or Consultant's assignee's employees, if any, of such a nature and arising under such circumstances as to create liability by Duke Energy (or its parent, subsidiary or affiliate companies) or Consultant under the Workers' Compensation Act, and all amendments thereto, of the state having jurisdiction, including all claims and causes of action of any character against Duke Energy (and its parent, subsidiary and affiliate companies) by any employee of Consultant, its subcontractors or assignees, or the employer of such employees, or any person or concern claiming by, under or through them resulting from or in any manner growing out of such injuries or occupational diseases; (c) from any breach of, act or omission related to, or failure of Consultant to comply with the terms and obligations set forth under Section 16 (Confidentiality; Publicity and Use of Marks); (d) from all third party claims due to Consultant's breach of the Purchase Order and (e) from demands, actions or disputes asserted by any subcontractors, employees or suppliers of Consultant. Indemnification shall include all costs including attorney's fees reasonably incurred in pursuing indemnity and defense claims under or enforcement of this Agreement. Consultant waives all

rights of recovery, including for contribution, against Duke Energy and its directors, officers, employees, affiliates and subcontractors, and joint owners of any facilities for any matters to which this Section may apply.

19. **Waiver of Consequential Damages.** Excluding Consultant's indemnity obligations set forth herein and excluding any liability under Section 16, neither Party shall be liable to the other Party for any incidental, indirect, special, punitive or consequential damages (including without limitation any damages relating to lost profits) ("**Consequential Damages**") arising in connection with this Agreement unless such Consequential Damages are due in whole or in part to either Party's misrepresentation; fraud; willful, wanton, or reckless act or omission; or any other intentional conduct of either Party.
20. **Liens.** Consultant shall not file or permit to be filed any lien with respect to the Services, and to the extent permitted by law, expressly waives any right to file or cause to be filed a lien. Consultant, in its subcontracts, shall require all subcontractors, to the extent permitted by law, to expressly waive the right to file any liens against Duke Energy's property and, if requested, provide Duke Energy with copies of such waivers. Consultant shall immediately bond off any lien against Duke Energy and shall indemnify Duke Energy for any costs or expenses resulting from a breach of this Section. In the event that rights to a mechanic's lien are claimed upon Duke Energy's property by a subcontractor of Consultant, Consultant shall expeditiously obtain a bond or release of said mechanic's lien. Upon Consultant's failure to expeditiously obtain said bond or release, Duke Energy may proceed to obtain the bond or release of the mechanic's lien and Consultant shall be liable to Duke Energy for any costs and expenses, including attorneys' fees, which are incurred by Duke Energy in obtaining said bond or release.
21. **Assignment and Subcontracting.** Consultant may not subcontract, assign, or otherwise transfer this Agreement without the prior written consent of Duke Energy. If subcontracting is permitted by Duke Energy, Consultant shall continue to be responsible for the completion of this Agreement.
22. **Audit of Records.** During the term of this Agreement and for a period of four (4) years thereafter, Duke Energy shall have the right to inspect, copy, and audit at all reasonable times at Consultant's offices the books and records of Consultant relevant to this Agreement, including any amounts owing under this Agreement and compliance by Consultant with each of its obligations under this Agreement. If any audit by Duke Energy reveals charges or costs charged to or paid by Duke Energy that are not proper, are not supported by necessary documentation or records, or exceed the rates or amounts permitted hereunder, then Duke Energy shall be entitled upon demand to a refund from Consultant of all such amounts, plus interest thereon from the date of payment by Duke Energy until the date of refund by Consultant at a rate of the lesser of (i) one percent (1%) per month or (ii) the maximum rate permitted by applicable law. To permit an efficient audit of the books and records of Consultant, Consultant shall require that any employee or subcontractor of Consultant shall at all times record his or her time of actual work on time sheets in a form reasonably acceptable to Duke Energy.
23. **Qualifications; Screening Measures; Drug Policy.** (a) Consultant shall comply, and shall require its subcontractors to comply, with all applicable labor, employment, and immigration laws that may impact Consultant's obligations under this Agreement, including but not limited to federal, state and local laws, rules and regulations, and executive orders that are now or that become applicable to the Consultant during the period the Consultant is performing the Services

hereunder. Without limiting the foregoing, Consultant shall comply strictly with all laws relating to the verification of its workers' eligibility to work in the United States, including the Immigration Reform and Control Act of 1986 and Form I-9 requirements. For any Services performed at a Duke Energy site or Duke Energy customer site and/or requiring access to Duke Energy assets, Consultant and its subcontractors shall participate in E-Verify, perform all required employment eligibility and verification checks, and cooperate with the scope, timing, documentation, etc., of audits requested by Duke Energy, which shall be performed by a third party immigration attorney selected by Duke Energy. Consultant shall maintain all required employment records for at least three years following an employee's date of hire or one year following an employee's termination. (b) By providing an employee or subcontractor under this Agreement to perform Services at a Duke Energy site, a Duke Energy customer site and/or requiring access to Duke Energy assets, Consultant warrants and represents that the Minimum Screening Guidelines (as set forth at <http://www.duke-energy.com/pdfs/legal/minimumscreeningguidelines.pdf>) have been completed with respect to such employee or subcontractor and that they did not reveal any information that could adversely affect such employee's or subcontractor's suitability for employment by Consultant or competence or ability to perform duties under this Agreement following an individualized assessment of the specific facts and circumstances and consideration of Duke Energy's Potential Disqualification Criteria, which are set forth at <http://www.duke-energy.com/pdfs/legal/PotentialDisqualificationCriteria.pdf>. For Consultant's employees or subcontractors who are performing Services on a Duke Energy site or a Duke Energy customer site, the screening measures set forth under "Supplemental Labor with Access to Duke Energy Assets" in the Minimum Screening Guidelines shall have been completed. For Consultant's employees or subcontractors who are not performing Services on a Duke Energy site, but who may or may not have access to Duke Energy's assets, the screening measures set forth under either i) "Contracted Service Baseload Work or Contracted Service Other *without* access to Duke Energy assets" or ii) "Contracted Services Baseload Work or Contracted Services Other *with* access to Duke Energy assets and/or badged facilities access" in the Minimum Screening Guidelines shall have been completed. Generally, Duke Energy will rely on Consultant to make a determination as to whether to disqualify a candidate based on the Potential Disqualification Criteria. However, if there is a question as to a candidate's qualifications, Consultant may seek additional input from Duke Energy. Consultant may also perform other screening measures as a reasonably prudent employer would deem appropriate; provided, however, that nothing in this Section shall be interpreted as authorizing or requiring Consultant to perform any screening measures or disqualify any worker in a manner that violates the federal Fair Credit Reporting Act, Title VII of the Civil Rights Act of 1964 or any other applicable law. Consultant agrees to use additional screening measures that may be required by Duke Energy based upon audit results to ensure Consultant's compliance with this Section. Except where prohibited by law, Consultant will have the ongoing duty to inform Duke Energy immediately upon learning that one of Consultant's or its subcontractors' employees, agents or independent contractors is not suitable for performance of the Services. Except where prohibited by law, should Consultant learn after assigning an individual to provide Services at a Duke Energy site or requiring access to the Duke Energy assets that Consultant, acting reasonably, considers would adversely affect such personnel's suitability for performance of the Services, Consultant will promptly advise Duke Energy and remove the individual immediately from performing Services at a Duke Energy site or on the Duke Energy assets. Duke Energy, in its sole discretion, shall have the option of barring from the Site any person whom Duke Energy determines does not meet the qualification requirements set forth above. (c) Consultant acknowledges that it is aware of Duke Energy's Alcohol and Drug Free Workplace Policy ("**Policy**") as revised or updated by Duke Energy from

time to time. <https://portal.duke-energy.com/OurCompany/Policies/HumanResources/Documents/2014%20HR%20Policies/Alcohol%20and%20Drug-Free%20Workplace%20Policy.docx> Consultant and its subcontractors shall implement and administer an alcohol/drug abuse policy acceptable to Duke Energy and at least as stringent as that of Duke Energy and further acknowledges that any employee, contractor or subcontractor of Consultant performing Services under this Agreement shall be subject to “for cause” testing on the basis of Duke Energy’s reasonable suspicion of a violation of Duke Energy’s policy. Duke Energy may, at its sole discretion, upon notice to Consultant, audit Consultant’s substance abuse testing records relating to the Services. Duke Energy encourages Consultant to offer employee assistance to all employees who test positive and to have employees visit a Substance Abuse Program (SAP).

(i) For any Services to be performed by Consultant at Duke Energy Fossil/Hydroelectric generation properties for Fossil Hydro Operations, participating Renewable Generation sites, and Project Management & Construction within Duke Energy Indiana, Duke Energy Ohio, Duke Energy Kentucky, Duke Energy Carolinas, Duke Energy Progress and Duke Energy Florida, Consultant’s drug and alcohol policy shall be consistent with either the Coalition for Construction Safety (“CCS”) (formerly MICCS) and/or the Construction Owners Association of the Tri-State (“COATS”) COATS/Bethesda substance abuse testing programs; and Consultant and its subcontractor(s) will use those programs, which includes initial testing and random testing. In order to be eligible to work on a Duke Energy site, Consultant’s and its subcontractors’ employees must possess a valid CCS or COATS ID Card and/or show as valid status in the CCS data system. A valid drug screen chain-of-custody form, documenting a pending result of a drug test performed within the past five days, may be accepted to access a Duke Energy site while testing is in process. Acceptance, however, depends upon the Duke Energy managing organization, facility requirements and special circumstances. Consultants must confer with their designated Duke Energy Consultant interface for applicability. The following are the minimum substance abuse testing parameters:

- (A) Use of a Substance Abuse and Mental Health Services Administration (“SAMHSA”) approved laboratory.
- (B) Use of a Medical Review Officer (“MRO”) for confirmation of positive test results.
- (C) Use of a NIDA 5 Panel Drug Screen with the following ng/ml cutoff and confirmation levels:

Drug	Ng/ml Cutoff	Ng/ml Confirmation
Marijuana (THC, Cannabinoids)	50	15
Amphetamines	500	250
MDMA – Ecstasy	500	250
Cocaine	150	100
Phencyclidine (PCP)	25	25
Opiates	2000	2000
6-AM - Heroin	10	10

(D) Use of an evidential breath-testing device to detect the consumption of alcohol with a positive cutoff level of .04 percent.

(E) Unless otherwise prohibited by applicable law, Consultant and its subcontractors shall conduct post-accident testing, as well as testing when there is an objective reasonable basis to do so as determined by Consultant or by Duke Energy.

(ii) While performing services for Duke Energy, Consultant and its subcontractors shall be subject to random drug and alcohol testing when providing services at any Duke Energy facility. The random selection method used by CCS/COATS shall be truly random and credible. Random substance abuse testing may be on any day or night and generally encompasses up to approximately 15% of Consultant's employees on site at a given time. At Duke Energy's discretion, random testing percentages may be adjusted higher or lower where Duke Energy deems appropriate.

(iii) Immediately upon receipt of test results, Consultant shall remove from the job site any Consultant or subcontractor employee who tests positive or in any way does not comply with the Policy. Consultant shall not allow an employee who tests positive to return to the Services for the duration of the project, unless, at a minimum, the following steps are completed by the employee: (a) the employee completes an evaluation with an SAP; (b) the SAP must, at a minimum, recommend the following: (1) some type of treatment or education beyond the initial assessment; (2) at least 3 follow-up tests in the 12 months following the return-to-duty test; (c) a minimum of 14 days must pass from the date of the positive test (date of that collection) before a test can be administered; and (d) the employee presents Midwest Toxicology with written documentation from a qualified SAP that states the employee is fit for duty (ready to return to work), has completed an evaluation, and has at least started some form of education or treatment beyond the initial evaluation. The written documentation should be on the SAP's letterhead and be personally signed by the SAP.

(iv) Operating nuclear stations are covered by a separate set of supplemental terms and conditions.

24. **Cooperation.** The Parties shall reasonably cooperate in the performance of the Services, including without limitation, Consultant coordinating with Duke Energy and others who are performing work at or near the area of the Services and Duke Energy providing Consultant with timely access to relevant and available data and information of Duke Energy. If so requested by Duke Energy, Consultant shall provide, in a format acceptable to Duke Energy, status reports containing detailed information related to the Services performed for Duke Energy. Consultant shall cooperate with Duke Energy by ensuring the continuity of its personnel assigned to perform the Services for Duke Energy by (i) obtaining fifteen (15) day prior written consent of Duke Energy before removal or reassignment of any personnel, (ii) replacing personnel with other personnel that have substantially the same or superior qualifications as those being replaced or reassigned, and (iii) providing a minimum of ten (10) days transition period, at no additional cost to Duke Energy, during which time the replacement will work with the incumbent.

25. **Compliance with Regulatory Code of Conduct.** Consultant acknowledges that Consultant may be given access to or otherwise become aware of certain operational information of Duke Energy, the disclosure of which to other departments or affiliates of Duke Energy is prohibited

by federal law. Such operational information includes, but is not limited to (a) planned outage schedules, (b) events of forced outages and generator derating, (c) construction schedules, (d) operational practices at Duke Energy's generating stations, and (e) transmission system operation and planning data. Consultant shall, and shall require its subcontractors to (i) maintain the strict confidentiality of such operational information, and (ii) not share such operational and planning information with any third parties, including any other departments or affiliated entities of Duke Energy, without the prior written consent of Duke Energy, which shall be granted in Duke Energy's sole discretion.

26. **Fraud and Ethics.** Consultant shall be familiar with and shall adhere to the principles of Duke Energy's Supplier Code of Conduct located at <http://www.duke-energy.com/pdfs/Supplier Code of Conduct.PDF> as well as Consultant's ethics and compliance guidelines. Consultant shall promptly report any fraud, illegal activity, fiscal waste or abuse, or other violations of Duke Energy's Supplier Code of Conduct by any party, including Consultant's suppliers and service providers. Such activity may be reported by contacting: (a) Duke Energy's contract administrator or assigned project manager; (b) Duke Energy's EthicsLine managed by an independent third party at 866.8ETHICS (866.838.4427), which may be called anonymously, or by web submittal at <https://ethicsline.duke-energy.com/>; or (c) by sending an e-mail to Duke Energy's Ethics and Compliance Office at EthicsOfficer@duke-energy.com.
27. **Diverse Suppliers.** For any Agreement in which the total compensation to Consultant will equal or exceed \$700,000, Consultant shall adopt and utilize a subcontracting plan (a) to use subcontractors who meet the description of at least one of the categories of diverse suppliers set forth at <http://www.duke-energy.com/suppliers/supplier-diversity-definitions.asp> ("**Diverse Suppliers**") and (b) to use Local Suppliers, as defined below. Consultant shall: (x) use commercially reasonable efforts to utilize Diverse Suppliers and Local Suppliers; and (y) provide Duke Energy a quarterly status report in Duke Energy's Power Advocate reporting tool and in a format reasonably acceptable to Duke Energy containing Consultant's Diverse Supplier and Local Supplier spend. Duke Energy's designated auditors shall have the right of access during normal business hours to inspect Consultant's records related to compliance with this Section. For the purposes of this Section, "**Local Supplier**" shall mean a subcontractor of Consultant who has a headquarters or branch within at least one of the states in which the applicable products or Services are provided under this Agreement.
28. **Cyber Security.** Should Consultant or any of its employees, subcontractors, representatives, or any other similarly authorized third parties under the control of Consultant who will be providing Services hereunder on behalf of such Consultant require or be permitted cyber access or unescorted physical access to Duke Energy's assets, which are classified as "critical" under NIST 800-53 and/or ISO 27001-2004 for Cyber Security or the regulatory requirements of the North American Electric Reliability Corporation (NERC), all such persons shall be required to meet certain pre-requisites prior to access to any such critical assets. Therefore, when any secured electronic or physical access is needed or permitted, all persons identified above in this provision shall: (a) successfully complete the Duke Energy-administered background screening requirement; (b) take the Duke Energy-administered Cyber Security training entitled Information Security Awareness Training located at <http://www.duke-energy.com/suppliers/Consultant-training.asp>; and (c) be given a company identification number in the Duke Energy Human Resources Management System (HRMS) for tracking purposes. In the event that Consultant (i) determines that any of the persons permitted access pursuant to this Section no longer require access or (ii) terminates the employment of any of the persons permitted access pursuant to the


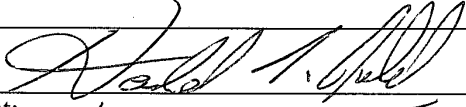
Section, Consultant shall notify Duke Energy within 24 hours of such determination or termination.

29. **Permits.** Consultant will obtain, at its expense, all permits and licenses required to perform the Services, unless otherwise specified in the Purchase Order.
30. **Notices; Lien Agent.** Each Party shall designate a representative for the receipt of notices, which may be changed from time to time. All notices required to be given under the Agreement shall be in writing and delivered by fax, personal delivery, email, or U.S. mail. Notices shall be effective upon receipt or such later date specified in the notice.
31. **Miscellaneous.** Consultant shall be an independent contractor in the performance of the Agreement. and nothing contained in the Agreement shall be so construed as to justify a finding of the existence of any relationship between Duke Energy and Consultant inconsistent with that status. Consultant shall have exclusive control of and responsibility for its labor relations. The failure of either Party in any one or more instances to insist upon performance of any of the terms or conditions of this Agreement, or to exercise any right or privilege contained in this Agreement, or the waiver of any breach of the terms or conditions of this Agreement, shall not be construed as thereafter waiving any such terms, conditions, rights or privileges, and the same shall continue and remain in full force and effect as if no waiver had occurred. The Agreement, including all exhibits and applicable Purchase Orders, constitutes the entire agreement of the parties and supersedes any oral or written understandings, proposals or other communications by the parties prior to this Agreement. The terms and conditions of the Agreement shall be binding upon and inure to the benefit of any and all successors and/or assigns of Duke Energy and Consultant. Notwithstanding any provision herein, the Agreement shall not confer or be construed in any manner to confer, directly or indirectly, any rights, privileges, benefits, and/or remedies, upon any parties other than the parties hereto and their respective successors and/or permitted assigns. Amendments to the Agreement must be in writing and signed by both parties. Headings are provided for the convenience of the parties, and shall not affect the interpretation of any provision. **DUKE ENERGY HEREBY GIVES NOTICE THAT IT OBJECTS TO THE INCLUSION OF ANY DIFFERENT OR ADDITIONAL TERMS PROPOSED BY CONSULTANT.** Any and all additional or different terms and conditions contained in any of Consultant's acceptance, invoices, bills or other commercial documents are hereby rejected and shall not become part of the Agreement between the parties and any reference to Consultant's proposal is solely for the purpose of incorporating the description and specifications of any Services contained therein to the extent that such description and specifications do not conflict with the Specifications attached hereto as Exhibit A.
32. **Remedies.** The remedies in this Agreement are cumulative and in addition to all rights and remedies at law and in equity.
33. **Survival.** All sections of this Agreement providing for indemnification or limitation of or protection against liability shall survive the termination, cancellation, or expiration of this Agreement.
34. **Disputes.** Notice of any claim by Consultant shall be made in writing to Duke Energy within five (5) calendar days after the first day of the event giving rise to such claim or Consultant shall be deemed to have waived the claim. Written documentation and supporting data shall be promptly submitted to Duke Energy. Consultant shall proceed diligently with the performance of the

Services, as directed by Duke Energy, regardless of any pending claim or dispute. The Parties shall attempt to resolve any claims, disputes and other controversies arising out of or relating to this Agreement (collectively, “**Disputes**”) promptly by negotiation between individuals who have authority to settle the Dispute and who are at a higher level of management than the persons with direct responsibility for administration of this Agreement. All negotiations pursuant to this Section are to be deemed confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence. If the Dispute has not been resolved by negotiation within sixty (60) days of the disputing Party’s notice, then either Party may initiate litigation. Either Party shall have the right, in its discretion, to include by joinder persons or entities substantially involved in a common question of law or fact whose presence is required if complete relief is to be accorded in any litigation. This Agreement shall be governed and construed in accordance with the laws of the State of North Carolina, except that the North Carolina conflict of law provisions shall not be invoked in order to apply the laws of any other state or jurisdiction. Venue for any such action shall lie exclusively in the appropriate state or federal courts in and for the State of North Carolina. Consultant and Duke Energy agree to relinquish and waive their rights to a trial by jury in any action brought hereunder. If any term or provision of this Agreement is determined to be illegal or unenforceable, the Agreement shall remain in full force and effect and the illegal or unenforceable term or provision shall be deemed stricken.

35. **Conflict of Interest.** Consultant warrants that it has given no commissions, payments, gifts, kickbacks, lavish or extensive entertainment or other things of value to any employee or agent of Duke Energy or anyone else in connection with this Agreement in violation of Duke Energy’s Supplier Code of Conduct, which can be viewed at http://www.duke-energy.com/pdfs/Supplier_Code_of_Conduct.PDF and acknowledges that the giving of any such payments, gifts, entertainment, or other things of value is strictly in violation of Duke Energy’s policy and may result in the cancellation of this Agreement and any other agreements between the parties. Consultant shall notify Duke Energy’s ethics department of any such solicitation by any of Duke Energy’s employees or agents.
36. **Nuclear Station Services.** If any of the Services will be performed by Consultant inside the Owner Controlled Area of a Duke Energy nuclear station (other than Services performed at fossil units within the Owner Protected Area), the terms and conditions of Duke Energy Nuclear Supplement NS0001 shall apply to this Agreement, and such terms are hereby incorporated by reference as if set forth herein in full.

IN WITNESS THEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

Duke Energy Business Services, LLC, as agent for and on behalf of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC	Accion Group, LLC
By: 	By: 
Print: Shenna Patterson	Print: HAROLD T. TODD
Title: Senior Sourcing Specialist	Title: PRESIDENT

Attachment A Duke Energy PII

Duke Energy Personally Identifiable Information (“**Duke Energy PII**”) means that portion of Duke Energy Confidential Information that is subject to any Privacy Laws, including but not limited to, any information collected by Duke Energy or its subsidiaries and affiliates that uniquely identifies a person, or from which a person can be reasonably identified, and the collection, use or disclosure of which is governed by applicable law or regulation.

Encryption requirements

The following Duke Energy PII data elements must be encrypted:

1. Social Security Number
2. State ID Card Number
3. Driver's License
4. Checking Account Number
5. Savings Account Number
6. Credit Card Number
7. Debit Card Number
8. Passport Number
9. Fingerprints
10. Biometric Data
11. Digital Signatures
12. Stock or other security certificate or account number
13. Parent's Legal Surname prior to marriage
14. Medical Information
15. Health insurance information
16. Employer or taxpayer identification number
17. Insurance policy number
18. Passwords, PINs, or other access codes
19. Private Phone Numbers
20. Vital record
21. Unique electronic identifier, routing code, account number, credit card number, or debit card number, in combination with any required security code, PIN, access code, or password that would permit access to an individual's financial account
22. Other numbers or information which may be used to access a person's financial accounts or numbers or information issued by a governmental or regulatory entity that uniquely will identify an individual

Exhibit A
Statement of Work

This Statement of Work (“SOW”) issued pursuant to the Master Services Agreement, effective January 9, 2018, between Duke Energy Business Services, LLC, as agent for and on behalf of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC (“**Duke Energy**”), and Accion Group, LLC, a New Hampshire limited liability company (“**Consultant**”), of which it is a part.

I. General services provided by Consultant:

- a) Support Commission oversight of the CPRE Program by among other activities, providing technical expertise and services in the area of competitive renewable energy facility procurement process designed to ensure that all proposals are treated equitably;
- b) Provide ongoing information and support to the Commission, the Public Staff and the Companies’ Evaluation Team, as necessary, including timely responding to written request for information related to CPRE Program implementation.
- c) Consult on the design of the CPRE Program structure and process, as defined in Paragraph (f) of the CPRE Rule

II. Independence Requirement

Consultant is required to disclose any financial interest involving the Companies implementing CPRE Programs or any potential market participant reasonably anticipated to participate in the CPRE Program, including but not limited to all substantive assignments for the Companies, any of the Companies’ affiliates, or any other potential market participant during the preceding three (3) years.

III. Specific Consultant Duties

- a) Duties of Consultant, acting as CPRE Independent Administrator under this Statement of Work (SOW), include those identified in Subsection (d)(5) of the CPRE Rule, and include the following:
- b) Monitor compliance with CPRE Program requirements, including any Green Source Advantage (GSA) Program standard offer procurement, as directed by Duke Energy and approved by the Commission to be included within future CPRE Program RFP solicitations. If Duke Energy identifies GSA Program standard offer procurement to be included within a future CPRE Program RFP, the CPRE Independent Administrator shall oversee the GSA Program standard offer procurement as directed by Duke Energy in a manner generally consistent with the scope of work identified for the CPRE Program.
- c) Review and comment on draft CPRE Program filings, plans, and other documents, including any documents developed to address integration of the GSA Program standard offer procurement process into the CPRE Program procurement process.
- d) Facilitate and monitor permissible communications between the electric public utilities’ Evaluation Team and other participants in the CPRE RFP solicitations.
- e) Establish and maintain the list of prospective bidders that are likely to participate in the CPRE Program Solicitation(s), and inform potential market participants of issuance of CPRE Program solicitation.
- f) Conduct bidder qualification based upon the Companies’ CPRE guidelines, as initially approved by the Commission and updated from time to time by the Companies.
- g) Implement the CPRE Request for Proposal (RFP) structure and process as described in subsection (f) of the CPRE Rule and evaluate submitted proposals under the CPRE Program Methodology.
- h) Oversee communications and separation requirements between the Evaluation Team, Proposal Teams, Duke energy affiliates, a proposals for acquisition, and other and CPRE market participants, as required in subsection (e) of the CPRE Rule.

- i) Develop and publish the CPRE Program Methodology that shall ensure equitable review between an electric public utility's Self-developed Proposal(s) as addressed in subsection (f)(2)(iv) and subsection (b)(4) and proposals offered by third-party market participants.
- j) Receive and transmit proposals.
- k) Independently evaluate the proposals.
- l) Monitor post-bid negotiations between the electric public utilities' Evaluation Team and participants who submitted winning proposals.
- m) Evaluate the electric public utility's Self-developed Proposals for the Commission.
- n) Provide an independent certification to the Commission in the CPRE Compliance Report that all public utility and third party proposals were evaluated under the published CPRE Program methodology and that all proposals were treated equitably through the CPRE RFP Solicitation(s).
- o) Prepare a final certification report as to the conduct and outcome of each CPRE solicitation completed during a given year for filing by the Companies as part of their annual CPRE Program Plan requirements, as described in Subsection (h)(2)(ix).
- p) Perform all other obligations required of the Independent Administrator under and in accordance with (1) applicable law, including, but not limited to NCUC Rule R8-71 and (2) the Program Guidelines, Program Plan and other CPRE RFP Solicitation documents developed and approved for issuance by Duke.
- q) Provide testimony and other filings as requested by Duke or requested by the Commission.
- r) Develop and maintain the Independent Administrator website as required under applicable law and as further developed in collaboration with the Evaluation Team.
- s) Immediately report any violation of any CPRE Program requirement or applicable law to the NCUC.
- t) Conduct a pre-issuance market participants conference and other technical conferences, as appropriate.

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Exhibit C

Guidelines for Consultant Expense Reimbursement

Travel expenses

Reasonable, actual, and customary travel expenses will be reimbursed by Duke Energy upon submission of an itemized list of expenses and associated receipts. Duke Energy reserves the right to refuse payment of any expenses deemed unreasonable or inappropriate by the Duke Energy approver.

Reasonable expenses include:

- Coach class domestic airfare and business class international airfare
- Consultant employees will be required to utilize non-refundable/penalty airfares for business travel on the project to ensure maximum airfare savings to Duke Energy. Therefore, Consultant employees should plan their travel in advance and use caution to avoid changes which could result in penalty fees. The following process for airline ticket issuance will be utilized to ensure compliance with airline ticketing rules and regulations:
 - Unless otherwise agreed, for consecutive week engagements on behalf of Duke Energy, Consultant employees will purchase a one-way, refundable coach ticket to project location to begin travel process. Subsequent tickets will be roundtrip, non-refundable, 14-day advanced notice, Saturday-night stayover tickets for travel to Consultant employees' home location. At the end of the project work, Consultant employees will purchase a one-way, refundable coach ticket to return from project location to home location.
 - *Any Consultant rebates or commissions received on airline tickets must be netted against the gross ticket price. Only the net ticket price should be billed to Duke Energy.*
- Per night hotel rates at a business class hotel.
- Meals at reasonable and actual cost within the range of the then current domestic per diem rates set by the U.S. Government.
- Transportation to and from airports. Transportation should be shared if multiple people are traveling together. If a rental car is the most cost effective alternative to airport transportation (i.e. taxis, shuttles), Duke Energy will reimburse the cost of the most economical car consistent with the requirements of the trip. No luxury vehicle costs will be reimbursed.
- Mileage for use of personal vehicle at the effective IRS rate per mile.
- Business meals, which will require information on attendees and companies represented.
- Reasonable gratuities.

Expenses which will not be reimbursed include:

- Transportation (limousine, taxi) wait times.
- Commuting travel between Consultant employees' home and their company office.
- "Miscellaneous" or "other" charges submitted without proper receipts and explanations.
- Entertainment.

Other Expenses

From time to time, expenses that are not travel-related may be incurred. Significant expenses will require Duke Energy's prior written consent or Duke Energy will not accept responsibility of the reimbursement of the same. Receipts and descriptions of these expenses are also required. Duke Energy reserves the right to refuse payment of any expenses deemed unreasonable or inappropriate by the Duke Energy approver.

Examples of this type expense might be:

- Messenger services.
- Copying Services.
- Long distance phone calls on other than Duke Energy Business.
- Computerized research.



CERTIFICATION

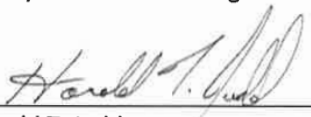
TO: Phillip Cathcart
FROM: Harold T. Judd, Independent Administrator
DATE: February 9, 2021
RE: CPRE 2020 Process Certification

In January 2018 Accion Group, LLC ("Accion") was approved by the North Carolina Utility Commission ("NCUC") to serve as Independent Administrator ("IA") for the Competitive Procurement of Renewable Energy Program ("CPRE"). CPRE was divided into annual "Tranches" as independent solicitations. Tranche 1 was released in 2018 and completed in July 2019, and Tranche 2 was released in August 2019 and completed in October 2020. The IA participated in the preparation of CPRE documents and provided the online platform ("Website") through which all information about the CPRE Program was available to interested parties. The IA conducted monthly stakeholder sessions as required by the NCUC prior to the acceptance of Proposals. Additionally, all communication with Market Participants was conducted through the Website, and all Proposals were received through the Website.

Proposals for Tranche 2 were due on March 9, 2020. The DEC/DEP Proposal Team and the DER Proposal Team were required to submit all Proposals no later than March 8, 2020. The IA was responsible for the evaluation of all Proposals (referred to in the CPRE Program as "Step 1") and for reporting a preliminary ranking of Proposals to the Duke Transmission Evaluation Team for determination of what, if any, system improvements would be required to accommodate the associated projects (referred to as the "Step 2" process).

The Website remained the host of all CPRE activities through the Step 2 evaluation process and until each PPA was executed on October 15, 2020 and Performance Assurance security was provided.

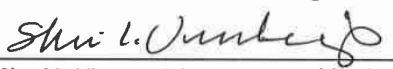
All Proposals were evaluated using the same criteria and evaluation modeling, consistent with the CPRE Program Methodology. All Proposals and all participants were treated equitably, and the IA is unaware of any bias towards or against any participant.



Harold T. Judd
President, Accion Group, LLC

The State of New Hampshire
County of Merrimack

This instrument was acknowledged before me on the 9th day of February 2021 by Harold T. Judd.



Sheri L. Vincent-Crisp, Notary Public, State of New Hampshire
My Commission expires April 21, 2021