

June 1, 2022

Ms. Shonta Dunston
Chief Clerk
North Carolina Utilities Commission
430 North Salisbury Street
Raleigh, NC 27603

**SUBJECT: Duke Energy Carolinas / Duke Energy Progress 2022 Solar Procurement Program
Docket Nos. E-2, Sub 1297 and E-7, Sub 1268**

Dear Ms. Dunston:

Charles River Associates ("CRA") is pleased to submit the attached Pre-Solicitation Report for Duke Energy's 2022 Solar Procurement Program Request for Proposals ("RFP") process. In our role as the Independent Evaluator for the solicitation, CRA is required to provide this report documenting our assessment of the RFP and the stakeholder engagement process.

Sincerely yours,



Robert Lee
Vice President

Charles River Associates.

Attachments

Duke Energy Carolinas / Duke Energy Progress 2022 Solar Procurement (SP) Program Pre-Solicitation Report

**Report by Charles River Associates as the Independent Evaluator of Duke Energy's
2022 Solar Procurement Program RFP**

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EXECUTIVE SUMMARY

This Pre-Solicitation Report summarizes the pre-bid assessment and findings of Charles River Associates (“CRA”), the Independent Evaluator (“IE”) for Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP,” and together with DEC, the “Companies” or “Duke Energy”) 2022 Solar Procurement Program RFP (“2022 SP Program” or the “Program”). The 2022 SP Program is designed to solicit bids for standalone solar resources, resources that are not paired with storage. Under the Program, Duke Energy intends to solicit bids for both the acquisition of solar resources termed “Utility Ownership” and for power purchase agreements (“PPAs”). The request for proposal (“RFP”) is open to all market participants developing solar resources in DEC’s and DEP’s franchised service territories in the Carolinas; however, Duke Energy has advised the IE and market participants that Duke Energy affiliates will not be participating in the RFP.

CRA was retained as the IE for the RFP during Q1 2022 and has worked closely with Duke Energy through the RFP development process and has participated in Stakeholder sessions related to the 2022 SP Program RFP. As the IE for the solicitation, CRA will manage the bidding process and oversee the execution of the procurement. As part of that role, CRA has produced this pre-RFP report to provide our assessment of the RFP design, the pre-issuance Stakeholder phase and to identify any concerns with respect to the RFP process prior to the launch of the RFP itself.

CRA has completed its pre-RFP assessment and its review of the final RFP design and present the following conclusions:

1. The proposed RFP design and documentation is consistent with industry standards and precedent.
2. The information that is presented is clear and the requirements noted are typical for similar RFPs we have overseen.
3. The proposed process will provide bidders a fair and reasonable mechanism for submitting bids into the process for review and selection.
4. The proposed evaluation process and the mechanism for scoring and evaluating bids is reasonable and does not provide any individual bidder an undue advantage for selection.
5. The Stakeholder process provided parties advance notice about the RFP and the proposed process rules. The process as conducted facilitated Stakeholder feedback and provided sufficient review time to potential participants. The Stakeholder meetings were well attended and participants demonstrated engagement with the materials and issues presented. Duke Energy’s evaluation of and response to Stakeholder feedback was fair and developed in a reasonable manner in consultation with the IE.

While the pre-issuance Stakeholder process was productive and the RFP design meets IE expectations, the current market environment for solar resources is complicated by national and local issues. Bidders will need to navigate a fractured supply chain, evolution in tariffs for components and uncertainty related to the timing and magnitude on tax incentives for renewable resources. In addition, the timing and availability of interconnection cost assessments will complicate the bid development process. The IE believes Duke Energy has proposed an RFP that adequately considers market uncertainty and includes tools to mitigate uncertainty. However, the Companies should evaluate whether the rules and tools used to manage uncertainty should be updated for future procurements.

REGULATORY BACKGROUND

On March 14, the Companies filed a joint Petition for Authorization of the 2022 Solar Procurement Program with the North Carolina Utilities Commission (“NCUC”) in Docket Nos. E-2, Sub 1297 and E-7, Sub 1268. On May 26, the NCUC issued an order authorizing the Companies’ planned competitive procurement of new solar resources under the 2022 SP Program with a minimum target volume of 700 megawatt (“MW”) for new solar energy resources.

Qualifying resources may be located in the DEC or DEP balancing authority areas in either North or South Carolina and must meet certain other basic qualification requirements. Resources selected through the RFP process will serve customers’ future energy needs as part of the Companies’ 2022 Carolinas Carbon Plan filed in North Carolina and support Duke Energy’s integrated Carolinas energy transition in both the North Carolina and South Carolina jurisdictions where Duke Energy provides utility service.

The 2022 SP Program is intended to procure facilities under two parallel tracks, the “Utility Ownership Track” and the “PPA Track”, each with separate but similar threshold requirements and evaluation considerations. Participating bidders in the RFP may offer standalone solar assets for consideration into one or both RFP Tracks. 55% of the new solar generation capacity procured through the RFP will be secured under the Utility Ownership Track while 45% of the capacity will be secured through long term PPAs with third-party suppliers.

For purposes of the RFP, there are no specific requirements or minimum MW targets by service territory. Projects may be located in either North or South Carolina so long as the facility is physically located within the DEC or DEP service territories and connected at the transmission level.

The 2022 SP Program is a successor program to Duke Energy’s Competitive Procurement of Renewable Energy (“CPRE”) process that was conducted under House Bill 589 (“HB 589”). HB 589 became law in 2017 and the CPRE Program was developed after an extended Stakeholder process. The 2022 SP Program’s RFP design process started with the CPRE blueprint and was modified to accommodate HB 951’s requirements and to adopt improvements based on Stakeholder, IE and Company suggestions.

Similar to the CPRE Program, the 2022 SP Program will utilize a competitive solicitation process to procure new, least-cost solar energy resources in North Carolina and South Carolina. Controllable PPA projects procured under the 2022 SP Program, like CPRE, require the Seller to agree to sell to Duke Energy all renewable energy, capacity, and environmental and renewable attributes from solar facilities offered into the RFP and to allow the Companies rights to dispatch, operate, and control the solicited renewable energy facilities in the same manner as the utility’s own generating resources.

The CPRE Program was administered by a third-party independent administrator, who provided independent oversight over the CPRE Program, selected winning bids and reported to the NCUC through various reporting requirements.

CPRE Rules, developed by the NCUC, spelled out various reporting provisions and provided a two-step bid evaluation framework utilized by Duke Energy and the program administrator to evaluate bids.

Under the CPRE Program, bidders were required to bid at a price below Duke Energy’s administratively determined avoided cost cap to be selected as a bid winner under the PPA price

track. Through the PPA, third-party owned resources sold power under long-term, 20-year PPAs. The projects were also required to agree to “controllable” PPA terms that afforded Duke Energy the authority to curtail and control the solar resource for economic or reliability reasons. The NCUC was required by Statute to review and approve the CPRE PPA, which evolved over time based on Stakeholder feedback received during the earlier tranches (phases) of the CPRE Program. The proposed PPA for the 2022 SP Program is similar to the legacy CPRE PPA used for the CPRE tranche 3, which the NCUC approved for use in the December 2021 RFP.

The CPRE statute allowed for Duke Energy ownership up to a 30% cap on self-developed and affiliated projects. And while the 2022 SP Program has adopted a similar framework of limits on projects by ownership structure (based upon HB 951’s 55% / 45% ownership split), these other statutory limits such as the avoided cost cap do not apply. Also, Duke Energy affiliates—unlike the CPRE Program—are not eligible to participate in the 2022 SP Program.

CRA ROLE AS INDEPENDENT EVALUATOR

In early 2022, CRA was retained as IE for the 2022 SP Program RFP. As part of the IE role, CRA has broad oversight over the RFP development and process execution. It is our intent to conduct the RFP consistent with all jurisdictional requirements prescribed by the NCUC and PSCSC, as applicable.

Since Duke Energy has identified that utility self-developed proposals will potentially be offered into the RFP, the IE is committed to adhering to oversight principles set out in *Allegheny Energy Supply Co, LLC*, 108 FERC 61082 (2004) (“Allegheny”), expanded from *Boston Edison Company re: Edgar Electric Energy Co.*, 55 FERC ¶61,382 (1991) (“Edgar”). While *Edgar* standards are not strictly required under self-developed bid scenarios, where utility affiliates are not competing in the solicitation, the principles represent best practices for solicitations and facilitate a fair, open and transparent RFP that provides a level playing field for all process participants. The *Allegheny* Principles are as follows:

- 1) **Transparency** – The solicitation process should be open and fair. No party should have an informational advantage in any part of the solicitation process, and that bidding under the process should be open to all interested parties.
- 2) **Definition** – The product sought through the RFP process should be precisely defined in a manner that is clear and non-discriminatory, including the specifications of the desired capacity, fuel type, plant technology, and transmission requirements.
- 3) **Evaluation** – Evaluation criteria should be standard and apply to all bidders equally. The RFP should clearly specify the criteria (price and non-price) and the relative importance of each criterion under which bids will be evaluated in the decision-making process.
- 4) **Oversight** – The RFP process should be overseen by an independent third party. The independent third party should oversee the design, administration, evaluation of the process, and make a determination that the RFP process is transparent, fair, and not influenced by any affiliate relationships.

PROPOSED UPDATES TO CPRE FOR 2022 SOLAR PROCUREMENT

The 2022 SP Program was modeled after the earlier CPRE RFPs; however, the Companies and the IE have proposed changes to improve process efficiency and align with HB 951's primary focus on utility ownership. Duke Energy has emphasized to the IE that an important change between CPRE and the new 2022 SP Program is that Duke Energy is ultimately responsible and accountable for selecting the winning proposals, subject to siting approval by the NCUC or Public Service Commission of South Carolina ("PSCSC"), as applicable. Accordingly, the IE's role is to manage the bidding process, to ensure transparency and consistency with accepted industry standards and practices for competitive solicitations, to independently evaluate and rank utility-ownership proposals as well as all PPA bids, and to review the Duke evaluation team's selection of bids to ensure that all bids were evaluated in a transparent and non-discriminatory manner.

The Companies' Carolinas Carbon Plan, as filed with the NCUC on May 16, 2022, identified a 750 MW target volume of new solar resources to be procured through the 2022 SP Program across both Utility Ownership Track and PPA Track. The target volume ultimately will be determined by the NCUC based upon its review of the initial Carolinas Carbon Plan and its solar cost assumptions. The 2022 SP RFP approach allows the Companies to commence the procurement in a timely manner to align with the 2022 Definitive Interconnection System Impact Study ("DISIS") process in advance of the NCUC's final approval of the solar procurement target volume presented in the Carbon Plan. The planned date of approval of a 2022 SP target quantity is November 1, 2022, which affords the Commission an opportunity to be informed by the full Carbon Plan analysis and feedback from other intervenors.

While HB 951 does not contain prescriptive solar volumes to be procured through the 2022 SP Program, it does identify the percentage share of MW to be procured by ownership class. 45% of the solar resources are required to be procured under the Controllable PPA Track with the balance of resources under the Utility Ownership Track. That legislative determination significantly reduces the complexity of the procurement and improves process alignment with the *Edgar* definition principle that calls for a precise, clear and non-discriminatory definition of the assets sought through the RFP. The Companies are free to submit self-developed bids under the Utility Ownership Track, but the fixed percentage of Utility Ownership MW reduces the incentive and ability of the Companies to influence the solicitation process in order to maximize financial returns.

While both the CPRE and the 2022 SP Program allow(ed) the Companies to submit a project for review, the CPRE required the Companies' self-developed bid projects to be bid via a \$/MWh denominated PPA. The 2022 SP Program is designed for the Companies' bid to be submitted and evaluated through a more traditional cost of service ownership model. The more traditional cost of service bid structure improves the administrative transparency of returns yielded on any self-developed proposal awarded through the RFP. Under a PPA pass through construct, the Companies had a theoretical opportunity of pricing the PPA at a level that would exceed the Companies' regulated rate of return. If selected, the PPA price would pass through to customers regardless of the return generated by the Companies for the project. The cost-of-service structure is more typical for a vertically integrated utility ownership model than the pass through PPA structure employed for CPRE.

Prior to the initiation of the Stakeholder engagement phase of this 2022 SP Program, the Companies and the IE worked to update the bid evaluation mechanism versus CPRE. The goal of the update was to streamline the evaluation mechanism, eliminate potential redundancy in scoring categories and the count and complexity of the evaluation dimensions. The end goal of the update was to improve the process transparency and provide greater clarity to bidders around how bids would be

scored and evaluated as part of the selection process. The count of scoring categories was consolidated from seven (7) to four (4):

1. Project Economics
2. Development Risk
3. Technology Risk and
4. Social and Other Considerations.

The IE recommended managing the CPRE evaluation category of “Credit Worthiness” through a collateral-based framework. In addition, the IE and the Companies agreed to consolidate the CPRE evaluation categories of “Facility Project Characteristics”, “Transmission Characteristics” and “Project Characteristics”, all of which related to facility performance, into more general Technology Risks and Development Risks scoring categories.

The Development Risk scoring category under 2022 SP RFP includes an assessment of potential transmission interconnection cost upgrades allocated to a project as it advances through DISIS phases. The DISIS process advances in an iterative fashion. Projects within a cluster are analyzed in aggregate and required upgrade costs are allocated to projects in Phases. In some cases, a large cost allocation to a given project may cause the project to withdraw from the interconnection queue. In such cases, costs may be re-allocated to surviving projects. DISIS cost re-allocation risk represents a substantial uncertainty to the viability and ultimate cost of an individual project and the cost cannot be known prior to bid selection. As part of the 2022 SP Program, the IE and the Companies developed a risk evaluation framework for potential network upgrades. The purpose of the framework is to flag projects that may be at high risk for cost re-allocations or interconnection upgrade requirements that compromise the project’s COD.

Addressing DISIS risk was also considered for the 2022 SP Program from the perspective of bidders. Absent final information on the potential cost allocated to a project for network upgrades or a mechanism to manage that risk through their bids, bidders would need to raise bid prices to manage cost uncertainty. As noted by the NCUC, the IE and the Companies considered the potential for bidders to reprice bids once final upgrade costs became available. Over the course of the stakeholder meetings, however, the bidding structure evolved and the IE and the Companies determined that a two-part bid framework represented a more administratively efficient tool. Under the two-part bid framework, bidders submit a price inclusive of all costs up to the point of interconnection. They also submit a \$/MWh cost adder for each million dollars of upgrade costs. The formulaic approach allows the evaluation team not only to determine whether customers would be better off if a developer or Duke Energy pays for transmission upgrades but also allows for price evaluation to proceed under interconnection cost uncertainty and enables bidders to provide their most competitive proposals (not having to inflate the bid for unknown upgrade expenses) without the need for a bid price refresh. After receiving the NCUC Order to include a price refresh, however, the IE and the Companies worked through how best to overlay a refresh with the two-part bid structure and allow sufficient time for evaluation of the refreshed bid in the RFP process.

CPRE bid evaluation was executed entirely by the 3rd party evaluator with limited input from the Duke evaluation team. Under the 2022 SP Program, the IE retains oversight of the overall evaluation but certain aspects of the review are conducted by Duke Energy and other elements are conducted by both Duke Energy and the IE in parallel. The IE and Duke Energy will both calculate the levelized

cost of energy ("LCOE") of all PPA and Utility Ownership Track bids. The results of the independent LCOE assessments will be compared and the Duke and CRA evaluation teams will identify and attempt to resolve any inconsistencies. Duke Energy and the IE have met and agreed on key financial and other assumptions influencing LCOE results.

Duke Energy's evaluation team will take the lead on evaluating non-economic factors and project conformance with Duke Energy technical specifications for Utility Ownership Track bids. Company involvement in the technical review of ownership projects is critical to ensuring that high quality, high value projects are selected through that track of the RFP. CRA will review Duke's assessment of the non-economic factors of Utility Ownership Track bids with particular attention to the scoring of the self-developed proposals, as to be able to assess confidently whether any preferential treatment was given to self-developed proposals. The Duke Energy team will not have direct involvement in any technology review on PPA projects. The distinction between the two Tracks on this element of evaluation relates to the difference in the fundamental customer risks associated with ownership versus PPA. Under \$/MWh denominated PPA, availability and performance risk is borne by the PPA counterparties and managed by Duke Energy through PPA performance guarantees and penalties. PPA counterparties are incentivized to ensure facility availability and Duke Energy customers are largely insulated from performance risk. With ownership projects, performance risk shifts to Duke Energy and its customers. Managing that risk demands a more comprehensive technology evaluation of projects and the Duke Energy team is better positioned to undertake that review than the IE. However, under the oversight principle, the IE will retain a process review role and will have full access to the conclusions and determinations of the Duke Energy evaluation team on this issue.

STAKEHOLDER SESSIONS

In CRA's role as the IE, CRA supported the Companies through a Stakeholder engagement process associated with the RFP development. The pre-issuance Stakeholder process was conducted through two (2) virtual meetings conducted on April 18th, 2022 and May 13, 2022 with over 50 distinct market participants and other stakeholder organizations participating in the pre-RFP process. Appendix A to this Report lists the Stakeholders that participated in the pre-RFP Stakeholder process.

During the sessions, Duke Energy and the IE solicited feedback on the proposed process and highlighted the program's evolution from the CPRE foundation. As part of those sessions, the IE and the Companies provided Stakeholders with drafts of key RFP documents and facilitated discussions around process design and timelines, DISIS considerations and bid evaluation. The IE's fundamental role in the Stakeholder process was to ensure that Stakeholder input was evaluated and potentially incorporated into the competitive procurement design.

The primary objective of the April session was to provide a broad overview of the 2022 SP Program including the process timeline, evaluation mechanism and key changes in the process versus the CPRE. Duke Energy also sought stakeholder feedback on discrete aspects of the RFP. A secondary objective was to introduce CRA as the IE and describe the mechanics for bidder communication and Stakeholder feedback. Stakeholders were provided the URL for the process Information Website, www.Duke2022solarrfpncarolinas.com. Stakeholders were apprised of the proposed cadence of Stakeholder meetings, the proposed timeline and mechanics for comments on the RFP documents and the anticipated RFP launch dates and MW targets.

Five (5) sets of Stakeholder comments were submitted to the IE following the April session. Duke Energy developed written responses to Stakeholder comments in consultation with CRA, and all questions and responses were posted to the Information Website's Stakeholder section. All

comments were addressed; no bidders expressed any concerns with the substance or timing for the responses.

The May session provided Stakeholders a greater level of detail on key elements of the 2022 SP Program design. The session highlighted the following:

- Network upgrade bid adjustment factor for PPA Track bids (two-part bid mechanism)
- Project size definition and the 20 MW minimum bid requirements
- Asset Transfer Only (sale of a project site for Duke Energy completion)
- Reservation of Rights for Duke Energy to request a price refresh or alter guidance for bidding
- Anticipated timeline for the Announcement of winners
- Commercial operation date ("COD") requirements
- Network upgrade reallocation risk and evaluation mechanics
- Allocation of 2022 SP MW Between DEC and DEP

A range of Stakeholders submitted comments following the session. CRA has compiled these comments and Duke Energy's response to comments. The materials are attached as Appendix B to this report. Responses ranged from detailed comments on draft documents, bidding requirements and timelines to high-level comments on the solar supply chain, process confidentiality considerations and asymmetry between bidder market risk and Duke Energy's reservation of rights on price refresh. Duke Energy again developed written responses to all Stakeholder comments in consultation with CRA, and all questions and responses were posted to the Information Website's Stakeholder section.

INDEPENDENT EVALUATOR ASSESSMENT AND CONCLUSIONS

RFP Design

The overall design of the RFP comports with similar RFPs we have administered and others that we have observed within the industry. The RFP establishes minimum threshold requirements to participate. These threshold requirements are appropriate and fair and are typical for solar PV procurements. The basic participation requirements should be familiar to developers and other process Stakeholders and do not represent an unjustified hurdle for bidders. In addition, process timelines are adequate and the evaluation mechanism and scoring categories are fair and unbiased. The evaluation process includes predetermined weights across each scoring category and the scoring rules are clear and unambiguous. The process rules strike the appropriate balance between flexibility and transparency. The RFP also affords bidders the opportunity to continue to ask questions via the RFP Website once the bid window opens to ensure all market participants have clarity regarding the bid submittal and RFP evaluation process.

Stakeholder Phase

The IE believes that the Stakeholder process achieved its goals. Potential bidders and other parties were afforded the opportunity to review the 2022 SP Program materials in detail prior to the release of the RFP with sufficient time to do so. Parties submitting comments provided thoughtful and detailed feedback on the materials. Duke Energy reviewed the comments and adopted many of the proposed changes to the process and RFP materials. The Stakeholder feedback improved the design of the RFP and transparency of the 2022 SP Program. Many of the clarifications to documents and the process adjustments adopted by the Companies will reduce the level of uncertainty bidders need to navigate when developing their bids. In addition, the sessions themselves allowed the Companies and the IE the opportunity to describe certain elements of the RFP process and evaluation in greater

detail and reduce the uncertainty related to those RFP elements. These include the proposed 2-part bid process and the DISIS cost re-allocation risk evaluation.

Stakeholder participation in the sessions was robust and participants were engaged. Many Stakeholders submitted detailed comments in response to draft RFP documents and on the collateral materials presented. The sessions themselves were well attended and Company facilitators and participants engaged in spirited discussions related to the materials being presented and the key issues discussed.

The IE believes that the Companies were responsive to Stakeholder concerns and in cases where the Companies chose not to modify the RFP in response to Stakeholder concerns, the decision not to do so was warranted in this competitive process and avoids shifting risk to Duke Energy and its customers. It is important to note that on certain issues Stakeholders themselves were divided. One example of Stakeholder divergence related to retaining the Asset Transfer proposal option under the Utility Ownership Track. Some felt the option was unnecessary and added process complexity. Others felt that the option was particularly useful given solar market uncertainty both with respect to cost and supplier timelines. Offering development projects under the Asset Transfer option would transfer that uncertainty to Duke Energy. For smaller developers, Duke Energy may be better positioned to manage that risk.

Roles and Responsibilities

Under the design of the RFP process, the IE is responsible for managing the RFP, administering the RFP website and coordinating with bidders. The IE will also lead the evaluation and coordinate with the Duke evaluation team. The IE will perform the non-economic evaluation for all controllable PPA proposals and will review the Companies' non-economic evaluation of all Utility Ownership Track proposals. With respect to the quantitative evaluation, the IE will perform this evaluation in parallel with the Duke evaluation team. The overall process, as envisioned, comports with industry practices where the IE independently evaluates all proposals and leverages Utility expertise and knowledge in key aspects of the bid evaluation process. Adhering to generally the same 2 step bid evaluation process used in CPRE, the IE will provide the results of its evaluation and proposed ranking to the Duke evaluation team in advance of the conclusion to the Step 1 evaluation process for developing the shortlist of bids proceeding to the Step 2 evaluation. CRA's responsibilities specifically included determining that any proposals selected by the Duke evaluation team were selected in a fair and unbiased manner. To the extent that the IE's final rankings differ from the Duke evaluation team's ranking of PPA bids or utility ownership bids, the IE's Post-Solicitation Report will explain the differences and provide the IE's independent determination of why the IE and Duke evaluation team were or were not able to reconcile the differences. We view the RFP design and bid evaluation process described in Section VI of the RFP document to be open and transparent for reasons further discussed below.

Evaluation Criteria

The evaluation criteria have been consolidated down to four (4) areas as noted above. These criteria are referenced in the RFP document and included as an RFP Appendix with further detail. The evaluation criteria include information regarding what will be scored and how it will be scored. The level of information provided is consistent with many RFPs that we have overseen and is in line with industry practice. We find that the information provided regarding the evaluation criteria is reasonable. We also find that the criteria do not afford any specific participant an undue advantage. Rather, the criteria focus on elements that are critical to the ultimate success of the project, its relative

quality and its economics. There is no evidence that the criteria will favor any particular party as a result, including the self-developed projects that may be proposed by the Utility.

Feedback Received

The Companies received a number of comments from Stakeholders via the IE's dedicated e-mail account and via the Information Website. This communication process allowed for Stakeholders comments to remain anonymous and to ensure the feedback is freely shared without concern that such feedback, should it be antagonistic to the perceived Company position, would be withheld out of such concerns. The Companies reviewed each item under IE oversight and made a number of modifications to the RFP documents in response to such comments. The IE reviewed the responses developed by the Companies as they pertained to the feedback item by item and provided further comments to the Utility which were adopted to the IE's satisfaction. The IE believes that all comments and issues raised by the Stakeholders were adequately addressed by the Companies and the process used to solicit feedback was open and fair. The IE finds that the changes made by the Companies reflected in the final RFP documents and collateral materials were responsive to Stakeholders.

Issues, Considerations, and Conclusions

The IE finds that the 2022 SP Program RFP design is consistent with industry standards. The process is open, fair and transparent. There are five (5) elements of the RFP design that required particular scrutiny:

1. Locational Grid Guidance information
2. Incorporation of DISIS cost reallocation risk in the bid scoring
3. Adopting a two-part bid price mechanism and bid refresh to manage cost uncertainty
4. The role of the Companies itself in the evaluation of Utility Ownership Track bids
5. Potential selection of "Early Winners"
6. Not allowing for individual negotiation of PPA Terms and Conditions
7. Allowing asset acquisition bids from partially developed sites

Grid Locational Guidance Information

The IE understands that there are stakeholder concerns with respect to interconnection information (i.e. "red zones") that are subject to change pursuant to public policy projects that are intended on unbottling and alleviating constraints that exist on the Duke Energy transmission system to facilitate further renewable buildout. The Companies have noted that these projects may or may not proceed pursuant to the North Carolina Transmission Planning Collaborative local transmission planning process. We expressed our concern that Market Participants need to have up-to-date information regarding such projects and that further clarity is needed with respect to how these projects could impact system upgrade costs in the RFP economic evaluation. In response to our concerns, the Companies amended the RFP to describe how projects would be impacted by the approval of such projects in the economic evaluation and provide further information regarding the projects themselves

to allow stakeholders to assess which locations may become more favorable from an allocated system upgrades cost perspective.

DISIS Cost Reallocation Risk and Bid Evaluation

DISIS cost reallocation assessment represents a material cost risk that may not be symmetric across bids. As a result, to the extent that the IE can employ a reasonable heuristic to identify those projects at greater risk for such costs, it is proper that the bid evaluation include a provision for identifying and scoring such projects accordingly. During the RFP design process, the IE worked with subject matter experts within Duke Energy to identify the required tools and data available to make a reasonable assessment of such risks. Through that process, the IE determined that there is a mechanism that can be employed across all projects in a fair, transparent and equitable manner. The process has been documented for use prior to the launch of the RFP.

Two Part Bid Pricing and Bid Refresh

The IE understands stakeholder concerns regarding the process originally proposed by the Companies which would involve a “bid refresh” after receiving system upgrade costs from the Utility under the DISIS cluster study process. As an alternative, the IE recommended to the Companies that the pricing components be bifurcated such that any potential interconnection cost would be able to be evaluated. The Companies adopted our recommendation to adopt a two-part bid mechanism.

The two-part bid mechanism is a tool that has been used by members of the IE team in other RFP and was recommended for use in this RFP by the IE. The two-part price tool has been submitted by bidders in RFP managed by the IE even when the two-part bid was not required. We believe it reduces process complexity versus alternative mechanisms and will allow bidders an opportunity to manage uncertainty in bid pricing. Transmission upgrade costs represent a material uncertainty for RFP participants. Absent a tool that allows bidders to manage that cost uncertainty, those bidders would need to either inflate prices or the Companies would risk significant deal attrition following bid selection. The two-part bid mechanism provides a tool for bidders to manage such risks and provides the evaluation team with better information on the relative costs for individual bids. The tool, however, is not perfect. The two-part approach assumes a linear relationship between costs and PPA prices. That simplifying assumption may be reasonable within a narrow range of upgrade costs but as the scale of such costs increase, the linear relationship assumption may no longer be valid. However, the IE believes the tool represents a reasonable compromise between complexity and flexibility and the use of the two-part bid overall is advantageous for both bidders and customers.

After receiving the NCUC Order to include a price refresh, the IE and the Companies worked through how best to overlay a refresh with the two-part bid structure and allow sufficient time for evaluation of the refreshed bid in the RFP process. Recognizing current market uncertainty and the potential for changes to the Federal ITC that could impact the economics of PPA Track Proposals, the IE is supportive of including a scheduled bid refresh in Step 2 of the bid evaluation process in conjunction with the two-part bid approach. The proposed bid refresh opportunity will be required in April 2023 and will apply to both Controllable PPA Track and Utility Ownership Track Proposals to take advantage of any improved market pricing. Importantly, however, the IE and the Companies do not support requiring the bid refresh to apply to any proposals selected for accelerated contracting as Early Winners at the conclusion of Step 1, as discussed below.

Company Participation in Bid Evaluation

The participation of the Companies in the bid evaluation for Utility Ownership Track bids was also reviewed by the IE. Under a strict affiliate transaction RFP, the Companies would be discouraged from direct evaluation of bids under the *Edgar* Evaluation Principle. However, the 2022 SP program does not have a pathway for an affiliate bid so strict adherence to these FERC standards is not required. In this case, the role of the Companies in the review of Utility Ownership Track projects is narrow, clearly defined and subject to IE oversight and parallel evaluation of all Utility Ownership Proposals. Further, the Companies involvement in the review is required to protect customer interests. Asset availability and performance risk for utility owned projects is more acute than for \$/MWh denominated PPAs. In addition, performance penalties under a PPA provide customers further protection from inadequate performance. The Companies' technical representatives are positioned better than other alternatives to perform such a review. In addition, the strict 55%/45% ownership allocation dictated by HB 951 significantly reduces the financial motivation for the Companies to favor the self-developed option given the earnings are the same whether the asset is self-developed or acquired. Some Stakeholders expressed concern that allowing representatives from the Duke Energy team access to technical capabilities of other developers may provide an advantage to Duke Energy in future competitive bids. However, those concerns seem misplaced given that the IE will oversee the bid evaluation process and recognizing that bidders allow Duke Energy representatives to perform a technical assessment of development projects offered to Duke Energy outside this RFP (and absent IE oversight). In addition, to the extent any bidders have concern about this element of the review, they are free to submit through the PPA Track and decline to bid under the Utility Ownership Track.

The IE acknowledges a stakeholder concern regarding the potential for the Companies to favor their own self-developed project in the RFP evaluation. In order to guard against any potential bias that the Company may exhibit towards its own self-developed projects, in line with industry practice, the IE will apply strict scrutiny upon the economic and non-economic evaluation of such proposals in order to ensure consistency in the evaluation process. The IE will flag any inconsistencies that it has found for correction by the Utility during the pendency of the evaluation process. As noted, the IE will be performing a parallel evaluation in terms of the economic evaluation and most non-economic criteria, except for the technical evaluation of Utility Ownership Track projects, for the purposes of comparison and to ensure that the Utility's own evaluation is consistent with our own assessment of the proposals. With respect to the technical evaluation conducted by the Utility's self-development team of the Utility Ownership Track proposals, we will review the results of their analysis to ensure consistency in their approach and scoring in detail. We will provide a summary of our findings with respect to whether self-developed projects were evaluated consistently across all criteria, and whether the process ensured there was a level playing field with non-utility developed projects in our post-solicitation report. Given our prior experience with solicitations that have included self-developed projects, we are confident that we will be able to ensure the expectation that the RFP is on a level playing field is met.

Selection of Early Winners

Under the RFP rules, the Duke Evaluation Team may announce some proposals as winners at the conclusion of Step 1 of the evaluation process if the projects meet certain criteria and provide reasonable assurance that they are among the most competitive proposals ("Early Winners"). Some stakeholders believed this added unnecessary complexity to the process and raised concerns about fairness. However, the potential to be selected as a winner at the end of the initial Step may make Step 1 more competitive, particularly given the Step 2 price refresh. Under the price refresh, bidders invited to Step 2 may *lower*, but not raise, their Part A bid via the refresh mechanism. Early winners would not be subject to that refresh creating incentive to bid aggressively in order to meet the

requirements associated with a Step I award. The Company is under no obligation to award any Early Winners, however, given the current market uncertainty, the IE believes that it is in the best interest of DEC and DEP customers to “lock in” attractive projects as soon as practical so long as any risk to customers can be mitigated. The restrictions associated with awarding “Early Winners” provide reasonable safeguards for the process and do not comprise the integrity of the bid evaluation.

Restrictions on Negotiating PPA Terms

For projects bidding into the RFP under the PPA Track, Duke Energy anticipates adopting a model PPA agreement and will not entertain changes to the agreement during final negotiation. In any RFP there is tension between process flexibility and consistency. By requiring all bidders to accept identical terms and conditions, pricing submitted for evaluation is more consistent, the process itself is more transparent and the post RFP negotiation is more efficient. However, solar projects are not commodities. There may be unique bidder or project level considerations that require allowances or consideration in final deal negotiation. While the IE has been involved with other RFP or competitive bidding processes that do not allow for flexibility in contracting terms, this represents a modest risk factor for Duke Energy's 2022 SP Program. And while we recognize the pro-forma PPA was requested by a stakeholder, we would recommend observing whether the fixed agreement mechanism is effective in the 2022 RFP and evaluating whether changes may be warranted for future procurements, particularly in light of the challenges that the industry is currently facing.

While we believe there is merit in allowing flexibility in negotiating PPA terms, requiring a model PPA can ensure a level and consistent playing field for all market participants. However, we believe that present, rather volatile environment may present additional surprises that could upset the RFP process. Accordingly, the IE will monitor whether a materially impactful event arises during the RFP process that might require flexibility with respect to the proforma agreements in order to ensure projects proceed forward. Should such a situation arise, the IE will provide its recommendation to the Utility and the Public Staff with respect to such required changes together with supporting information.

Asset Acquisition Bids from Partially Developed Sites

Stakeholders had mixed reactions to the potential for participants to bid asset sales (Asset Transfers without EPC) into the Utility Ownership Track. Some believed that the approach offered a mechanism to navigate the current high level of uncertainty in the solar markets. If Duke Energy were better positioned than some small developers to manage supply chain risk and interconnection cost uncertainty. Other market participants felt this avenue added unnecessary complexity to the process given that the Companies would not only be bidding self builds into the process but also would have a role in evaluation. We believe that additional opportunities to bid will only increase the level of competition in the process and that process complexity considerations are manageable. In addition, as identified above, the 55%/45% requirements of HB 951 largely mitigate any conflicts of interest that may arise from allowing such bids. However, the IE does recommend that the benefits of allowing these bids to participate be evaluated for future procurements.

Summary of Conclusions

In summary, the IE has i) assessed the RFP design, including the above noted items which required further assessment and review, ii) reviewed the RFP documentation, as further amended and modified by Duke Energy in response to Stakeholder feedback and our feedback as IE, iii) oversaw and participated in the Stakeholder feedback sessions and process, and iv) reviewed the RFP evaluation process and rules. We offer the following conclusions:

1. The proposed final RFP design and documentation is consistent with industry standards and precedent.
2. The information contained in the final RFP package as presented is clear and the requirements noted are typical for similar RFPs we have overseen.
3. The proposed evaluation process and the mechanism for scoring and evaluating bids is reasonable and does not provide any individual bidder an undue advantage for selection.
4. The Stakeholder process provided parties advance notice about the RFP and the proposed process rules. The process as conducted facilitated Stakeholder feedback and provided sufficient review time to potential participants. The Stakeholder meetings were well attended and participants demonstrated engagement with the materials and issues presented. Duke Energy's evaluation of and response to Stakeholder feedback was fair and developed in a reasonable manner in consultation with the IE.
5. While the Stakeholder process was productive and the RFP design meets IE expectations, the current market environment for solar resources is complicated by national and local issues. Bidders will need to navigate a fractured supply chain, evolution in tariffs for components and uncertainty related to the timing and magnitude on tax incentives for renewable resources. In addition, the timing and availability of interconnection cost assessments will complicate the bid development process. The IE believes Duke Energy has proposed an RFP that adequately considers market uncertainty and includes tools to mitigate uncertainty. However, the Company should evaluate whether the rules and tools used to manage uncertainty should be updated for future procurements.



APPENDIX A PARTICIPATING STAKEHOLDERS



Aelius Solar Corp	Pine Gate Renewables
AES	Plus Power
AESI	Recurrent Energy
Alleans Renewables	Renewable Energy Services
Ameresco	RRE Power LLC
Apex Clean Energy	savion
Bailey & Dixon, LLP	SC Office of Regulatory Staff
Birdseye Renewables	SCORS
BrightNight Power	SELC
Brooks Pierce	Sierra Club
CEBA	Soltage
Charles River Associates	Solterra Partners, LLC
Cypress Creek	Southern Alliance for Clean Energy
Department of Commerce	Southern Current
Duke Energy	Strata Clean Energy
Ecoplexus Inc.	Sun Tribe Development
EDF Renewables	URE
Energy Development Partners	Whetstone Power
Fayetteville Public Works Commission	
Fox Rothschild LLP	
Fusion Renewable	
Geenex Solar	
Great Plains Institute	
GreenGo Energy US Inc	
Independent Consultant	
Integrated Resource Planning	
Invenergy	
Leeward Renewable Energy	
McGuireWoods LLP	
Meridian Renewable Energy	
NC Attorney General's Office	
NC Public Staff	
NC Sustainable Energy Association	
NC Utilities Commission Public Staff	
NCSEA	
NextEra Energy	
ORS	
Palladium Energy, LLC	
PGR	

**APPENDIX B
STAKEHOLDER COMMENTS**

Q&A from the 2022 Solar Procurement Stakeholder Meeting Conducted on April 18th, 2022

- 1. Is it the utility's intent to stick to 55/45 on each procurement rather than measuring it over the entire Carbon Plan period?**

Yes. DEC and DEP have designed the 2022 SP Program to achieve the 55%/45% allocation of utility ownership and third-party Controllable PPA resources required in HB 951, and it is DEC and DEP's current plan to achieve this 55%/45% allocation for each procurement round to ensure it is reached over the entirety of the Carbon Plan period, as well.

- 2. Given Duke's plan to merge its balancing authority areas, will the procurement be indifferent to service area location?**

The 2022 Solar Procurement does not have minimum targets or specific megawatt allocations between DEC and DEP. The RFP is designed to procure the most cost-effective resources bid into the RFP across both utilities.

- 3. On slide 5 - What was meant by the bracketed word "[Recommended]" on the bullet relating to Due Date Notice?**

The Notice of Intent form is helpful for the IE to estimate how many projects may submit bids, and, is therefore "recommended" to be provided by market participants; however, submission of the Notice of Intent form is not required in order to submit a bid into the 2022 SP Program RFP.

- 4. Given that the final procurement volume may not be determined until early November (based on Duke's plan to petition the Commission to decide that amount in a separate order), how does Duke / CRA intend to ensure they invite sufficient projects to Step 2 to accommodate any potential Commission-ordered increase to the target procurement volume included in the May 16 proposed Carbon Plan filing?**

DEC and DEP have requested the NCUC to determine the final target volume by 11/1/22, a month in advance of the time projects would be invited to the Step 2 evaluation on 11/28/22. This should provide the Duke Evaluation team and the IE sufficient time to adjust the volume of projects invited based on the NCUC final Carbon Plan-informed volume determination.

- 5. Can projects that already have IAs be bid into this RFP?**

Yes, so long as the projects are new facilities and do not have a PPA or offtake agreement. See 2022 SP Program RFP, at Section II.A.4.

- 6. Does the interconnection need to be state jurisdictional? Can they be FERC jurisdictional?**

Proposals for the Controllable PPA track must be state jurisdictional, and proposals for the Utility Ownership track must be FERC jurisdictional. A proposal intending to bid on either the Controllable PPA track or Utility Ownership track should enter DISIS as state jurisdictional and may later transfer to FERC jurisdictional if such project is chosen as a Utility Ownership track winner. See 2022 SP Program RFP, at Section III.B. and V.B.

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7. What is the meaning of a defined in-service date?

Each project should have a specifically defined in-service date; however, the defined in-service date may be a reasonable estimate and not exact. The proposed in-service date is meant to ensure the developer can build and execute the project in a timely fashion.

8. Does direct interconnect to a substation qualify as "interconnected to the transmission system"?

A generation project is "interconnected to the transmission system" if the point of interconnection "POI" is at a transmission voltage. Generating Facilities with a nameplate capacity greater than 20 MW are required to interconnect to the transmission system under Duke Energy's Method of Service of Guidelines.

9. For Build Transfer Agreements, are there technical requirements/parameters outlined outside of the approved vendor list?

Yes. The Build Transfer Agreements establish the technical requirements that market participants must meet. Please see the form EPC Agreement Exhibit (Appendix L) and the form Build Transfer Agreements (Appendix M) for more information.

10. How will Duke proposals be evaluated with respect to the "development risk" factor?

Duke self-developed proposals will be evaluated by the same "development risk" criteria as other Utility Ownership track proposals, as described in Appendix F of the 2022 Solar Procurement RFP.

11. Going back to the 80 MW limit -- using inverter nameplate may limit the actual output of projects to somewhat less (~5%) than 80 MW because of losses between inverters and the POI. It would be better to limit output at the POI to 80 MW.

The RFP will mirror the interconnection request process and will limit the POI (point of interconnection) to 80 MW AC. Duke will edit Section III.B of the RFP document to reflect that the size limit is not based on the inverter nameplate capacity rating.

12. What list or standard does Duke use to determine which companies are Tier One or Two Tier providers? Is that list public?

Please review Appendix H Approved Vendors List for approved module, tacking, inverter, SCAD, substation equipment and testing service contractors.

13. How will projects that already have IAs and certainty of interconnection costs be evaluated vs. other projects bidding into the RFP with uncertainty of interconnection costs?

Appendix F of the RFP describes the "development risk" portion of scoring, which accounts for the fact that some projects have certainty surrounding interconnection costs.

14. Re: proposed 2-part upfront bid (with separate \$/MWh for every \$1M in system upgrades): When would the final PPA pricing be established? After interconnection work was completed? After Duke provided a final accounting of actual costs?

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In this scenario, a PPA would be executed to include the \$/MWh upgrade portion based on upgrade cost estimates at the time of PPA execution, which would be based on the updated DISIS Phase 2 cost estimates.

15. In this scenario, market participants would submit Part B prior to DISIS Phase 1 results?

Yes.

16. How would Duke like participants to handle uncertainty around ADCVD?

The bid form includes questions about impacts to the project or mitigating factors regarding ADCVD.

17. Can you provide specific timelines for delivery of affected system studies as between DEC and DEP?

DEC and DEP do not have required timelines for completion and delivery of affected system studies at this time; however, DEC's and DEP's standard business practice is to complete affected system studies within 90 days from receiving the affected system notification.

18. If the remaining CPRE capacity isn't fully procured in CPRE Tranche 3, will that capacity be procured as part of the 2022 procurement (not subject to the ownership split)?

This question is beyond the scope of the 2022 SP RFP Program and CPRE Tranche 3 is not yet complete.

APPENDIX B STAKEHOLDER COMMENTS

Q&A from the 2022 Solar Procurement Stakeholder Meeting Conducted on 5/13/22

1. Assuming that adjustment based on Network Upgrades is actually done, what estimate of Upgrade costs will the adjustment be based on? E.g. facilities study, IA, or actual costs?

For winning PPA Proposals that are deemed to have greater savings for customers where the developer pays for the System Upgrades, the “Part B” bid adjustment will be incorporated into the PPA price based on the executable Interconnection Agreement System Upgrade cost estimate. The PPA will reflect that an adjustment to the Contract Price will be made after the System Upgrade costs are finalized, and that amount will be incorporated into the price the facility will be paid. This concept is further addressed in Section VI.E of the 2022 SP RFP.

2. Follow-up question re: 'Bid B' option: would this be selected on a portfolio-wide basis, or on a project-specific basis?

The Duke evaluation team’s determination of whether the Part B Price will be selected and a Contract Price adder included in the Controllable PPA will be made on a project-specific basis and the selection will depend upon whether this option provides the lowest cost to customers.

3. Will PPA projects that use tech from the AVL be given a boost in total score, relative to a PPA project that uses tech from non-AVL vendors?

PPA proposals that use technology from the Approved Vendor List will not be credited with extra non-economic factor points based on use of equipment on the AVL.

4. The RFP contemplates that some shortlisted projects may not be selected as initial winners but might be selected as a winner later if some initial winner fails to execute a PPA. Will all shortlisted projects that are not initially selected as winners have their RFP deposit refunded or will certain shortlisted projects be identified as potential fallback winners and not have their RFP deposit refunded until it is clear that they are no longer needed as a potential fallback , i.e. until the RFP process is complete and all winners have executed PPAs.

After the Step 2 evaluation is complete, the window of time to replace an initial winner that fails to execute a PPA in the designated timeframe is short because it aligns with the end of the DISIS customer engagement window between Phase 2 and Facilities Study. Therefore, any “shortlisted” projects would likely not have had their RFP deposit refunded prior to being selected as a “new” bid winner. The Companies note that proposals that participate in Step 2 of the RFP but are not selected as winners will have their proposal security released within a commercially reasonable timeframe after all winners are announced. At this time and based upon the information available to the Companies, the Companies anticipate that all winners will be finalized on or about June 24th, 2023.

5. CPSA requested that specific vendors be added to the AVL. Will Duke be able to provide responses to those requests before the RFP bid window closes?

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Duke posted an updated AVL to the RFP website on May 20, 2022 and will not be making further changes to the AVL before the bid window closes. The process for adding a vendor to the AVL is complex and requires thorough review. To add a vendor to the AVL, Duke must evaluate, for example, the safety, reliability, operational experience, maintenance history, and serviceability of the proposed vendor. In some instances, information technology security issues and grid stability functions must also be evaluated prior to adding a new vendor to the AVL.

6. How long would bid refresh right continue? Only until PPAs were executed or after that?

See response to Question 7 below.

7. Are there any other circumstances under which bid refreshes might be contemplated? Would PPA bidders or awardees have the right to request a refresh?

Duke Energy recognizes that both potential changes in law such as an extension of the Federal ITC/PTC as well as current market uncertainty impacting development costs could justify the calling of a bid refresh. In response to the Commission's directive to include a re-pricing mechanism in the RFP and to provide market participants certainty about the timing and process for a future bid refresh during the RFP, the Companies are amending Section V.D. of the RFP to provide for a refreshed "Part A" bid price (not to exceed the original bid price), on or about April 3rd, 2023.

8. Would the bid refresh be subject to commission approval?

See response to question 7. The Companies included a bid refresh in response to the Commission's Order Authorizing Procurement.

9. Would Duke consider changing RFP to requiring bids without PV module pricing since so much uncertainty with the DOC investigation? Or, can Duke guarantee the refresh will definitely take place after the DOC investigation has announced a preliminary tariff?

No. The Companies will not revise the RFP to require bids to exclude PV module pricing. However, as discussed in response to Question 7 a bid refresh has now been incorporated into the RFP.

10. I'm not seeing any of the Q&A being addressed on this call posted on the website. There are only about 10 Q&A on the website in addition to the doc with the Q&A that occurred on the prior stakeholder call. Will the Q&A that covers all of what is being discussed on this call eventually be posted on the website?

Q&A from the Stakeholder Meeting chats can be found on the website under "Stakeholder Materials".

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11. How do you handle the conflict of proprietary information being shared with that competing development group?

The self-developed bids are due to the IE prior to the Duke Evaluation Team's receipt of any market information from the IE on third party offers.

The IE will also oversee the economic and non-economic evaluation of such Proposals in order to ensure consistency in the evaluation process. Plus, with respect to the technical evaluation conducted by the Duke Evaluation Team of the Utility Ownership Track Proposals, the IE will review the results of the Companies' analysis to ensure consistency in their approach and scoring in detail, thus ensuring that non-utility developed projects are analyzed on a level playing field.

12. If there is a re-pricing due to macro-economic issues as discussed earlier, would Duke be able to rebid their projects as well? Since they would have seen other MP's proposals.

Similar to initial Proposals, the Duke Utility Ownership Team will be required to submit any bid refreshes for Utility Self-Developed Proposals no less than 24 hours before the bid refreshes are due for other MPs. The IE will also oversee the economic and non-economic evaluation of such Proposals in order to ensure consistency and fairness in the evaluation process.

13. What is the ETA for grid locational guidance? It's important to have this as far as possible in advance of the DISIS enrollment window closing as well as the RFP closing.

Grid locational guidance was posted to the RFP website on May 20th, 2022. Additional detail on grid locational guidance and the Companies' Red Zone Transmission Expansion Plan being presented in the North Carolina Transmission Planning Collaborative ("NCTPC") local transmission planning process will be included in the RFP and can be found on the NCTPC website www.nctpc.org/nctpc/home.jsp.

14. To confirm, Duke is only interested in solar only bids, they will not accept any nonconformity bids? (solar plus energy storage or stand alone storage). and if not, when does Duke expect another RFP will be released that will accept a hybrid system or stand alone storage?

The Companies will not accept any nonconforming bids. Only solar projects are eligible for the 2022 Solar Procurement. Future RFPs may consider solar plus storage or stand alone storage proposals. At this time the Companies have not established formal plans for the schedule and resource types eligible for future RFPs, but the Carolinas Carbon Plan indicates a likely need for a 2023 procurement, which could expand the eligible technology types.

15. How would Duke view a proposal with a sliding scale of prices based on potential ADCVD risks and developers strategies to address?

The Companies will not accept a Proposal that contains a sliding scale of prices. Such a Proposal does not conform to the 2022 Solar Procurement RFP and non-conforming Proposals will not be evaluated.