

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION
DOCKET NO. E-2, SUB 1159
DOCKET NO. E-7, SUB 1156

In the Matter of Joint Petition of Duke) ACCION GROUP, LLC’s, THE CPRE
Energy Carolinas, LLC, and Duke) INDEPENDENT ADMINISTRATOR,
Energy Progress, LLC, for Approval of) RESPONSE TO MOTION FOR
Competitive Procurement of Renewable) RETURN OF CPRE PROPOSAL
Energy Program) SECURITY

NOW COMES, Accion Group, LLC, the Independent Administrator for the Competitive Procurement of Renewable Energy Program (“CPRE” or “Program”) (hereinafter “IA” or “Accion”) for the purpose of providing the North Carolina Utility Commission (hereinafter, “NCUC” or “Commission”) with factual information regarding the CPRE Tranche 1 solicitation as it relates to the Motion for Return of CPRE Proposal Security (“Motion”) filed by Stanly Solar (“Stanly”).

Due to changes in the cost of solar panels, Stanly seeks to revise the CPRE processes and remove the Proposal Security requirement. The IA notes that this effort comes more than a year after the Commission approved the CPRE protocols. The IA believes Stanly mischaracterized provisions of the approved Request for Proposals (“RFP”), the role of the IA, the actions taken by Stanly, and the CPRE process as approved by the NCUC. The IA provides this information because neither Duke Energy Carolinas, LLC (“DEC”) nor Duke Energy Progress, LLC (“DEP”) were privy to the exchanges between Stanly and the IA that occurred prior to the conclusion of the CPRE Tranche 1 process. ¹

¹ While unnecessary pursuant to the Commission’s CPRE protocols, Stanly expressly requested that the IA treat the initial notice that Stanly would not execute a Purchase Power Agreement (“PPA”) as confidential. (See: Attachment A).

DISCUSSION

The Tranche 1 RFP provided,

DEC or DEP (as applicable) will be entitled to draw on the full amount of the 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.

Tranche 1 RFP at 8.

The Motion argues that the provision is inapplicable to Stanly.

A. Choice of Jurisdiction for Dispute Resolution

The IA notes that the terms of the Surety Bond expressly identified that all disputes were to be “resolved in the State and Federal courts in North Carolina” (See Attachment B).² Stanly agreed to those contract terms. This provision is similar to what the IA uses in other jurisdictions for the purpose of keeping vendor contract disputes in the appropriate state or federal court rather than burdening the regulatory arena with such issues. The IA believes it is worth noting that the Surety Bond, and all other RFP documents, were subject to the CPRE comment period prior to being finalized. Stanly did not suggest alternative language to the Surety Bond during the comment period. Similarly, while Stanly found it challenging to provide a conforming Surety Bond once advised the associated Proposal was eligible for CPRE Step 2 evaluation, during that process Stanly did not question or challenge the jurisdiction for dispute resolution.

B. Stanly’s Stated Reason for Withdrawal

On May 6, 2019, via the Confidential Message Board on the IA Website, Stanly informed the IA that the cost assumptions used to create the Proposal were insufficient to absorb a more

² While the Bond in Attachment B is dated December 13, 2018, the conforming Bond was provided on February 5, 2019, as confirmed by the records on the IA Website.

refined cost assumption that would add, according to Stanly, an estimated \$4.5 million to the cost of the Project. For that reason, Stanly advised the IA that it might not proceed. The message from Stanly to the IA was:

... as you may be aware, there has been a significant increase (on the order of 15-20%) in the price of solar PV modules since January 2019, when Stanly posted its bid bond. This results, in Stanly's case, in **a construction budget increase of over \$4.5 million**. Due to these circumstances beyond its control, Stanly Solar will likely not be able to post the PPA security at the completion of Stage 2, as the proposed PPA price is no longer sufficient to cover the increased project costs.³
Emphasis added by IA.

(See Attachment A)

On May 10, 2019, Stanly advised the IA that it might not execute a CPRE PPA:

Good Afternoon, As of today, **based on current panel pricing, we would not sign the PPA**. Market conditions could improve but we do not anticipate them changing much between now and the PPA deadline. Thank you,

Emphasis added by IA

(See Attachment A)

On May 29, 2019, the IA informed Stanly that the Proposal Security would not be released if Stanly withdrew its proposal prior to executing a PPA. In a series of five messages between May 3, 2019 and June 25, 2019, Stanly appeared to continue on a path to executing a PPA, requesting a bond amendment, supplying required PPA exhibits, and asking for confirmation that they correctly calculated the required performance assurance security amount which would be required to replace Proposal Security on execution of the PPA.

On June 26, 2019, Stanly first raised the claim that Duke might not complete necessary system upgrades before January 1, 2021, the Required Completion of Development (“COD”) for

³ The Proposal Security was submitted on February 5, 2019, not in January.

CPRE tranche 1: “At a construction planning meeting held on June 21, 2019 Duke's team informed Stanly that April 2021 was a more likely in-service date” (See also Attachment A). The Stanly Proposal was “Late Stage,” thus had an executed Facilities Study Agreement at the time of proposal submission. Stanly progressed through the interconnection process and was eventually tendered an Interconnection Agreement, which it executed. Stanly was contractually obligated to pay for associated system upgrade costs. Stanly has an executed “Facilities Study” which is the last step in the analysis process and when system upgrade costs are estimated. Stanly also has an executed Interconnection Agreement.

An expected in-service date is established after the Interconnection Agreement is executed. It is apparent Stanly was familiar with the interconnection process before submitting a Proposal in CPRE. The IA was not present during the meeting on June 21, 2019 and is unable to confirm whether Stanly’s representation of what Duke personnel said during the meeting is accurate.

In the same June 26, 2019 message, Stanly provided a firm declaration that it would not execute a CPRE PPA. “Stanly hereby withdraws its proposal, and requests release of its Performance Security. Thank you.” (See Attachment A.)

C. Stanly Misstates the RFP Provisions

Stanly observed that Section VI(A) of the CPRE Tranche 1 RFP required the IA to notify the MP if during the Step 2 evaluation it was determined that necessary system upgrades might not be completed by the January 1, 2021 COD but could be made by July 1, 2021, with the implication that the Duke T&D Team and the IA were required to make that determination. Because no such notification was made Stanly claims the right to have the Proposal Security released. This is a misunderstanding of the RFP provision and the CPRE process.

As background, it is helpful to note that RFP Section VI(A) was intended to provide the opportunity to permit a Proposal to move forward if the Duke T&D Evaluation Team determined and informed the IA that necessary system upgrades for a Project could be completed within a few months of January 1, 2021, rather than having a 'bright line' that would eliminate a viable Proposal based on a strict enforcement of the January 1, 2021 COD. For example, the IA had the flexibility to invite a MP to proceed (without changing pricing) if system upgrades could be completed by February 15, 2021.

During the Step 2 evaluations the T&D Sub-Team did not determine a specific in-service date for Stanly and therefore had no basis to inform the IA regarding a specific interconnection timeline. In fact, the IA first learned of this claim when Stanly posted a message in the IA Website on June 26, 2019, a full 78 days after completion of the Step 2 evaluations and after Stanly was informed on April 9, 2019 that their Proposal was selected as a winner. Accordingly, Stanly's assertion that the IA failed to comply with the terms of the RFP is erroneous.

D. Stanly Misunderstands the CPRE Step 2 Evaluation Process

The CPRE review of Proposals was based on a cost analysis and did not purport to commit Duke to interconnect any project by COD. The procedure for when Duke finalizes the interconnection timeline is established in the process approved by the NCUC. It is the understanding of the IA that the CPRE protocols do not supersede other processes approved by the Commission.

CPRE Tranche 1 required each MP to prove the ability to complete their Project by COD. During CPRE Step 1 the IA determined whether a proffered Project was eligible to participate in CPRE and conducted the non-price evaluation. For example, the Step 1 evaluation included:

- ✓ A review of the Project's ability to deliver the level of service bid
- ✓ Confirmation that the MP had site control
- ✓ Confirmation that the MP had a viable path to the Point of Interconnection
- ✓ Confirmation that the MP's production profile (8760) was achievable.

During CPRE Step 2, the Duke T&D Evaluation Team determined whether system upgrades would be necessary, and an estimate of the cost of the system upgrades needed to complete upgrades by COD. As part of the CPRE iterative process, the Duke T&D Evaluation Team advised the IA of estimated system upgrade costs, which the IA imputed to the respective Proposal. The IA determined whether imputing those system upgrade costs would result in the Proposal being above Avoided Cost and, thus, not eligible for a CPRE PPA. While a cost estimate is calculated, a firm in-service date is not. As stated above, a specific in-service date is only established at the time the Interconnection Agreement is executed.

E. Stanly was Provided Multiple Extensions Before Providing a Conforming Surety Bond

Stanly provided a conforming Surety Bond long after the original submission date, and nearly two months after being advised the Proposal was in the CPRE Competitive Tier. The CPRE protocols call for the Proposal Security to be provided within seven days of being notified that a Proposal was part of the Competitive Tier. Stanly was first notified that the Proposal was eligible for Step 2 evaluation, upon the posting of a conforming Surety Bond, on December 6, 2018 (See Attachment C). Upon requests and representations of Stanly, confirmed by Duke, regarding an ongoing dispute between Stanly and Duke, the IA extended the submission date for the Surety Bond a total of 3 times to provide Stanly time to cure outstanding issues.

- On December 6, 2018, Stanly was first notified that the Proposal was eligible for Step 2 evaluation and that the Security Bond was to be provided on December 17, 2018.
- On December 17, 2018, the IA extended the submission date to December 28, 2018, based on representations from Stanly of efforts to resolve a dispute with Duke.
- On December 26, 2019, Stanly again requested an extension of the submission date, which the IA granted, extending the submission date to January 4, 2019.
- Stanly posted a non-conforming Surety Bond on January 2, 2019. After review of the document by Duke, the IA advised Stanly of the non-conformity and again extended the submission date.
- Stanly provided a conforming Surety Bond on February 5, 2019, 50 days beyond the submission date established in the CPRE protocols.

The IA notes that during the two months between being notified that the Proposal Security was due and when it was finally provided, Stanly made no mention of challenging the requirement that disputes be resolved in federal or state court.

F. Stanly Misunderstood the IA Final Report

Page 9 of the Motion quotes the following text from the public version of the IA's Final Report:

After being selected as a finalist for DEC, one of the MPs indicated a desire to withdraw claiming that Duke personnel affirmatively declared that the interconnection for the associated project would not be completed in time to meet the in-service date the MP identified in its Proposal. The claim was erroneous. (IA Public Final Report at 60)

In quoting the text the Motion ignores the plain meaning of the report: the MP informed the IA that the stated reason for attempting to withdraw was a change in material costs to the MP, and that the MP then changed tack and claimed error in the CPRE evaluation process.

The IA intentionally declined to identify MPs in the Public Final Report, to avoid disclosing marketing information about any developer. By Stanly disclosing that the reference is to their Proposal, with a reference to “likely in-service date” information having been provided by Duke, the IA believes it appropriate address the observation (Motion at 9). As noted earlier, the Commission-approved procedures, including the timing for identification of in-service date, was not superseded by CPRE. Also, it is the IA’s understanding, from Stanly’s statements, that during the meeting on June 21, 2019, Duke personnel made no affirmative statement that the January 1, 2021 date could not be met, but a more likely date would be different than the COD (Motion at 9 and Attachment A).⁴ As noted, it is the IA’s understanding that the approved practice is for Duke to only provide expected in-service dates upon execution of an Interconnection Agreement and completion of necessary research, which had not been done when Stanly met with the Account Manager.

G. Stanly Mischaracterized the IA’s Responsiveness

On page 7 of the Motion Stanly states that the “IA did not respond to Stanly’s July 8, 2019 request,” implying that the IA was less than diligent. The IA believes this mischaracterizes the exchanges with the IA, and ignores the guidance provide to the MP. The July 8, 2019 message was a repeat of what was previously asked and answered. (See Attachment A.)

⁴ Footnote 4 of the Motion notes that Stanly did not ask to re-price its Proposal. This is correct. In an effort to avoid identifying the MPs associated with each Proposal, the IA Final Report unartfully conflated the experience of two separate Proposals. The confusion is most understandable, and the IA regrets the confusion created.

July 8, 2019 was the final date for Stanly, and other successful MPs, to return executed PPAs. The IA accepted the statement of default as a confirmation of prior written exchanges. Further, on page 6 of the Motion, Stanly failed to inform the Commission of the entirety of the guidance provided by the IA three days before on July 5, 2019, by omitting the highlighted text below:

The MP's reliance on a characterization of guidance provided before the Proposal submission date is misplaced for many reasons, including but not limited to the following:

1. The IA has not informed the MP that interconnection cannot be completed by January 1, 2021.
2. The MP acknowledges there is no executed Interconnection Agreement.
3. The MP notes that Duke Transmission has yet to establish a date for completion of associated system upgrades, and, ergo, there has not been a determination that the system upgrades "will not be completed until at least July 2021", as claimed by the MP.

4. Should Duke Transmission fail to complete its responsibilities necessary for the MP to interconnect by the established COD, that would be a contract dispute pursuant to the terms of the PPA and not something to be adjudicated before the fact.

Stanly's withdrawal notice is inconsistent with the provisions of the RFP as approved by the NCUC. Therefore, a withdrawal by the MP at this point, whether directly by notice or failure to timely execute the PPA offer, will be a unilateral refusal to execute the PPA and result in surrender of the security.

Emphasis added by the IA.

(Attachment A.)

H. Stanly Inaccurately Depicts the IA's Discretion Concerning Duke-sponsored Proposal

The Motion suggests the IA failed to meet its duties pursuant to Commission Rule R8-71 regarding equal treatment of all Proposals in CPRE. Motion at 10. The Motion recognized that the IA's public Version Final Report expressly identified the lack of Proposal Security obligation

for Duke-sponsored Proposals, and that treatment should be changed.⁵ At the same time, Stanly failed to note that the IA administered the RFP under the terms as accepted by the Commission. Further, the IA notes that during the CPRE comment period Stanly did not object to the CPRE process or the provision in the RFP limiting the Proposal Security provision to third-party MPs. Page 8 of the Tranche 1 RFP provided, “Proposal Security in the amount of \$20/kW, based on the Facility’s inverter nameplate capacity, must be posted by all Third-Party MPs.”

I. CPRE Process

The Proposal Security process was approved by the Commission and administered by the IA. It is designed to discourage MPs from proffering Proposals they are unable to support, and thereby delaying the evaluation of serious Proposals and completion of the evaluation process. Permitting the withdrawal of Proposals at the eleventh hour, after full evaluation efforts are expended, would encourage “gaming.” By this the IA means where otherwise viable Proposals are not presented with PPAs, because other Proposals submitted with what was purported to be preferable pricing, moved ahead.⁶ The IA has successfully used this process in other solicitations without challenge. The IA believes it should be noted that Duke proffered a PPA for execution by Stanly, as provided in the CPRE protocols, and Stanly declined to return an executed contract.

J. CONCLUSION

The IA believes the CPRE processes and protocols adopted by the Commission are consistent with those used in other jurisdictions without controversy. The CPRE provisions challenged in the Motion were unopposed by Stanly during the CPRE comment period.

⁵ Tranche 2 has different terms.

⁶ The IA acknowledges that in Tranche 1 the program goals were not reached in DEC.

The Proposal Security is a way to make sure that the MP will stand by their Proposal, if selected as a winner, and not withdraw for business reasons at the eleventh hour. The IA firmly believes it is appropriate for the Commission to require MPs to stand by Proposals, as set forth in the approved RFP. This is the first instance the IA has encountered a bidder choosing to default on Proposal Security.

The information provided herein establishes that:

1. The assertion that Stanly withdrew from CPRE because of uncertainty about the date for completion of transmission system upgrades is contrary to Stanly's stated reason that construction costs were different than assumed, making the Proposal one Stanly would not support.
2. Stanly's assertion that the CPRE program protocols were violated, and that the Duke T&D Evaluation Team should have made a firm determination of whether necessary system upgrades could be made by COD, are in error.
3. Stanly's assertion that the IA knew during the Step 2 evaluation that system upgrades might not be completed by COD, and that the IA should have advised Stanly of that possibility, is in error.



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ATTACHMENT A

Your conversation with National Renewable Energy Corporation - (ID 93):

National Renewable Energy Corporation

Applicant ID: 93

7/8/2019 4:55:06 PM

Proposal 93-01 Stanly Solar

Thank you for your response and your attention to this matter. Although the RFP document does not address a situation in which it is discovered after the Step 2 selection process (but before a PPA is executed) that a MP, through no fault of its own, will not be able to meet the in-service deadline, the CPRE Tranche 1 Market Participant Requirements approved by the NCUC require that Tranche 1 projects must be capable of being placed in service prior to January 1, 2021. **On multiple recent occasions, the Duke Transmission group has communicated that the project interconnection facilities and upgrades will not be completed until April - July 2021.**

⁷One of the assumptions that was incorporated in the MP's bid calculations was that the project would achieve commercial operation in compliance with the in-service deadline. The timeline provided by Duke is not consistent with CPRE Tranche 1 requirements, and the MP, Stanly Solar, will not execute the RPPA. The MP disagrees with the statement that a delay in interconnection until after the in-service deadline would give rise to a contract dispute, because there is no mechanism under either the RPPA or the form Interconnection Agreement to seek a remedy for the failure of Duke Transmission to complete the interconnection facilities by January 1, 2021. Consequently, Stanly Solar requests to withdraw its proposal and have its performance security released. Regards,

DE Admin

7/5/2019 1:43:46 PM

Proposal 93-01 Message from the IA

The MP's reliance on a characterization of guidance provided before the Proposal submission date is misplaced for many reasons, including but not limited to the following: 1. The IA has not informed the MP that interconnection cannot be completed by January 1, 2021.

2. The MP acknowledges there is no executed Interconnection Agreement.

3. The MP notes that Duke Transmission has yet to establish a date for completion of associated system upgrades, and, ergo, there has not been a determination that the system upgrades "will not be completed until at least July 2021", as claimed by the MP.

4. Should Duke Transmission fail to complete its responsibilities necessary for the MP to interconnect by the established COD, that would be a contract dispute pursuant to the terms of the PPA and not something to be adjudicated before the fact.

⁷ All bold and underline text emphasized by the IA

Stanly's withdrawal notice is inconsistent with the provisions of the RFP as approved by the NCUC. Therefore, a withdrawal by the MP at this point, whether directly by notice or failure to timely execute the PPA offer, will be a unilateral refusal to execute the PPA and result in surrender of the security.

DE Admin

7/2/2019 4:23:30 PM

Proposal 93-01 Execution PPA

I have uploaded your PPA for execution. Please note the following:

1. Section 6.2 (a), is N/A for SC projects
2. Section 8.7 "System Operation" has been changed to "System Operator"
3. All Performance Security has been adjusted downward to reflect potential curtailment - modify your LCs as needed
4. Please review the PPA and execute and return the Seller's signature page (pdf format) if acceptable. We will attach to the agreement and return a fully executed document to you.

National Renewable Energy Corporation

Applicant ID: 93

6/26/2019 12:21:32 PM

Proposal 93-01 Notice

Pursuant to Section VI(A) of the RFP, Stanly Solar requests to withdraw its proposal and have its performance security released. Based on the most recent information received from Duke, the Interconnection Facilities and System Upgrades for the Stanly Solar project will not be completed by January 1, 2021. The CPRE Tranche 1 Market Participant Requirements approved by the NCUC require that Tranche 1 projects must be capable of being placed in service prior to January 1, 2021. Section VI(A) of the RFP states that if the IA determines that any required Interconnection Facilities or System Upgrades cannot be completed by January 1, 2021, but can be completed by July 1, 2021, the IA will notify the MP of the projected completion date of the Interconnection Facilities and System Upgrades and the MP will have the option to elect to either allow the Proposal to remain in the RFP or withdraw the Proposal from the RFP. In its responses to Frequently Asked Questions (no. 75), the IA clarified that Section VI(A) "provides the MP with the opportunity to withdraw a proposal in the event that the projected completion date for Interconnection Facilities and System Upgrades cannot be completed by January 1, 2021, but can be completed by July 1, 2021. In such a case, if the MP decides to withdraw the Proposal, the Proposal Security would be released." Stanly Solar received a completed Facilities Study Report from Duke on June 7, 2019. The preliminary milestone schedule provided in the Facilities Study Report indicated that it would take 2 years from the start of activity to complete work under the interconnection agreement, meaning that even if work begins immediately upon execution of an interconnection agreement (which is to be provided by July 12), interconnection work will not be completed until July 2021. **At a construction planning meeting held on June 21, Duke's team informed Stanly that April 2021 was a more likely in-service date.** Stanly Solar has not yet received an interconnection agreement (and does not expect to until after the July 8 deadline for PPA execution) but has no reason to believe that the schedule

in that agreement will be any different from the information already provided by Duke. Because Interconnection Facilities and System Upgrades for Stanly Solar will not be completed until after the January 1, 2021 deadline (and there is a significant likelihood that they will not be completed until at least July 2021), **Stanly hereby withdraws its proposal, and requests release of its performance security. Thank you.**

DE Admin

6/26/2019 9:26:58 AM

Proposal 93-01 DC Rating

Should we still use 78.83 MW as the DC rating? - I will be adding the DC rating to Exhibit 4.

thx

Scott

DE Admin

6/25/2019 4:53:10 PM

Proposal 93-01 Performance Assurance Calculation

FYI - we have recalculated the Performance assurance and are coming in slightly lower than your number now.

thx

Scott

DE Admin

6/25/2019 3:41:11 PM

Proposal 93-01 Confirmation

I'm putting your final agreement together right now - I'll let you know tomorrow if anything else is needed.

thx

Scott

National Renewable Energy Corporation

Applicant ID: 93

6/25/2019 1:09:38 PM

Proposal 93-01 Confirmation

Good Afternoon, Please confirm that you have received all of the requested information along with our performance assurance calculation. Thank you,

National Renewable Energy Corporation

Applicant ID: 93

6/21/2019 6:54:31 PM

Proposal 93-01 PPA Exhibits

Good Afternoon, The Sellers information should be as follows: Seller: Stanly Solar, LLC
Southside Drive, Suite B Charlotte, NC 28217 Attn: Jesse Montgomery Phone: 704-200-2915
Email: jesse.montgomery@narenco.com We have submitted exhibits 1, 4, 5 and will submit 3
here shortly. **Please see our calculation of the performance assurance which has been posted.**
We believe that the number should be lower. Thank you,

DE Admin

6/19/2019 3:21:28 PM

Proposal 93-01 Final PPA

CPRE PPAs must be executed by July 8, and both Duke Management and the IA will need to review them before executing. Therefore, it is vital that you provide me with completed exhibits and other information needed to finalize your agreement(s) by next Tuesday, June 25th.

thx

Scott

DE Admin

6/7/2019 11:23:35 AM

Proposal 93-01 Reply from the IA

The Rider has been received indicating the correct information has been changed. Thank you.

The IA

National Renewable Energy Corporation

Applicant ID: 93

6/7/2019 9:50:55 AM

Proposal 93-01 Surety Rider

Good Morning, We have attached the Surety Rider for Stanly Solar. Please let us know if there is anything more we need to provide. Thank you,

National Renewable Energy Corporation

Applicant ID: 93

6/4/2019 2:58:20 PM

Proposal 93-01 Bond Amendment

Good Afternoon, We have submitted a draft copy of the Bond Amendment. Please confirm that this is acceptable to Duke so that we may provide the final version. Thank you,

DE Admin

6/4/2019 11:37:50 AM

Proposal 93-01 Message from the IA

This is a reminder of the message submitted by the IA on 5/20/2019 which stated, "...if the associated proposal security is unmodified, the security will be drawn after 60 days of the end of tranche 1: June 10, 2019". The MP has noted the intent to post a revised document, and has yet to do so.

To be clear, paragraph two on page two needs to be revised from "...for the Bid within 60 days of the closing of the RFP..." to "...for the Bid within 90 days of the closing of the RFP...".

Again, the IA reminds the MP that if this is not completed by June 10, 2019, the security will be drawn.

DE Admin

5/31/2019 9:02:57 AM

Proposal 93-01 Reply from the IA

Thank you for the confirmation.

The IA

National Renewable Energy Corporation

Applicant ID: 93

5/30/2019 7:39:45 PM

Proposal 93-01 Stanly Solar

Good Afternoon, We would like to extend the PPA preparation period to July 8th. In order for us to accomplish this we plan to provide a Bond Amendment that would replace the proposal security with one that extends the period of security to July 8, 2019.

DE Admin

5/29/2019 1:32:44 PM

Proposal 93-01 Reply of the IA

We understand your reference to be regarding the message on May 6, 2019, at 3:12 PM, and not the subsequent message. Further, we understand your question to be whether Proposal 93-01 may be withdrawn and the proposal security released.

The proposal may be withdrawn up until a PPA is executed. Pursuant to the terms of the RFP, the Proposal Security will not be released.

National Renewable Energy Corporation

Applicant ID: 93

5/28/2019 3:42:38 PM

Proposal 93-01 Stanly Solar

Good afternoon, We wanted to circle back on the request we made on May 6th regarding the bond posting. Has the IA / Duke had a chance to review the request? Thank you for your attention to this matter. Best Regards, Stanly Solar, LLC

DE Admin

5/20/2019 5:06:41 PM

Proposal 93-01 Message from the IA

You received this message because your proposal is a finalist in the CPRE Tranche 1 solicitation. The schedule for completing the PPA process was identified as being 60 days, which would end on June 10, 2019. Please note that the NCUC Commission orders permit up to 90 days to complete the PPA completion process.

If you would like to have your PPA process extend beyond June 10, 2019, it will be necessary for you to replace the proposal security with one that extends the period of security to July 8, 2019. Duke completed its condition precedence by preferring a PPA for execution by the MP. Accordingly, if the associated proposal security is unmodified, the security will be drawn after 60 days of the end of tranche 1: June 10, 2019.

Please use the message board on the IA website to inform the IA and Duke of whether you wish to extend the date for completing the PPA process for your proposal to a date after June 10, 2019, but before July 8, 2019. If you desire to extend the PPA preparation period, also advise the IA of when replacement proposal security will be provided.

Thank you.

National Renewable Energy Corporation

Applicant ID: 93

5/10/2019 5:00:28 PM

Proposal 93-01 Stanly Solar

Good Afternoon, As of today, based on current panel pricing, we would not sign the PPA. Market conditions could improve but we do not anticipate them changing much between now and the PPA deadline. Thank you,

DE Admin

5/10/2019 4:54:36 PM

Proposal 93-01 Message from the IA

This message is from the IA. The PPA you received from Duke, via the IA website, provided the amount of Pre-COD Performance Assurance, if any, you will be required to provide within five (5) days of executing the PPA (See: PPA section 5.3). If you are required to provide

Performance Security, the IA STRONGLY recommends that you begin, without delay, the process of securing the necessary assurance from the institution of your choice. Further, it is recommended that you provide a draft of the assurance document, via the IA website, for review at the earliest possible date. Duke personnel and the IA will promptly review all drafts and advise you of any necessary modifications. This approach will avoid any misunderstandings during the limited number of days between the signing of the PPA and when the assurance must be provided. The IA is without authority to extend the requirement that the Pre-COD Performance Assurance be provided within five (5) days of signing a PPA.

Thank you for your attention to this detail.

National Renewable Energy Corporation

Applicant ID: 93

5/9/2019 4:53:06 PM

Proposal 93-01 Stanly Solar

Thank you for your question, we will get back to you with a response shortly.

DE Admin

5/8/2019 4:11:08 PM

Proposal 93-01 Message from the IA

The IA understands the MP is unwilling to execute a PPA due to the reasons presented on May 6, 2019. Please confirm or correct the IA's understanding.

National Renewable Energy Corporation

Applicant ID: 93

5/7/2019 3:41:46 PM

Proposal 93-01 Stanly Solar

Thank you for your response. We were not aware that the bond posted on January 4th was not valid and could have essentially been withdrawn at the time revisions were requested by Duke and the IA. Our understanding is that the original bond we posted on January 4, 2019 was valid and could have been drawn upon without the requested changes. Regardless of the actual posting date, we believe that MPs asked to post as late as March/April had the advantage of more current and relevant market knowledge that they relied upon in making their posting decision. Thank you,

DE Admin

5/6/2019 5:31:56 PM

Proposal 93-01 Message from the IA

This is from the IA. The original proposal security form did not conform to the form of security bond that was provided in July 2018, and was unacceptable to the IA and to Duke. Accordingly, the MP was provided the opportunity to provide an acceptable bond, which was completed by the MP on February 4, 2019. You are mistaken in thinking that an incomplete bond, such as

was first uploaded on January 4, 2019, would be accepted and act to secure the MP's position with the proposals that were moved to the Step 2 evaluation process.

National Renewable Energy Corporation

Applicant ID: 93

5/6/2019 4:51:16 PM

Proposal 93-01 Stanly Solar

Thank you for your note. Please note in the CPRE document portal that the bond was originally posted January 4, 2019. Duke subsequently requested minor, administrative edits to the bond form (removal of brackets and change of the CPRE issuance date). And those changes were made in the February 5, 2019 posting, but it was our understanding that the bond was live as of the January 4, 2019 date.

DE Admin

5/6/2019 4:03:42 PM

Proposal 93-01 Message from the IA

Please note, that notwithstanding your representation, the proposal security was posted on February 2, 2019, not on January 4, 2019.

Further communications from the IA will follow.

DE Admin

5/6/2019 4:00:20 PM

Proposal 93-01 Message from the IA

The IA will review your request with Duke.

National Renewable Energy Corporation

Applicant ID: 93

5/6/2019 3:12:20 PM

Proposal 93-01 Stanly Solar

Please note that this message is confidential. Stanly Solar, LLC appreciates the opportunity to participate in the CPRE tranche 1 process. Stanly Solar has completed the project development process with the exception of receiving its Facilities Study results and Interconnection Agreement, which are expected shortly. The project has been in communication with Duke, via the CPRE portal, regarding the exhibits to the PPA. However, as you may be aware, there has been a significant increase (on the order of 15-20%) in the price of solar PV modules since January 2019, when Stanly posted its bid bond. This results, in Stanly's case, in a construction budget increase of over \$4.5 million. **Due to these circumstances beyond its control, Stanly Solar will likely not be able to post the PPA security at the completion of Stage 2, as the proposed PPA price is no longer sufficient to cover the increased project costs.** Stanly Solar posted its bid bond on January 4, 2019. It is our understanding that numerous MPs were only asked to post their bid bonds in March or April 2019-after the significant increase in module prices had occurred-and that a significant proportion of those projects opted not to post at that

time. It seems likely that the price increase was a significant factor in those MPs' decisions to withdraw. This has created an unfair advantage for these MPs as they had more relevant market knowledge at the time they were asked to post their bid bonds. Had Stanly Solar been given the same opportunity to post in March/April, with knowledge of the increase in module prices, it would have elected not to do so. Although Stanly of course does not have access to information about other MPs' decisions, the April 9, 2019 summary report produced by the IA suggests that MPs who had more up-to-date market knowledge when asked to post bid security were able to use that to their advantage. In particular, 20 projects in DEC territory elected to withdraw when asked to post the bid bond, almost two times the number of actual awarded projects. Further, we suspect that if the IA were to compare the decrements of the MPs who posted in December/January to those of the MPs that posted in March/April, there would be a wide gap in the decrement ranges, as the MPs who posted later had the option to abandon lower-priced proposals that were likely to be non-viable given the module price increase. We believe this inequitable treatment was an unintended consequence of the CPRE bid process and the unforeseeable timing of the increase in module prices (i.e., between the posting deadlines for projects initially selected and the deadlines for projects selected from the reserve list). We respectfully ask that the IA remedy this unintended inequity by allowing Stanly, and any other MP who posted in the December/January time frame, the opportunity to make their bid bond posting decision with the same knowledge of the module price increase as the MPs who posted in March/April. In other words, such MPs should be given the option to withdraw their bond now without penalty. Stanly notes that because the full Tranche 1 target of 600 MW was not allocated, and all projects that participated in Tranche 1 were given the opportunity to sign a CPRE PPA (with most of them choosing not to), granting this request would not cause harm to either the CPRE process or any other market participant. Requiring Stanly and similarly-situated projects to forfeit their bonds would simply result in an economic windfall to the utility that would not, to our knowledge, benefit ratepayers or go to any purpose related to the CPRE program. We appreciate your attention to this matter and are happy to discuss on a conference call if that would be helpful. Kind Regards, Stanly Solar, LLC

DE Admin

5/1/2019 11:06:21 AM

Proposal 93-01 DRAFT PPA

I have uploaded your draft PPA. Please review carefully and let me know if you see any errors or have questions. I need you to provide information for several of the Exhibits, and other areas highlighted in green.

thx
Scott

DE Admin

4/18/2019 10:26:59 AM

Proposal 93-01 Exhibits

Could you provide Exhibits by next Friday, April 26?

thx

Scott

National Renewable Energy Corporation

Applicant ID: 93

4/18/2019 9:45:01 AM

Proposal 93-01 Question

Good morning Scott, Is there a due date for these exhibits? Thank you,

DE Admin

4/15/2019 1:09:59 PM

Proposal 93-01 Additional information for PPA

Please provide the following information:

* Data for Exhibits 1, 4, and 5 of the PPA

Also, regarding performance assurance, please let us know if you want to be considered for a parent guaranty (in place of cash or a letter of credit) so we can further review your credit.

I would prefer to communicate by email on the Accion site, but you can also call me on my cell number shown below.

Scott Tharp

Duke Energy - Business Development Manager

317.459.7704

DE Admin

4/10/2019 9:19:38 AM

Proposal 93-01 Message from the IA

Congratulations on your selection as a finalist in CPRE Tranche I. Please note your access to the message board with the IA has been turned off. All future correspondence with the appropriate Duke personnel will be via this "Finalist" Message board.

Thank you.

The IA

ATTACHMENT B

APPENDIX D
FORM OF SURETY BOND

K13537707 *Revised Original

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

COLLATERAL SECURITY PAYABLE UPON DEMAND

* * * * *

<i>PRINCIPAL / BIDDER (Legal Name and Business Address)</i> Stanly Solar, LLC 4200 Arborway Charlotte, NC 28211		
<i>SURETY (Legal Name and Business Address)</i> Westchester Fire Insurance Company 436 Walnut Street, P.O. Box 1000 Philadelphia, PA 19106	<i>CONTRACT NO.</i> K13537707	<i>CONTRACT DATE</i> 12/13/18
<i>OBLIGEE</i> Duke Energy Carolinas, LLC 550 South Tryon Street (DEC40C) Charlotte, NC 28202	<i>SURETY BOND EFFECTIVE DATE</i> 12/14/2018	
<i>PROPOSAL SECURITY AMOUNT</i> \$1,000,000	<i>PENAL SUM OF BOND</i> \$1,000,000	

KNOW ALL PERSONS BY THESE PRESENTS THAT: PRINCIPAL (herein, “Bidder”) and SURETY are held and firmly bound to Duke Energy Carolinas, 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 \$1,000,000 (“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 July 10th, 2018:

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

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 60 days of the closing of the RFP or fails to meet the creditworthiness requirements or to post 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:

Duke Energy Carolinas, 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 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 13th day of December, 2018.

PRINCIPAL/BIDDER:

For Bidder: Stanly Solar, LLC

Signature: 

(SEAL)

Name and Title: Dennis Richter, Manager

Address: 4200 Arborway
Charlotte, NC 28211

SURETY: Westchester Fire Insurance Company

Attorney in Fact: Mark W. Edwards, II

Signature: 

(SEAL)

Name and Title: Mark W. Edwards, II, Attorney-in-Fact

Address: McGriff, Seibels & Williams, Inc.
2211 7th Avenue South
Birmingham, AL 35233

CHUBB

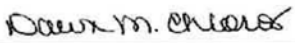
Power of Attorney

Westchester Fire Insurance Company | ACE American Insurance Company

Know All by These Presents, that **WESTCHESTER FIRE INSURANCE COMPANY** and **ACE AMERICAN INSURANCE COMPANY** corporations of the Commonwealth of Pennsylvania, do each hereby constitute and appoint Anna Childress, Mark W. Edwards, II, Alisa B. Ferris, Robert R. Freel, Ronald B. Giadrosich, Richard H. Mitchell, William M. Smith and Jeffrey M. Wilson, of Birmingham, Alabama; Robert Read Davis of Atlanta, Georgia; Richard E. Daniels of Pensacola, Florida and Robert M. Verdin of Metairie, Louisiana-----

each as their true and lawful Attorney-in-Fact to execute under such designation in their names and to affix their corporate seals to and deliver for and on their behalf as surety thereon or otherwise, bonds and undertakings and other writings obligatory in the nature thereof (other than bail bonds) given or executed in the course of business, and any instruments amending or altering the same, and consents to the modification or alteration of any instrument referred to in said bonds or obligations.

In Witness Whereof, WESTCHESTER FIRE INSURANCE COMPANY and ACE AMERICAN INSURANCE COMPANY have each executed and attested these presents and affixed their corporate seals on this 1st day of **August, 2018**.


Dawn M. Chloros, Assistant Secretary


Stephen M. Haney, Vice President



STATE OF NEW JERSEY

County of Hunterdon

ss.
On this 1st day of **August, 2018**, before me, a Notary Public of New Jersey, personally came Dawn M. Chloros, to me known to be Assistant Secretary of WESTCHESTER FIRE INSURANCE COMPANY and ACE AMERICAN INSURANCE COMPANY, the companies which executed the foregoing Power of Attorney, and the said Dawn M. Chloros, being by me duly sworn, did depose and say that she is Assistant Secretary of WESTCHESTER FIRE INSURANCE COMPANY and ACE AMERICAN INSURANCE COMPANY and knows the corporate seals thereof, that the seals affixed to the foregoing Power of Attorney are such corporate seals and were thereto affixed by authority of said Companies; and that she signed said Power of Attorney as Assistant Secretary of said Companies by like authority; and that she is acquainted with Stephen M. Haney, and knows him to be Vice President of said Companies; and that the signature of Stephen M. Haney, subscribed to said Power of Attorney is in the genuine handwriting of Stephen M. Haney, and was thereto subscribed by authority of said Companies and in deponent's presence.

Notarial Seal



KATHERINE J. ADELAAR
NOTARY PUBLIC OF NEW JERSEY
No. 2318886
Commission Expires July 16, 2019


Notary Public

CERTIFICATION

Resolutions adopted by the Boards of Directors of WESTCHESTER FIRE INSURANCE COMPANY on December 11, 2006 ; ACE AMERICAN INSURANCE COMPANY on March 20, 2009:

*RESOLVED, that the following authorizations relate to the execution, for and on behalf of the Company, of bonds, undertakings, recognizances, contracts and other written commitments of the Company entered into in the ordinary course of business (each a "Written Commitment"):

- (1) Each of the Chairman, the President and the Vice Presidents of the Company is hereby authorized to execute any Written Commitment for and on behalf of the Company, under the seal of the Company or otherwise.
- (2) Each duly appointed attorney-in-fact of the Company is hereby authorized to execute any Written Commitment for and on behalf of the Company, under the seal of the Company or otherwise, to the extent that such action is authorized by the grant of powers provided for in such person's written appointment as such attorney-in-fact.
- (3) Each of the Chairman, the President and the Vice Presidents of the Company is hereby authorized, for and on behalf of the Company, to appoint in writing any person the attorney-in-fact of the Company with full power and authority to execute, for and on behalf of the Company, under the seal of the Company or otherwise, such Written Commitments of the Company as may be specified in such written appointment, which specification may be by general type or class of Written Commitments or by specification of one or more particular Written Commitments.
- (4) Each of the Chairman, the President and the Vice Presidents of the Company is hereby authorized, for and on behalf of the Company, to delegate in writing to any other officer of the Company the authority to execute, for and on behalf of the Company, under the Company's seal or otherwise, such Written Commitments of the Company as are specified in such written delegation, which specification may be by general type or class of Written Commitments or by specification of one or more particular Written Commitments.
- (5) The signature of any officer or other person executing any Written Commitment or appointment or delegation pursuant to this Resolution, and the seal of the Company, may be affixed by facsimile on such Written Commitment or written appointment or delegation.

FURTHER RESOLVED, that the foregoing Resolution shall not be deemed to be an exclusive statement of the powers and authority of officers, employees and other persons to act for and on behalf of the Company, and such Resolution shall not limit or otherwise affect the exercise of any such power or authority otherwise validly granted or vested.

I, Dawn M. Chloros, Assistant Secretary of WESTCHESTER FIRE INSURANCE COMPANY and ACE AMERICAN INSURANCE COMPANY (the "Companies") do hereby certify that

- (i) the foregoing Resolutions adopted by the Board of Directors of the Companies are true, correct and in full force and effect,
- (ii) the foregoing Power of Attorney is true, correct and in full force and effect.

Given under my hand and seals of said Companies at Whitehouse Station, Nj, this **December 13, 2018**.




Dawn M. Chloros, Assistant Secretary

IN THE EVENT YOU WISH TO VERIFY THE AUTHENTICITY OF THIS BOND OR NOTIFY US OF ANY OTHER MATTER, PLEASE CONTACT US AT:
Telephone (908) 903-3493 Fax (908) 903-3636 e-mail: surety@chubb.com

AFFIDAVIT AND ACKNOWLEDGEMENT OF ATTORNEY-IN-FACT

STATE OF Alabama

COUNTY OF Jefferson

I hereby certify that I am the attorney-in-fact of Westchester Fire Insurance Company, a Pennsylvania corporation 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 December 13, 2018 and attached hereto, and on behalf of the Surety, acknowledge the foregoing bond before me as the above Surety's act and deed.

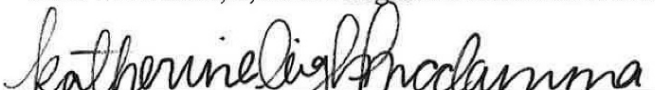
Given under my hand this 13th day of December, 2018.


ATTORNEY-IN-FACT

Mark W. Edwards, II, Attorney-in-Fact
PRINT NAME

State of Alabama)
) ss
County of Jefferson)

On this 13th day of December, 2018 before me, appeared Mark W. Edwards, II, to me personally known, who, being by me duly sworn, did say that he/she is the Attorney-In-Fact for Westchester Fire Insurance Company, the corporation named in the foregoing instrument, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and said Mark W. Edwards, II, acknowledged said instrument to be the free act and deed of said corporation.


Katherine Leigh McClamma, Notary Public, State at Large

My commission expires: January 24, 2021

(NOTARY SEAL)



MEMORANDUM

TO: National Renewable Energy Corporation
FROM: Independent Administrator
DATE: December 6, 2018
RE: Conclusion of Step 1 – Proposal Security

Proposal 93-01 was selected to move to Step 2 of the evaluation process. As such, National Renewable Energy Corporation must post Proposal Security within seven business days of this notice as described in the RFP (please refer to page 8 of the RFP as well as Appendices C and D). Please note that more Proposals are included in the Step 2 analysis than are required to meet the Tranche 1 goal and some Proposals will be removed as the process continues.

Please confirm that Proposal 93-01 will use Surety Bond for Proposal Security as stated in your proposal. The Proposal Security will be released if the referenced Proposal is not selected for contracting with Duke Energy, but will be forfeited if the MP fails to move forward if selected as a finalist.

Also, if the LOC or Surety Bond **differs materially** from forms provided in the RFP, they must be provided to the IA via the IA website **within two business days of this notice**.

Please use the "Upload Documents" feature on the confidential Message Board to provide the appropriate document.

Please continue to use the Message Board should you have any questions.