

December 15, 2022

VIA ELECTRONIC FILING

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

**Re: Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's
2022 Solar Procurement Additional CPRE Program Procurement
Avoided Cost Cap
Docket Nos. E-2, Subs 1159 and 1297 and E-7, Subs 1156 and 1268**

Dear Ms. Dunston:

In accordance with Ordering Paragraph 1.d. of the North Carolina Utilities Commission's ("Commission") November 1, 2022 *Order Permitting Additional CPRE Program Procurement and Establishing Target Procurement Volume for the 2022 Solar Procurement* ("CPRE Order"), Duke Energy Carolinas, LLC ("DEC") and Duke Energy Progress, LLC ("DEP" and together with DEC, the "Companies") hereby submit this compliance filing providing the Commission and market participants with the Companies' avoided cost cap for purposes of assessing 2022 Solar Procurement Program bids for the Competitive Procurement of Renewable Energy ("CPRE") Program capacity, as established under N.C Gen. Stat. § 62-110.8. The Companies will use the avoided cost cap to determine eligibility of 2022 Solar Procurement Program bids as unawarded CPRE Program megawatts and to close out the CPRE Program, as provided for in the CPRE Order.

The following chart presents the avoided cost caps (expressed in \$/MWh) for transmission connected solar in DEC and DEP:

	DEC	DEP
Transmission Interconnected (including SISC deduction)	\$ 61.88	\$ 62.86

The Companies are also providing the Commission the Notice to Market Participants of Unawarded CPRE Program MW Avoided Cost Cap ("Notice") as Attachment A to this filing. The 2022 Solar Procurement Program Independent Evaluator,

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Charles River Associates, Inc. (“IE”), published the Notice on the 2022 Solar Procurement website on December 15, 2022 to inform market participants proceeding to Step 2 of the bid evaluation process of the updated avoided cost caps. The Notice also directs market participants to contact the IE with any questions regarding the avoided cost caps and bid evaluation process.

If you have any questions, please do not hesitate to contact me. Thank you for your attention to this matter.

Very truly yours,

/s/E. Brett Breitschwerdt

Enclosure

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ATTACHMENT A

Duke Energy Carolinas, LLC
and Duke Energy Progress, LLC

Docket Nos. E-2, Subs 1159 & 1297,
and E-7, Subs 1156 & 1268

Notice to Market Participants of Unawarded CPRE Program MW Avoided Cost Cap

In accordance with Ordering Paragraph 1.d. of the North Carolina Utilities Commission’s (“NCUC”) November 1, 2022 *Order Permitting Additional CPRE Program Procurement and Establishing Target Procurement Volume for the 2022 Solar Procurement* (“CPRE Order”), Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP” and together with DEC, the “Companies”) hereby provide this Notice to Market Participants of Unawarded CPRE Program MW Avoided Cost Cap (“Notice”).

2022 Solar Procurement Additional CPRE Program Procurement Avoided Cost Cap

To be eligible for a CPRE Program Controllable Power Purchase Agreement (“PPA”), proposal pricing—inclusive of network upgrades—must be at or below the Companies’ forecasted 25-year avoided cost rate. As directed in the CPRE Order, the Companies’ avoided energy and capacity cost was determined using the methodology established in the Commission’s August 13, 2021 *Order Establishing Standard Rates and Contract Terms for Qualifying Facilities* in Docket No. E-100, Sub 167 (“Sub 167 Order”).¹ Consistent with the avoided cost cap calculated for prior CPRE Program tranches, the avoided energy cost rates are reduced by the solar integration services charge for these solar-only project proposals. The methodology approved in the Sub 167 Order, which expresses avoided energy costs in the form of a multi-pricing period rate design, was converted into a single all-in avoided cost rate (\$/MWh) using a generic solar generation profile.

The following chart presents the avoided cost caps (expressed in \$/MWh) for transmission connected solar in DEC and DEP:

	DEC	DEP
Transmission Interconnected (including SISC deduction)	\$ 61.88	\$ 62.86

As determined in the CPRE Order, the Companies and the IE will determine the levelized cost of energy (“LCOE”) of the proposals, inclusive of system upgrades, and select the lowest cost proposals at or below the avoided cost cap up to the 441 MW CPRE Program shortfall. Resources meeting these requirements will be procured as a CPRE project and will be offered the CPRE Program Controllable PPA filed with the NCUC on November 8, 2022. This evaluation will occur at the conclusion of Step 2 of the 2022 Solar Procurement Program bid evaluation process. If less than 441 MW of capacity is available to meet the CPRE Program shortfall, the Companies will adjust the HB 951 MW upward such that the CPRE volume (if any) and HB 951 volume together equal the 1,200 MW procurement target, all of which will be sourced through the 2022 Solar Procurement.

Projects awarded CPRE-designated PPAs shall not count toward the utility-owned (55%)/third-party owned (45%) procurement ratio targeted in the 2022 Solar Procurement. Regardless of whether the CPRE MW shortfall is procured in total through the 2022 Solar Procurement, the CPRE Program will be closed out upon the conclusion of the 2022 Solar Procurement.

¹ See *Order Permitting Additional CPRE Program Procurement and Establishing Target Procurement Volume for the 2022 Solar Procurement*, Docket Nos. E-2, Subs 1159 and 1297 and E-7, Subs 1156 and 1268 (Nov. 1, 2022).

Market Participants may contact the IE with any questions regarding the avoided cost caps and bid evaluation process via the IE RFP Website: <https://www.duke2022solarrfpcarolinas.com/>. Thank you for your participation in the 2022 SP.

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's 2022 Solar Procurement Additional CPRE Program Procurement Avoided Cost Cap, as filed in Docket Nos. E-2, Subs 1159 and 1297 and E-7, Subs 1156 and 1268, were served electronically or via U.S. mail, first-class, postage prepaid, upon all parties of record.

This, the 15th day of December, 2022.

/s/E. Brett Breitschwerdt

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