

April 12, 2024

VIA ELECTRONIC FILING

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

**Re: Agreement and Stipulation of Settlement Resolving Contested Issues
and Recommending Approval of Modified Programs
Docket Nos. E-2, Sub 1314 & E-7, Sub 1289**

Dear Ms. Dunston:

Enclosed for filing with the North Carolina Utilities Commission (the “Commission”) is the Agreement and Stipulation of Settlement Resolving Contested Issues and Recommending Approval of Modified Programs (the “Stipulation”) between Duke Energy Carolinas, LLC (“DEC”) and Duke Energy Progress, LLC (“DEP”) (collectively, “Duke Energy” or the “Companies”), the Public Staff – North Carolina Utilities Commission (“Public Staff”), and the Carolina Industrial Group for Fair Utility Rates II and III (collectively, “CIGFUR”) (together with the Companies, and the Public Staff, the “Stipulating Parties”). The Stipulation presents the proposed Resource Acceleration Option (“RAO”) to be offered as part of the Companies’ Green Source Advantage Choice (“GSA Choice”) program.

As the Commission is aware, the Companies filed an update letter on March 28 in the above-referenced dockets, explaining that several parties requested additional stakeholder engagement related to the draft stipulation.¹ The Companies have since met with interested parties to further discuss both the RAO and a proposal from the Carolinas Clean Energy Business Association (“CCEBA”). After considering CCEBA’s proposals, the Stipulating Parties believe that the Stipulation included herein presents the best path for providing an attractive offering to interested customers while holding non-participants harmless, ensuring non-participants are “neither advantaged nor disadvantaged, from the impacts of the renewable energy procured on behalf of the program customer, and no cross-

¹ See DEC’s & DEP’s Update Regarding Outstanding Issues Related to the Green Source Advantage Choice Program at 1, Docket Nos. E-2, Sub 1314 and E-7, Sub 1289 (Mar. 28, 2024).

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subsization occurs,” as required by Section 5 of House Bill 951 (S.L. 2021-165). Importantly, the RAO is in addition to, not in lieu of, the current proposed GSA Choice program. The Stipulation would resolve any outstanding issues between the Stipulating Parties with respect to the GSA Choice program as revised in the Companies’ reply comments in this proceeding. The Stipulation includes the originally proposed options allowing large-load customers to contract with the Companies to provide locally-sourced Clean Energy Environmental Attributes or through a three-party agreement between one of the Companies, a renewable developer, and the customer up to 250 MW per calendar year.² The newly proposed RAO provides customers the option to participate in acceleration of additional renewable energy facilities incremental to the procurement amounts directed in the most recent Carbon Plan and Integrated Resource Plan. The originally proposed options have already received significant customer interest and support,³ and now the RAO represents an additional, consensus option developed by the Stipulating Parties to meet customer interest in accelerating voluntary customer-directed renewable energy resources at this time.

Lastly, as mentioned in the Companies’ February 27 letter filed in the above-referenced dockets, the Companies’ Green Source Advantage Bridge (“GSA Bridge”) program is nearing full subscription. The Stipulating Parties believe the Stipulation is the best avenue to continue providing voluntary clean energy options to customers while complying with Section 5 of HB 951, and accordingly request Commission approval of the Stipulation.

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

Sincerely,

Nick A. Dantonio

NAD/als

Enclosures

cc: Parties of Record

² For clarity, the Companies confirm that the GSA Choice Program capacity and the RAO Program capacity will be separate from, and in addition to, the program capacity reserved for qualifying economic development customers set forth in Section 11.19(f1) of S.L. 2021-105.

³ See DEC’s and DEP’s Reply Comments, Attachment B, Docket Nos. E-2, Sub 1314 and E-7, Sub 1289 (June 23, 2023).

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-2, SUB 1314
DOCKET NO. E-7, SUB 1289

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of Petition of Duke Energy Progress, LLC, and Duke Energy Carolinas, LLC, Requesting Approval of Green Source Advantage Choice Program and Rider GSAC)	AGREEMENT AND STIPULATION OF SETTLEMENT RESOLVING CONTESTED ISSUES AND RECOMMENDING APPROVAL OF MODIFIED PROGRAMS
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Duke Energy Carolinas, LLC (“DEC”), Duke Energy Progress, LLC (“DEP”) (collectively the “Companies”), the Public Staff – North Carolina Utilities Commission (“Public Staff”), the Carolina Industrial Group for Fair Utility Rates II (“CIGFUR II”), and the Carolina Industrial Group for Fair Utility Rates III (“CIGFUR III” and, together with CIGFUR II, “CIGFUR”) (collectively referred to herein as the “Stipulating Parties” and each party individually as a “Stipulating Party”), through counsel and pursuant to N.C.G.S. § 62-69, respectfully submit the following Agreement and Stipulation of Settlement Resolving Contested Issues and Recommending Approval of Modified Programs (“Stipulation”) for consideration by the North Carolina Utilities Commission (“Commission”) in the above-captioned dockets. The Stipulating Parties now agree on the structure of the Green Source Advantage Choice Program (“GSA Choice Program” or the “Program”) and proposed GSA Choice Program tariffs, as presented in Exhibit A. The Stipulating Parties respectfully request the Commission accept this Stipulation and approve the GSA Choice Program tariffs as presented in Exhibit A to this Stipulation, as modified

by the incorporation of the Resource Acceleration Option (“RAO”) framework reflected in Exhibit B to this Stipulation.

I. BACKGROUND

1. Section 5 of Session Law 2021-165 (“HB 951”) directed the Commission to “establish a rider for a voluntary program that will allow industrial, commercial, and residential customers who elect to purchase from the electric public utility renewable energy or renewable energy credits . . . to offset their energy consumption[.]” Such programs must ensure that “customers who voluntarily elect to purchase renewable energy or renewable energy credits through such programs bear the full direct and indirect cost of those purchases, and that customers that do not participate in such arrangements are held harmless, and neither advantaged nor disadvantaged, from the impacts of the renewable energy procured on behalf of the program customer, and no cross-subsidization occurs.” *Id.*

2. In compliance with HB 951 Section 5’s directives, the Companies engaged with the Public Staff and other interested stakeholders over an approximately six-month period in 2022 to develop new voluntary customer programs that would meet the statutory requirements of HB 951 and the needs and interests of customers.

3. On January 27, 2023, the Companies filed a joint petition for approval of their proposed GSA Choice Program in Docket Nos. E-2, Sub 1314 and E-7, Sub 1289 (“GSA Choice Dockets”).

4. On February 9, 2023, the Commission issued an *Order Requesting Comments* in the GSA Choice Dockets. The Order allowed the Public Staff and intervenors

to file initial comments on the proposed program presented in the Companies' joint petition and allowed all parties to subsequently file reply comments.

5. The Public Staff and CIGFUR timely filed initial comments on April 25, 2023, and the Stipulating Parties all timely filed reply comments on June 23, 2023.

6. In their reply comments, the Companies proposed limited modifications to the GSA Choice Program, which included several revisions to the Program's tariffs that were responsive to Public Staff and intervenor comments, such as including disclaimer language designed to ensure participating customers were informed that Clean Energy Environmental Attributes ("CEEA")¹ purchased through the GSA Choice Program were not associated with generation surplus to Carbon Plan-selected generation necessary to comply with HB 951's resource planning and carbon emission reduction requirements under N.C.G.S. § 62-110.9.

7. In its reply comments filed in the GSA Choice Dockets, CIGFUR requested the Commission stay the proceedings to allow the parties additional time to attempt to reach consensus on outstanding issues.

8. On August 1, 2023, the Companies filed a response to CIGFUR's request for stay and indicated that they were willing to continue to engage with the parties in an attempt to reach consensus on outstanding issues. Through additional engagement with the Stipulating Parties, as well as non-stipulating intervenors and other stakeholders over the past few months, the Companies developed and proposed an additional Resource Acceleration Option ("RAO") to be offered as part of the GSA Choice Program. The RAO is designed to create opportunities for customers to direct accelerated development or

¹ A CEEA is a Renewable Energy Certificate as defined by N.C.G.S. § 62-133.8(a)(6), bundled with the carbon emission reduction attribute associated with the generation and tracked by the Companies.

procurement of renewable energy that is additional to the solar resources modeled and selected as needed in the Commission’s most recent biennial update to the Carbon Plan and to “accelerate” RAO solar resource additions for a period of time until the Commission issues the next update to the Carbon Plan under HB 951.

9. A proposed RAO framework was initially sent to counsel for all parties to the dockets on October 23, 2023. Over the course of multiple meetings with stakeholders, the RAO framework was modified to address stakeholder comments, and Exhibit B to this Stipulation reflects the framework agreed upon by the Stipulating Parties.

10. Based upon the Stipulating Parties’ agreement on the substance of the RAO, as well as further discussion amongst the Stipulating Parties regarding the GSA Choice Program, the Stipulating Parties hereby stipulate and agree as follows:

II. TERMS OF STIPULATION

11. The Stipulating Parties agree that the GSA Choice Program, as amended to incorporate the RAO described in Exhibit B is reasonable, in the public interest, and meet the requirements of Section 5 of HB 951 because the GSA Choice Program capacity, together with the additional RAO capacity, allows customers to purchase renewable energy or renewable energy credits to offset their energy consumption, ensuring that participating customers bear the full costs of their purchases, and further ensuring that non-participating customers are held harmless from the impacts of the Program, neither advantaged nor disadvantaged. More specifically, the GSA Choice Program allows industrial and commercial customers to purchase and have CEEAs retired on their behalf that have been generated by projects selected in the Companies’ most recent solar procurement RFP, or as otherwise designated by the Companies, to offset the customer’s energy consumption.

Additionally, the GSA Choice Program also allows industrial and commercial customers to (1) enter into a three-party agreement with the Companies and a renewable energy project developer to acquire CEEAs; or (2) utilize the RAO, through which the customer would select and negotiate with a project that unsuccessfully bid into the Companies' most recent solar procurement RFP and would then enter into a three-party agreement to acquire CEEAs and to accelerate that project's development.²

12. Specifically, and as detailed in Exhibit B, the RAO is included in the GSA Choice Program tariffs and would provide up to an additional combined total of 300 MW on a rolling two-year basis in PPA capacity between the DEP and DEC service territories. The RAO would be available to accelerate up to an additional 1,000 MW of new solar capacity. The renewable energy projects participating in the RAO must have submitted a non-winning bid in the Companies' most recent request for proposal, which would allow for participating RAO customers to make a definitive and demonstrable claim that but for their participation in the GSA Choice Program, the solar procured on their behalf would not have interconnected at that time.

13. The Stipulating Parties agree that the GSA Choice Program tariffs attached hereto as Exhibit A are reasonable, consistent with HB 951 Section 5's directives, and the GSA Choice Program design agreed to between the Stipulating Parties resolves all disagreements between the Stipulating Parties related to the GSA Choice Program, including, but not limited to, the issues identified in the Stipulating Parties' initial and reply comments filed in the GSA Choice Dockets. To the extent that new information and/or a

² Making unsuccessful bids available to customers interested in participating in the RAO option ensures that the least-cost resources are being procured by the Companies on behalf of all ratepayers in fulfillment of the Companies' CO2 emissions reductions targets set forth in N.C.G.S. § 62-110.9.

change in circumstances occurs subsequent to the implementation of the GSA Choice Program tariffs, each Stipulating Party expressly reserves the right to seek future relief as necessary.

14. The Stipulating Parties recommend the Commission approve the GSA Choice Program with the modifications included in Exhibit A to the GSA Choice Program tariffs, to include the incorporation of additional RAO capacity as set forth in Exhibit B.

III. AGREEMENT IN SUPPORT OF SETTLEMENT; NON-WAIVER

16. The Stipulating Parties shall act in good faith and use their best efforts to recommend to the Commission that this Stipulation be accepted and approved. The Stipulating Parties further agree that this Stipulation is in the public interest because it complies with the directives of Section 5 of HB 951. The Stipulating Parties intend to support the reasonableness of this Stipulation in any hearing before the Commission and any proposed order or brief in this docket.

17. Neither this Stipulation nor any of its terms shall be admissible in any court or Commission unless such court or Commission is addressing litigation arising out of the implementation of the terms or approval of this Stipulation. The Stipulating Parties shall not cite this Stipulation as precedent in any other proceeding or docket before this Commission or in any court.

18. The provisions of this Stipulation do not reflect any position asserted by any of the Stipulating Parties but instead reflect the compromise and settlement among the Stipulating Parties. By executing this Stipulation, no Stipulating Party waives any right to assert any position in any future proceeding or docket before the Commission, in any court, or in any other judicial or administrative forum.

19. This Stipulation is the product of negotiation between the Stipulating Parties, and no provision of this Stipulation shall be strictly construed in favor of or against any Stipulating Party.

IV. STIPULATION BINDING ONLY IF ACCEPTED IN ITS ENTIRETY

20. This Stipulation is the product of negotiation and compromise of a complex set of issues, and no portion of this Stipulation is or will be binding on any of the Stipulating Parties unless the entire Stipulation is approved by the Commission. If the Commission rejects any part of this Stipulation or approves this Stipulation subject to any change or condition, or if the Commission's approval of this Stipulation is rejected or conditioned by a reviewing court, the Stipulating Parties agree to meet and discuss the applicable Commission or court order within five business days of its issuance and to attempt in good faith to determine if they are willing to modify the Stipulation consistent with the order. No Stipulating Party shall withdraw from the Stipulation prior to complying with the foregoing sentence. If any Stipulating Party withdraws from the Stipulation, each Stipulating Party retains the right to seek additional procedures before the Commission, including cross-examination of witnesses, with respect to issues addressed by this Stipulation and shall not be bound or prejudiced by the terms and conditions of the Stipulation.

V. COUNTERPARTS

21. This Stipulation may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Electronic signatures or copies of original signatures, including facsimile signatures, shall be as effective as original signatures for purposes of binding other

Stipulating Parties to the terms of this Stipulation. This Stipulation may be signed in counterparts, with the various signature pages combined with the body of the document to constitute an original and provable copy of this Stipulation.

VI. MERGER

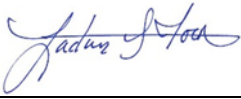
22. This Stipulation supersedes all prior agreements and understandings between the Stipulating Parties as to the issues discussed herein. This Stipulation may not be changed or terminated orally, and no attempted change, termination, or waiver of any of the provisions hereof shall be binding unless in writing and signed by the Stipulating Parties.

The foregoing is agreed and stipulated this the 12th day of April, 2024.

[Signatures on Following Pages]

IN WITNESS WHEREOF, the Parties have signed and executed as of the date set forth above.

DUKE ENERGY CAROLINAS, LLC AND DUKE ENERGY PROGRESS, LLC

By: 

Date: April 12, 2024

THE PUBLIC STAFF – NORTH CAROLINA UTILITIES COMMISSION

By: _____

THE CAROLINA INDUSTRIAL GROUP FOR FAIR UTILITY RATES II & III

By: _____

DUKE ENERGY CAROLINAS, LLC AND DUKE ENERGY PROGRESS, LLC

By: _____

Date: _____

THE PUBLIC STAFF – NORTH CAROLINA UTILITIES COMMISSION

By: *Nadia J. Fr*

Date: 4-12-2024

THE CAROLINA INDUSTRIAL GROUP FOR FAIR UTILITY RATES II & III

By: _____

Date: _____

DUKE ENERGY CAROLINAS, LLC AND DUKE ENERGY PROGRESS, LLC

By: _____

Date: _____

THE PUBLIC STAFF – NORTH CAROLINA UTILITIES COMMISSION

By: _____

Date: _____

THE CAROLINA INDUSTRIAL GROUP FOR FAIR UTILITY RATES II & III

By: Christina Cress

Date: April 12, 2024

Exhibit A

**Clean and Redlined Copies of DEC Rider
GSAC Green Source Advantage Choice**

**Docket No. E-2, Sub 1314
Docket No. E-7, Sub 1289**

RIDER GSAC GREEN SOURCE ADVANTAGE CHOICE

AVAILABILITY

This Green Source Advantage Choice Program (“GSA Choice” or “Program”) is available to Duke Energy Carolinas, LLC (“DEC” or the “Company”) nonresidential customers meeting the eligibility criteria specified herein and receiving concurrent service on another rate schedule, excluding under outdoor lighting schedules, who elect to direct the Company to procure renewable energy on the Customer’s behalf pursuant to the terms of the GSA Choice Program, as approved by the North Carolina Utilities Commission. Eligibility for the Program is limited to nonresidential customers with a minimum Maximum Annual Peak Demand of 1 MW or an aggregated Maximum Annual Peak Demand at multiple service locations in the Company’s service territory of 5 MW (collectively, “Eligible GSA Choice Customer” or “Customer”). The Program is also limited to a combined total of up to 4,000 MW of renewable energy facilities between DEC and Duke Energy Progress, LLC (“DEP”) service territories (“Maximum GSA Choice Program Capacity”). The Maximum GSA Choice Program Capacity may not exceed 2,200 MW of DEC-owned or DEP-owned renewable energy facilities and 1,800 MW of renewable energy facilities developed by third parties that have either entered into a Power Purchase Agreement (“PPA”) with either DEC or DEP, or a three-party GSA Service Agreement with the project developer, DEC or DEP, and an Eligible GSA Choice Customer for a GSA Facility PPA (“GSA Facility”). The DEC-owned or DEP-owned renewable energy facilities and the two-party PPAs with either DEC or DEP are collectively referred to as “Available Renewable Energy Resources.” On an annual basis, DEC will determine the annual allocation of the Maximum GSA Choice Program Capacity available under this tariff, to be offered to Eligible GSA Choice Customers. GSA Facility PPA capacity will be limited to up to 250 MW total between DEP and DEC service territories, on a first-come, first-served basis; in any given calendar year, and the annual amount available will be determined as part of the annual allocation process. The Company will reserve 10% of the capacity annually for subscription by qualifying economic development Customers. If this 10% is not fully subscribed by qualifying economic development Customers then by the end of the third quarter each year (September 30), the unsubscribed capacity within this economic development allocation will become available to other Customers.

Eligible GSA Choice Customers with (i) Maximum Annual Peak Demand of 15 MW at a single service location or (ii) an aggregated Maximum Annual Peak Demand at multiple service locations in the DEC service territory of 30 MW, may optionally partner with the Company on all or a portion of a grid-scale energy storage or other clean energy technology facility, owned and operated by the Company located anywhere on the Company’s electric grid.

DIRECTED PROCUREMENT OF AVAILABLE RENEWABLE ENERGY RESOURCES AND GSA FACILITIES

The Program allows Eligible GSA Choice Customers to direct the Company to procure renewable energy from generation facilities that will be used to supply all customers and allows the Customer to obtain the “Clean Energy Environmental Attributes” from such facilities. Clean Energy Environmental Attributes (“CEEAs”) are the carbon emission reduction attributes and Renewable Energy Certificates (“RECs”), as defined in N.C. Gen. Stat. § 62-133.8(a)(6), associated with the electric generation from Available Renewable Energy Resources or a GSA Facility. The Available Renewable Energy Resources and GSA Facility must be a renewable energy facility that commences service after approval of this tariff and is located in the Company’s service territory in either North Carolina or South Carolina with supply that will be used to serve all customers. The generation from the Available Renewable Energy Resources and GSA Facilities will be applied by the Company towards the Carbon Plan procurement targets and will not constitute procurements over-and-above the Carbon Plan.

Customers seeking to participate in the Program shall have the option to either (1) request the Company provide CEEAs through an Available Renewable Energy Resource or (2) identify and propose to the Company a GSA Facility developed by another Renewable Supplier. The Renewable Supplier will enter into a PPA (“GSA Facility PPA”) with the Company. The Customer will negotiate price terms directly with a Renewable Supplier. The GSA Facility must be 80 MW AC or less, including any capacity from storage paired with the generation resource. The GSA Facility must have submitted an Interconnection request into the Definitive Interconnection System Impact Study process, pursuant to the relevant state interconnection procedures. The Customer will negotiate price terms directly with a Renewable Supplier.

APPLICATION PROCESS AND GSA CHOICE SERVICE AGREEMENT

To participate in the GSA Choice Program through directed development or procurement of an Available Renewable Energy Resource, a GSA Facility or a Resource Acceleration Option (“RAO”) Facility, a Customer must submit an application to the Company requesting an annual amount of renewable capacity to be developed or procured on the Customer’s behalf. The Customer

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may apply for the Company to develop or procure renewable generation capacity that can supply up to 100% of the Customer's total energy consumption at the eligible Customer service location(s) within DEC North Carolina service territory.

The Customer's application will designate its selection to participate through the Available Renewable Energy Resources option or through procurement of a GSA Facility or RAO Facility, subject to the availability within the respective Program Capacity MW availability. For Available Renewable Energy Resources designations, the application shall identify the contract term (5, 10, 15, 20 or 25 years) for the customer to purchase CEEAs associated with Carbon Plan generation. For GSA Facility designations, the application shall also identify the requested Bill Credit option and contract term (2, 5, 10, 15, 20 or 25 years for a Customer electing Administratively Established Avoided Cost Bill Credit or any number of years up to the maximum available 20-year term for a Customer electing the Hourly Marginal Avoided Cost Bill Credit). Customers electing to direct procurement from a RAO Facility as well as GSA Facilities paired with storage may only elect the Hourly Marginal Avoided Cost Bill Credit option and are limited to a 15-year contract term or consistent with the term of the contract of conforming bids in the corresponding solar request for proposal ("RFP").

All Customer applications shall be accompanied by the payment of a \$2,000 nonrefundable application fee. The Program reservations for the GSA PPA Facilities will be accepted on a first-come, first-served basis based upon the date and time of receipt of the Customer's completed application and application fee. Applications for the Available Renewable Energy Resources will be accepted and selected through an annual open window and allocation process. Under this process, there will be an open window of two weeks each year for potential customers to submit requests for capacity in the Program. Once the window closes, if the capacity is over-subscribed, the Company will allocate the available capacity to participating customers in direct proportion to their application MW request amounts. The remaining requested capacity will be put on a waiting list, and the waiting list will be canceled at the end of the year prior to a new annual window opening for the next year's allocation. If there is any doubt as to an application's eligibility, the application will be placed in the lottery, but the issue with the application must be resolved before communicating status to the Customer. The Company will send emails to Customers informing them of their placement and post the waitlist to the website no later than four weeks after the opening date of the application period. If the participation limit for a specific customer class is not reached, the Company will reopen the application process for any group that has capacity available, and applications will be accepted on a first-come, first-served basis. The \$2,000 application fee will be refunded to the Customer only if that Customer's application is rejected due to insufficient GSA Choice Program Capacity.

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

The GSA Choice Service Agreement shall include the general terms and conditions applicable under this Rider and shall specify the rates and charges applicable under the GSA Choice Program for the Contract term. The Customer must execute and return the GSA Choice Service Agreement within 90 days of delivery by the Company and, if the Renewable Supplier option is selected, the Renewable Supplier must execute and return the GSA Facility PPA within 90 days of delivery by the Company. Failure to timely execute and return the GSA Choice Service Agreement or GSA Facility PPA will result in termination of the Customer's application and GSA Choice capacity reservation, which would then require the Customer to start the Program enrollment process anew in order to participate in the Program.

RESOURCE ACCELERATION OPTION (RAO) AVAILABILITY

In addition to the Maximum GSA Choice Program Capacity described above, an Eligible GSA Choice Customer may elect to participate in the Program through committing to acceleration of an additional renewable energy facility or facilities incremental to the procurement activities proposed in the DEC and DEP current Carbon Plan and Integrated Resource Plan ("CPIRP") filed pursuant to North Carolina Utilities Commission Rule 8-61A and directed by the Commission's most recent Carbon Plan order issued pursuant to N.C.G.S. § 62-110.9. The RAO is limited to incremental PPA resources up to an additional combined total of 300 MW on a rolling two-year basis in PPA capacity between the DEP and DEC service territories. An eligible "RAO Facility" is a renewable energy project that must have submitted an eligible, conforming, non-winning bid in the most recent RFP (and participated in Step 2 of the RFP) or as otherwise designated by the Company. Availability for RAO is also limited to accelerate up to an additional 1,000 MW total capacity between DEP and DEC service territories.

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The RAO Facility may include co-located battery energy storage, however PPAs with storage are limited to a fifteen-year contract term or consistent with the term of the contract of conforming bids in the corresponding solar RFP, and any grid charging of the battery will be paid at the retail rate and will not be reimbursed for grid charging energy by the Companies as utility-dispatched solar paired with storage facilities are.

RAO APPLICATION PROCESS

The RAO application shall identify the contract term up to 25 years. All Customer applications shall be accompanied by the payment of a \$2,000 nonrefundable application fee. The Program reservations for the RAO Facilities will be accepted on a first-come, first-served basis based upon the date and time of receipt of the Customer's completed application and application fee. Any remaining requested capacity will be canceled at the end of the two-year period prior to a new two-year window opening for the next 300 MW allocation. If there is any doubt as to an application's eligibility, the issue with the application must be resolved before communicating status to the Customer. The Company will send emails to Customers informing them of their placement and post no later than four weeks after the opening date of the application period. The \$2,000 application fee will be refunded to the Customer only if that Customer's application is rejected due to insufficient RAO Capacity.

GSA FACILITY PPA RATES AND TERMS

Under the GSA Facility PPA between the Company and the Renewable Supplier, the Company will purchase all energy, capacity, RECs, and environmental attributes. The GSA Facility PPA contract price shall be equal to the applicable Bill Credit selected by the Customer.

CLEAN ENERGY ENVIRONMENTAL ATTRIBUTES

The Renewable Supplier is required to register the GSA Facility as a renewable energy facility with the North Carolina Utilities Commission under Commission Rule R8-66 and with the North Carolina Renewable Energy Tracking System ("NC-RETS"). The Renewable Supplier shall transfer all CEEAs to the Company pursuant to the GSA Choice Service Agreement.

CEEAs made available in the GSA Choice Program are comprised of carbon emission reduction attributes and defined RECs associated with Available Renewable Energy Resources and GSA Facilities. The REC is the renewable nature of the energy delivered. The CEEAs also account for the carbon emission reduction energy delivered. The Company will retire the RECs and document the retirement of the carbon emission reduction attributes on the Customer's behalf pursuant to the terms of the GSA Choice Program.¹ The generation from the Available Renewable Energy Resource and GSA Facilities will be applied by the Company towards the Carbon Plan procurement targets and will not constitute procurements over-and-above the Carbon Plan.

MONTHLY RATE

For the Available Renewable Energy Resources option, the GSA Choice Customer shall pay an amount computed under the GSA Choice Customer's primary rate schedule and any other applicable riders plus the sum of (1) a CEEA charge in the range from a minimum of \$0.001 per kWh up to a maximum of \$0.015 per kWh based upon CEEA values at the time of the GSA Choice Service Agreement execution factoring in the specified contract term and (2) the GSA Choice administrative fee, which shall not exceed 20% of the cost of the CEEAs. The administrative fee will be reviewed annually beginning 12 months from Program approval to evaluate if fees collected matched the administrative expenses. If fees do not match, an adjustment to the administrative fee will be implemented the following year.

For the GSA Facility PPA option, a GSA Choice Customer shall pay an amount computed under the GSA Choice Customer's primary rate schedule and any other applicable riders plus the sum of the (1) the GSA Choice Product Charge, (2) the GSA Choice Bill Credit, and (3) the GSA Choice Administrative Charge.

1. GSA Choice Product Charge – The GSA Choice Product Charge shall be equal to the price negotiated between the Customer and the Renewable Supplier ("Negotiated Price"). The monthly GSA Choice Product Charge shall be

¹ Subject to considerations for changes in law or other circumstances, if a qualified Customer pays an Administrative Charge and contractually commits to verifiably not further transfer, and to retire, the Clean Energy Environmental Attributes on Company's generation system, and indemnifies Company for any Customer transfer or non-retirement, Company can transfer Clean Energy Environmental Attributes to the qualified Customer by NC-RETS for the REC and attestation for the carbon emission reduction attribute.

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determined by multiplying the Negotiated Price times the energy produced by the GSA Choice Facility² in the prior billing month.

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

Administratively Established Avoided Cost Bill Credit:

The Administratively Established Avoided Cost Bill Credit shall be equal to the fixed levelized avoided energy and capacity rate calculated using the methodology most recently approved by the Commission calculated over a period of 2 years (for contract terms divisible by 2 years); 5 years (for contract terms divisible by 5 years); or 10 years³ (for contract terms of 10 years or 20 years). In the case of GSA Choice PPA contract terms longer than the Administratively Established Bill Credit terms selected by the GSA Choice Customer, the Avoided Cost Bill Credit will be recalculated at the end of the initial term using the then approved methodology. If the Administratively Established Avoided Cost Bill Credit is designated in the GSA Choice Service Agreement as the applicable bill credit, the Monthly GSA Choice Bill Credit shall be determined by multiplying the applicable Administratively Established Avoided Cost Bill Credit times the energy produced in the applicable hours by the GSA Facility in the prior billing month.

Hourly Marginal Avoided Cost Bill Credit:

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

Hourly Rate = (Hourly Energy Charges + Rationing Charges)

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

If the Hourly Marginal Avoided Cost Bill Credit is designated in the GSA Choice Service Agreement as the applicable bill credit, the Monthly Bill Credit shall be determined by multiplying the applicable Hourly Marginal Avoided Cost Bill Credit times the energy produced by the GSA Facility in the applicable hours in the prior billing month. The Hourly Marginal Avoided Cost Bill Credit is the only option available to a customer electing to participate in the RAO.

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

OPTIONAL ENERGY STORAGE OR OTHER CLEAN ENERGY TECHNOLOGY RATES AND TERMS

The GSA Choice Customer may optionally partner with the Company on a grid scale battery facility or other clean energy technology⁴ located anywhere within DEC’s electric grid. The specific operational characteristics will be specified in a separate contractual agreement between the Company and the Customer. While the energy storage or other clean energy technology option is intended to permit customers to virtually time-align their energy consumption with renewable or clean energy output, the Company will retain physical operational control over the Program’s energy storage or other clean energy technology facilities and will have the exclusive right, subject to the terms of the agreement with the participating customer, to use the facilities to serve system needs.

The cost of the energy storage or other clean energy technology will be shared proportionately between the Company and the Customer, where the Company is responsible for the system value and the Customer is responsible for all other cost.

² A “GSA Choice Facility” includes Available Renewable Energy Resource, GSA Facilities, and RAO Facilities.

³ The 10-year avoided cost bill credit option will be limited to the lower of the 10-year avoided cost calculation or the median market clearing price of the most recent Company renewable resource procurement PPA results for a similar resource technology.

⁴ Other clean energy technology could include any carbon free resource option that becomes available in the future.

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1. The Customer can elect to pay for their portion of the energy storage or other clean energy technology cost as an up-front Contribution in Aid of Construction payment or on their bill over time in a levelized demand charge payment, which will be based on the Customer's specified proportionate share of the costs of the energy storage or other clean energy technology facility.
2. For renewable energy time shifting and price hedging use by the Customer, an Hourly Price plus the per kWh Incentive Margin designated in Schedule HP and system losses will be used to determine the cost of charging the energy storage, and an Hourly Price will be used to determine the benefit of discharging the energy storage. The charging cost will be a charge and the discharging value will be a credit, effectively netting these two amounts on the Customer's monthly bill. If a particular month results in a negative value, it will be tracked and used to offset charges in subsequent months. However, no monthly bill amount will be less than zero.
3. Hourly Price will be determined consistent with the Hourly Rate noted above, or any successor hourly pricing rate schedule.
4. Other clean energy technology that directly produces clean energy will include a charge for carbon free energy attributes.

GENERAL PROVISIONS

For the avoidance of doubt, if the GSA Choice Facility fails to produce energy, the Company (1) shall not be liable to the Customer in the event that a Renewable Supplier GSA Choice Facility fails to produce energy as required under a GSA Choice PPA or as otherwise consistent with the Customer's expectations and (2) shall have no obligation to supply CEEAs, or any other environmental or renewable attribute, to the Customer.

All GSA Choice Facilities shall be system resources and energy produced and delivered by the resources, whether owned by the Company or through a GSA Facility PPA, shall not be directly delivered to the GSA Choice Customer.

The Company retains the right, in its sole discretion, to curtail or limit participation in this Rider, or terminate the Rider in part or in its entirety, in the event of a Change in Law. "Change in Law" means, after the Effective Date of this Program, (i) the enactment, adoption, promulgation, modification, repeal or material change in interpretation by a governmental authority, of any applicable order, law or regulation, (ii) the imposition of any material conditions on the issuance or renewal of any applicable permit (notwithstanding the general requirements contained in any applicable permit at the time of application or issue to comply with future laws, ordinances, codes, rules, regulations or similar legislation), of (iii) a change in any Company rate schedule or tariff approved by any governmental authority which in the case of any of the foregoing, establishes requirements affecting the Company's creation, recognition, transfer, reporting, retirement or any other use of RECs, carbon emission attributes or carbon emission reduction benefits, or other environmental attributes.

RIDER GSAC GREEN SOURCE ADVANTAGE CHOICE

AVAILABILITY

This Green Source Advantage Choice Program (“GSA Choice” or “Program”) is available to Duke Energy Carolinas, LLC (“DEC” or the “Company”) nonresidential customers meeting the eligibility criteria specified herein and receiving concurrent service on another rate schedule, excluding under outdoor lighting schedules, who elect to direct the Company to procure renewable energy on the Customer’s behalf pursuant to the terms of the GSA Choice Program, as approved by the North Carolina Utilities Commission. Eligibility for the Program is limited to nonresidential customers with a minimum Maximum Annual Peak Demand of 1 MW or an aggregated Maximum Annual Peak Demand at multiple service locations in the Company’s service territory of 5 MW (collectively, “Eligible GSA Choice Customer” or “Customer”). The Program is also limited to a combined total of up to 4,000 MW of renewable energy facilities between DEC and Duke Energy Progress, LLC (“DEP”) service territories (“Maximum GSA Choice Program Capacity”). The Maximum GSA Choice Program Capacity may not exceed 2,200 MW of DEC-owned or DEP-owned renewable energy facilities and 1,800 MW of renewable energy facilities developed by third parties that have either entered into a ~~two-party~~ Power Purchase Agreement (“PPA”) with either DEC or DEP, or a three-party [GSA Service Agreement with the project developer, DEC or DEP, and an Eligible GSA Choice Customer for a GSA Facility PPA \(“GSA Facility”\)](#) ~~with the project developer, DEC or DEP and an Eligible GSA Choice Customer~~. The DEC-owned or DEP-owned renewable energy facilities and the two-party PPAs with either DEC or DEP are collectively referred to as “Available Renewable Energy Resources.” On an annual basis, DEC will determine the annual allocation of the Maximum GSA Choice Program Capacity available under this tariff, to be offered to Eligible GSA Choice Customers. GSA Facility PPA capacity will be limited to up to 250 MW total between DEP and DEC service territories, on a first-come, first-served basis; in any given calendar year, and the annual amount available will be determined as part of the annual allocation process. The Company will reserve 10% of the capacity annually for subscription by qualifying economic development Customers. If this 10% is not fully subscribed by qualifying economic development Customers then by the end of the third quarter each year (September 30), the ~~available unsubscribed~~ capacity within this economic development allocation will become [eligible available](#) to other Customers. ~~Capacity not reserved by the third quarter each year (September 30) from other Customers will also become available to qualifying economic development Customers.~~

Eligible GSA Choice Customers with (i) Maximum Annual Peak Demand of 15 MW at a single service location or (ii) an aggregated Maximum Annual Peak Demand at multiple service locations in the DEC service territory of 30 MW, may optionally partner with the Company on all or a portion of a grid-scale energy storage or other clean energy technology facility, owned and operated by the Company located anywhere on the Company’s electric grid.

DIRECTED PROCUREMENT OF AVAILABLE RENEWABLE ENERGY RESOURCES AND GSA CHOICE FACILITIES

The Program allows Eligible GSA Choice Customers to direct the Company to procure renewable energy from generation facilities that will be used to supply all customers and allows the Customer to obtain the “Clean Energy Environmental Attributes” from such facilities. Clean Energy Environmental Attributes (“CEEAs”) are the carbon emission reduction attributes and Renewable Energy Certificates (“RECs”), as defined in N.C. Gen. Stat. § 62-133.8(a)(6), associated with the electric generation from Available Renewable Energy Resources or a GSA Facility. The Available Renewable Energy Resources and GSA Facility must be a renewable energy facility that commences service after approval of this tariff and is located in the Company’s service territory in either North Carolina or South Carolina with supply that will be used to serve all customers. The ~~CEEAs generation~~ from the Available Renewable Energy Resources and GSA Facilities will be applied by the Company towards ~~the Company’s compliance with the Carbon Plan procurement targets~~ and will not constitute procurements over-and-above ~~the Company’s compliance obligations under the Carbon Plan~~.

Customers seeking to participate in the Program shall have the option to either (1) request the Company provide ~~Clean Energy Environmental Attributes~~ [CEEAs](#) through an Available Renewable Energy Resource or (2) identify and propose to the Company a GSA Facility developed by another Renewable Supplier. The Renewable Supplier will enter into a PPA (“GSA Facility PPA”) with the Company. The Customer will negotiate price terms directly with a Renewable Supplier. The GSA Facility must be 80 MW AC or less, including any capacity from storage paired with the generation resource. The GSA Facility must have submitted an Interconnection request into the Definitive Interconnection System Impact Study process, pursuant to the relevant state interconnection procedures. The Customer will negotiate price terms directly with a Renewable Supplier.

APPLICATION PROCESS AND GSA CHOICE SERVICE AGREEMENT

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GREEN SOURCE ADVANTAGE CHOICE

To participate in the GSA Choice Program through directed development or procurement of an Available Renewable Energy Resource, a GSA Facility or a Resource Acceleration Option (“RAO”) Facility, a Customer must submit an application to the Company requesting an annual amount of renewable capacity to be developed or procured on the Customer’s behalf. The Customer may apply for the Company to develop or procure renewable generation capacity that can supply up to 100% of the Customer’s total energy consumption at the eligible Customer service location(s) within DEC North Carolina service territory.

The Customer’s application will designate its selection to participate through the Available Renewable Energy Resources option or through procurement of a GSA Facility or RAO Facility, subject to the availability within the respective Program Capacity MW ~~caps~~ availability. For Available Renewable Energy Resources designations, the application shall identify the contract term (5, 10, 15, 20 or 25 years) for the customer to purchase Clean Energy Environmental Attributes CEEAs associated with Carbon Plan generation. For GSA Facility designations, the application shall also identify the requested Bill Credit option and contract term (2, 5, 10, 15, 20 or 25 years for a Customer electing Administratively Established Avoided Cost Bill Credit or any number of years up to the maximum available 250-year limit term for a Customer electing the Hourly Marginal Avoided Cost Bill Credit). Customers electing to direct procurement from a RAO Facility as well as GSA Facilities PPAs paired with storage may only elect the Hourly Marginal Avoided Cost Bill Credit option and are limited to a ~~fifteen~~ 15-year contract term or consistent with the term of the contract of conforming bids in the corresponding solar request for proposal (“RFP”).

All Customer applications shall be accompanied by the payment of a \$2,000 nonrefundable application fee. The Program reservations for the GSA PPA Facilities will be accepted on a first-come, first-served basis based upon the date and time of receipt of the Customer’s completed application and application fee. Applications for the Available Renewable Energy Resources will be accepted and selected through an annual lottery system open window and allocation process. ~~Under the lottery system, the Company will accept applications for one week, beginning at 9:00 am on the first day of the application period and ending at 9:00 am on the eighth day. During this period the Company will review submissions for eligibility and work with customers to resolve issues with their application. Eligible applications will be entered into the lottery. Under this process, there will be an open window of two weeks each year for potential customers to submit requests for capacity in the Program. Once the window closes, if the capacity is over-subscribed, the Company will allocate the available capacity to participating customers in direct proportion to their application MW request amounts. The remaining requested capacity will be put on a waiting list, and the waiting list will be canceled at the end of the year prior to a new annual window opening for the next year’s allocation.~~ If there is any ~~issue~~ doubt as to an application’s eligibility, the application will be placed in the lottery, but the issue with the application must be resolved before communicating status to the Customer ~~after the lottery~~. ~~Applications will be assigned a place in line at random using analytical software. Applications will then receive an allocation or be placed on a waiting list based on capacity allocation rules of the Program.~~ The Company will send emails to Customers informing them of their placement and post the waitlist to the website no later than ~~three~~ four weeks after the opening date of the application period. If the participation limit for a specific customer class is not reached ~~in the lottery allocation~~, the Company will reopen the application process for any group that has capacity available, and applications will be accepted on a first-come, first-served basis. ~~The Program reservations for GSA Facilities will be accepted on a first-come, first-served basis based upon the date and time of receipt of the Customer’s completed application and application fee. Subsequent applications will be held until earlier applications are resolved and will not be rejected until the Company’s Maximum GSA Choice Program Capacity is satisfied.~~ The \$2,000 application fee will be refunded to the Customer only if that Customer’s application is rejected due to insufficient GSA Choice Program Capacity.

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

The GSA Choice Service Agreement shall include the general terms and conditions applicable under this Rider and shall specify the rates and charges applicable under the GSA Choice Program for the Contract term. The Customer must execute and return the GSA Choice Service Agreement within 90 days of delivery by the Company and, if the Renewable Supplier option is selected, the Renewable Supplier must execute and return the GSA Facility PPA within 90 days of delivery by the Company. Failure to timely execute and return the GSA Choice Service Agreement or GSA Facility PPA will result in termination of the Customer’s application and GSA Choice capacity reservation, which would then require the Customer to start the Program enrollment process anew in order to participate in the Program.

RESOURCE ACCELERATION OPTION (RAO) AVAILABILITY

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In addition to the Maximum GSA Choice Program Capacity described above, an Eligible GSA Choice Customer may elect to participate in the Program through committing to acceleration of an additional renewable energy facility or facilities incremental to the procurement activities proposed in the DEC and DEP current Carbon Plan and Integrated Resource Plan (“CPIRP”) filed pursuant to North Carolina Utilities Commission Rule 8-61A and directed by the Commission’s most recent Carbon Plan order issued pursuant to N.C.G.S. § 62-110.9. The RAO is limited to incremental PPA resources up to an additional combined total of 300 MW on a rolling two-year basis in PPA capacity between the DEP and DEC service territories. An eligible “RAO Facility” is a renewable energy project that must have submitted an eligible, conforming, non-winning bid in the most recent RFP (and participated in Step 2 of the RFP) or as otherwise designated by the Company. Availability for RAO is also limited to accelerate up to an additional 1,000 MW total capacity between DEP and DEC service territories.

The RAO Facility may include co-located battery energy storage, however PPAs with storage are limited to a fifteen-year contract term or consistent with the term of the contract of conforming bids in the corresponding solar RFP, and any grid charging of the battery will be paid at the retail rate and will not be reimbursed for grid charging energy by the Companies as utility-dispatched solar paired with storage facilities are.

RAO APPLICATION PROCESS

The RAO application shall identify the contract term up to 25 years. All Customer applications shall be accompanied by the payment of a \$2,000 nonrefundable application fee. The Program reservations for the RAO Facilities will be accepted on a first-come, first-served basis based upon the date and time of receipt of the Customer’s completed application and application fee. Any remaining requested capacity will be canceled at the end of the two-year period prior to a new two-year window opening for the next 300 MW allocation. If there is any doubt as to an application’s eligibility, the issue with the application must be resolved before communicating status to the Customer. The Company will send emails to Customers informing them of their placement and post no later than four weeks after the opening date of the application period. The \$2,000 application fee will be refunded to the Customer only if that Customer’s application is rejected due to insufficient RAO Capacity.

GSA FACILITY PPA RATES AND TERMS

Under the GSA Facility PPA between the Company and the Renewable Supplier, the Company will purchase all energy, capacity, RECs, and environmental attributes. The GSA Facility PPA contract price shall be equal to the applicable Bill Credit selected by the Customer.

CLEAN ENERGY ENVIRONMENTAL ATTRIBUTES

The Renewable Supplier is required to register the GSA Facility as a renewable energy facility with the North Carolina Utilities Commission under Commission Rule R8-66 and with the North Carolina Renewable Energy Tracking System (“NC-RETS”). The Renewable Supplier shall transfer all ~~Clean Energy Environmental Attributes~~ CEEAs to the Company pursuant to the GSA Choice Service Agreement. ~~The Company shall retire the RECs and the carbon emission reduction attributes on behalf of the Customer.~~

~~Clean Energy Environmental Attributes~~ CEEAs made available in the GSA Choice Program are comprised of carbon emission reduction attributes and defined RECs associated with Available Renewable Energy Resources and GSA Facilities. The REC is the renewable nature of the energy delivered. The ~~Clean Energy Environmental Attributes~~ CEEAs also account for the carbon emission reduction energy delivered. The Company will retire the RECs and document the retirement of the carbon emission reduction attributes on the Customer’s behalf pursuant to the terms of the GSA Choice Program.¹ The ~~CEEAs generation~~ from the Available Renewable Energy Resource and GSA Facilities will be applied by the Company towards ~~the Company’s compliance with~~ the Carbon Plan procurement targets and will not constitute procurements over-and-above ~~the Company’s compliance obligations under~~ the Carbon Plan.

MONTHLY RATE

¹ Subject to considerations for changes in law or other circumstances, if a qualified Customer pays an Administrative Charge and contractually commits to verifiably not further transfer, and to retire, the Clean Energy Environmental Attributes on Company’s generation system, and indemnifies Company for any Customer transfer or non-retirement, Company can transfer Clean Energy Environmental Attributes to the qualified Customer by NC-RETS for the REC and attestation for the carbon emission reduction attribute.

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For the Available Renewable Energy Resources option, the GSA Choice Customer shall pay an amount computed under the GSA Choice Customer's primary rate schedule and any other applicable riders plus the sum of (1) a ~~Clean Energy Environmental Attribute CEEA~~ charge in the range from a minimum of \$0.001 per kWh up to a maximum of \$0.015 per kWh based upon ~~Clean Energy Environmental Attribute CEEA~~ values at the time of the GSA Choice Service Agreement execution factoring in the specified contract term and (2) the GSA Choice administrative fee, which shall not exceed 20% of the cost of the ~~Clean Energy Environmental Attributes CEEAs~~. The administrative fee will be reviewed annually beginning 12 months from Program approval to evaluate if fees collected matched the administrative expenses. If fees do not match, an adjustment to the administrative fee will be implemented the following year.

For the GSA Facility PPA option, a GSA Choice Customer shall pay an amount computed under the GSA Choice Customer's primary rate schedule and any other applicable riders plus the sum of the (1) the GSA Choice Product Charge, (2) the GSA Choice Bill Credit, and (3) the GSA Choice Administrative Charge.

1. GSA Choice Product Charge – The GSA Choice Product Charge shall be equal to the price negotiated between the Customer and the Renewable Supplier ("Negotiated Price"). The monthly GSA Choice Product Charge shall be determined by multiplying the Negotiated Price times the energy produced by the GSA Choice Facility² in the prior billing month.

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

Administratively Established Avoided Cost Bill Credit:

The Administratively Established Avoided Cost Bill Credit shall be equal to the fixed levelized avoided energy and capacity rate calculated using the methodology most recently approved by the Commission calculated over a period of 2 years (for contract terms divisible by 2 years); 5 years (for contract terms divisible by 5 years); or 10 years³ (for contract terms of 10 years or 20 years). In the case of GSA Choice PPA contract terms longer than the Administratively Established Bill Credit terms selected by the GSA Choice Customer, the Avoided Cost Bill Credit will be recalculated at the end of the initial term using the then approved methodology. If the Administratively Established Avoided Cost Bill Credit is designated in the GSA Choice Service Agreement as the applicable bill credit, the Monthly GSA Choice Bill Credit shall be determined by multiplying the applicable Administratively Established Avoided Cost Bill Credit times the energy produced in the applicable hours by the GSA Facility in the prior billing month.

Hourly Marginal Avoided Cost Bill Credit:

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

Hourly Rate = (Hourly Energy Charges + Rationing Charges)

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

If the Hourly Marginal Avoided Cost Bill Credit is designated in the GSA Choice Service Agreement as the applicable bill credit, the Monthly Bill Credit shall be determined by multiplying the applicable Hourly Marginal Avoided Cost Bill Credit times the energy produced by the GSA Facility in the applicable hours in the prior billing month. The Hourly Marginal Avoided Cost Bill Credit is the only option available to a customer electing to participate in the RAO.

² A "GSA Choice Facility" includes Available Renewable Energy Resource, GSA Facilities, and RAO Facilities.

³ The 10-year avoided cost bill credit option will be limited to the lower of the 10-year avoided cost calculation or the median market clearing price of the most recent Company renewable resource procurement PPA results for a similar resource technology.

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GREEN SOURCE ADVANTAGE CHOICE

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

OPTIONAL ENERGY STORAGE OR OTHER CLEAN ENERGY TECHNOLOGY RATES AND TERMS

The GSA Choice Customer may optionally partner with the Company on a grid scale battery facility or other clean energy technology⁴ located anywhere within DEC’s electric grid. The specific operational characteristics will be specified in a separate contractual agreement between the Company and the Customer. While the energy storage or other clean energy technology option is intended to permit customers to virtually time-align their energy consumption with renewable or clean energy output, the Company will retain physical operational control over the Program’s energy storage or other clean energy technology facilities and will have the exclusive right, subject to the terms of the agreement with the participating customer, to use the facilities to serve system needs.

The cost of the energy storage or other clean energy technology will be shared proportionately between the Company and the Customer, where the Company is responsible for the system value and the Customer is responsible for all other cost.

1. The Customer can elect to pay for their portion of the energy storage or other clean energy technology cost as an up-front Contribution in Aid of Construction payment or on their bill over time in a levelized demand charge payment, which will be based on the Customer’s specified proportionate share of the costs of the energy storage or other clean energy technology facility.
2. For renewable energy time shifting and price hedging use by the Customer, an Hourly Price plus the per kWh Incentive Margin designated in Schedule HP and system losses will be used to determine the cost of charging the energy storage, and an Hourly Price will be used to determine the benefit of discharging the energy storage. The charging cost will be a charge and the discharging value will be a credit, effectively netting these two amounts on the Customer’s monthly bill. If a particular month results in a negative value, it will be tracked and used to offset charges in subsequent months. However, no monthly bill amount will be less than zero.
3. Hourly Price will be determined consistent with the Hourly Rate noted above, or any successor hourly pricing rate schedule.
4. Other clean energy technology that directly produces clean energy will include a charge for carbon free energy attributes.

GENERAL PROVISIONS

For the avoidance of doubt, if the GSA Choice Facility fails to produce energy, the Company (1) shall not be liable to the Customer in the event that a Renewable Supplier GSA Choice Facility fails to produce energy as required under a GSA Choice PPA or as otherwise consistent with the Customer’s expectations and (2) shall have no obligation to supply ~~Clean Energy Environmental Attributes~~ CEEs, or any other environmental or renewable attribute, to the Customer.

All GSA Choice Facilities shall be system resources and energy produced and delivered by the resources, whether owned by the Company or through a GSA Facility PPA, shall not be directly delivered to the GSA Choice Customer.

The Company retains the right, in its sole discretion, to curtail or limit participation in this Rider, or terminate the Rider in part or in its entirety, in the event of a Change in Law. “Change in Law” means, after the Effective Date of this Program, (i) the enactment, adoption, promulgation, modification, repeal or material change in interpretation by a governmental authority, of any applicable order, law or regulation, (ii) the imposition of any material conditions on the issuance or renewal of any applicable permit (notwithstanding the general requirements contained in any applicable permit at the time of application or issue to comply with future laws, ordinances, codes, rules, regulations or similar legislation), of (iii) a change in any Company rate schedule or tariff approved by any governmental authority which in the case of any of the foregoing, establishes requirements affecting the Company’s creation, recognition, transfer, reporting, retirement or any other use of RECs, carbon emission attributes or carbon emission reduction benefits, or other environmental attributes.

⁴ Other clean energy technology could include any carbon free resource option that becomes available in the future.

Exhibit B

Resource Acceleration Option Framework

Docket No. E-2, Sub 1314

Docket No. E-7, Sub 1289

Bill Credit & Program Framework **HB 951 Customer Program with Resource Acceleration**

In response to the Public Staff, CIGFUR, and other parties' interest in further investigating a potential customer program option under Section 5 of Session Law 2021-165 ("HB 951") that creates opportunities for customers to direct accelerated development/procurement surplus to Carbon Plan-directed renewable energy, the Companies and Stipulating Parties have agreed to the following proposed framework for a bill credit and other requirements for such a program option.

The Companies continue to believe, consistent with its reply comments in the GSA Choice dockets, that a true "regulatory surplus" program as envisioned by some intervenors is not viable under the HB 951 construct nor is a regulatory surplus program legally required by HB 951. In response to the Public Staff and CIGFUR's interest in such a program design, however, the Companies have developed an additional Resource Acceleration Option ("RAO") program framework in coordination with stakeholders. The RAO framework allows for accelerated development of projects incremental to procurement proposed in the Companies' Carbon Plan and Integrated Resource Plan ("CPIRP") and directed by the North Carolina Utilities Commission's most recent Carbon Plan order.

Capacity & Planning

The Resource Acceleration Option would provide interested GSA Choice Program customers up to an additional 300 MW of available Program capacity every two years (in addition to the 250 MW of third-party, independently negotiated PPAs).¹ The RAO would be available to accelerate up to an additional 1,000 MW of new solar capacity. RAO capacity contracted would be incremental to the "reasonable steps" approved by the Commission to execute the CPIRP and would not be deducted from ongoing procurements approved under a near-term action plan/execution plan in a given CPIRP. However, RAO capacity will be modeled and accounted for in the next CPIRP. This approach is necessary because integrated resource planning cannot ignore existing and contracted capacity; therefore, RAO facilities must be modeled in order to prudently plan for and operate the Companies' system, including to maintain or improve reliability of the grid. While the "accelerated" resources will be accounted for in the CPIRP going forward, this additional option under the GSA Choice program will result in GSA Choice

¹ From the GSA Choice Program application, p. 6:

The Companies propose that the GSA Facility PPA capacity will be limited to no more than 250 megawatts ("MW") in any given calendar year, which will be available on a first come, first served basis for projects with an executed contract. Any GSA Facility PPAs will reduce the size of future procurements to ensure ultimate alignment with resources selected in the most recent Carbon Plan Order and subsequent biennial combined Carbon Plan and Integrated Resource Plans ("CPIRP") approved by the Commission. The Company may reduce GSA Facility PPA annual allocations of solar or solar plus storage if the most recent CPIRP does not call for uncontrolled resources of that technology.

For the Resource Acceleration Option, the Companies would not reduce the size of future procurements or reduce the program capacity "if the most recent CPIRP does not call for uncontrolled resources of that technology" in the same manner as the Companies would for the proposed GSAC Facility PPA Track.

customers electing to participate in the RAO PPA option bringing online facilities potentially years in advance of when they would have been brought online otherwise.

Bill Credit

The RAO bill credit would be based upon the hourly marginal bill credit in the currently proposed GSA Choice tariff only (Rider GSAC, page 3). There would not be a fixed bill credit option as a fixed cost bill credit relies upon modeled assumptions of planned system resources and operations, which introduces greater risk in terms of meeting HB 951's mandate that non-participating customers are held harmless if the fixed bill credit is higher than the actual avoided cost rates. An hourly marginal bill credit is more representative of the actual avoided cost at the time power is delivered and conforms with HB 951's requirement to hold non-participating customers harmless.

Curtailement

RAO resources will be subject to operational and reliability curtailment provisions consistent with other Green Source Advantage Choice resources, which allow DEC or DEP to dispatch, operate and control such resources in the same manner as the utility's own generating resources.

Procedural Requirements

In order to constitute regulatory acceleration and hold non-participating customers harmless, all GSA RAO projects must have submitted a non-winning bid in the most recent request for proposals ("RFP") or as otherwise designated by the Company. This ensures that (1) the least cost projects are being used for CIPRP compliance if they are eligible for the Companies' solar procurement and (2) that the RAO projects are likely projects that would not have been contracted in the same timeframe absent the customer directing the additional resource addition through participation in the RAO program.

CERTIFICATE OF SERVICE

I certify that a copy of *Agreement and Stipulation of Settlement Resolving Contested Issues and Recommending Approval of Modified Programs*, in Docket Nos. E-2, Sub 1314 & E-7, Sub 1289, has been served electronically to all parties of record.

This the 12th day of April, 2024.

/s/ Nick A. Dantonio

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