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BEFORE: Commissioner Daniel G. Clodfelter, Presiding

Chair Charlotte A. Mitchell

Commissioner ToNola D. Brown-Bland

Commissioner Lyons Gray

Commissioner Kimberly W. Duffley

Commissioner Jeffrey A. Hughes

Commissioner Floyd B. McKissick, Jr.

IN THE MATTER OF:

Technical Conference

2020 Biennial Integrated Resource Plan Reports and Related 2020 REPS Compliance Plans by Duke Energy Carolinas and Duke Energy Progress

VOLUME: 3

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P R O C E E D I N G S

COMMISSIONER CLODFELTER: Good morning, everyone. And welcome back to day two. If I recall correctly, Mr. Jimenez, you have a presenter who will be next. And if I'm correct about that -- someone can correct me if I'm wrong, but if I'm correct about that, Mr. Jimenez, I'm gonna turn it over to you for continuation of intervenors' presentations on topic number two.

MR. JIMENEZ: I think that is right, Commissioner Clodfelter, and members of the Commission. My name is Nick Jimenez, and I'm a lawyer with the Southern Environmental Law Center representing the state's parties in this proceeding. I'm here to present our expert, John Wilson, research director at Resource Insight, Inc., to discuss the second issue in the Commission's order as scheduling this technical conference, all-source procurement.

MR. WILSON: Good morning. May I share my screen, please? Thank you. Good morning, Commissioner Clodfelter, Chair Mitchell, and members of the Commission. I appreciate the opportunity to participate in this technical

conference, and thank you for including our proposal for North Carolina to adopt all-source procurement on behalf of SACE, Sierra Club, and NRDC.

So why should North Carolina adopt all-source procurement? That's because all-source procurement is more likely to result in the least-cost mix of demand and supply-side resources than traditional single-source procurements, because it harnesses market dynamics more effectively.

There is two ways that all-source procurement helps achieve this least-cost mix. One is by obtaining price and performance information about generation alternatives directly from the marketplace. Second, by identifying unanticipated opportunities to meet electricity supply challenges more efficiently with that blend of technologies that is supplied by the marketplace and evaluated by the utility after receiving that information.

Let's step back and have a quick definition for all-source procurement. We view all-source procurement as occurring whenever a utility and its regulators believe that it is time

to procure new resources. The utility uses a unified resource acquisition process and sets requirements for resources that are technology-neutral.

Very briefly, I wanted to just mention the source of material for my presentation. So the -- there has been four recent reports on this topic, at least, and one is -- I was a coauthor of -- for SACE and Energy Innovation back in April of 2020, and that was the basis for the report filed in this proceeding that focused on the Carolinas in February 2021. RMI and RAP put out a report as well, and then LBNL's grid program also have published a report.

And where you see these icons at the bottom of the screen, I'm referencing material from each of those reports. And I will always give a quick nod to the North Carolina energy regulatory process work on this topic that Mr. Levitas discussed yesterday.

So, again, coming back to the theme of the least-cost mix. When a Colorado utility calls their low and wind -- their lows recent -- excuse me. When a Colorado utility calls their solar and

wind prices shocking, and when an Indiana utility executive is surprised that wind and solar prices are significantly less expensive than new gas-fired generation, you know you're on to something. And this is the results from the Colorado solicitation. And Mr. Levitas, I believe, made some references to this yesterday.

As you can see here, the median price bid for wind projects was $18 four years ago. Solar prices was $29 a megawatt hour, again, four years ago. Look at the variety of generation technologies that were submitted by bidders. Lots of different combinations of technology. And within each of those categories there were different technologies as well. So the utility had a really rich variety of resource options to consider when it was evaluating its bids.

More generally, you can see that there is a lot of market interest in participating in all-source procurements. Compared to some other procurements that get just a handful of bidders, there is a lot of bidders that show up when a well-run and perceived as very fair all-source procurement is made available to the public. And

that's the kind of participation that I think North Carolina would want to encourage in its procurement proceeding.

So let's step back a little bit further and make sure that we understand the difference between all-source procurement and other procurement methods. First of all, there is the sort of historic noncompetitive solicitation where the utility makes the decision to select, design, and build a generation. In those self-build approaches, the utility might conduct an RFP, or might at least offer an RFP, but there would be minimal market participation in those cases because there is -- the market participants sort of look at those RFPs and expect bias and know not to really put a lot of effort into participating in those, and I have seen a few of those around in the Southeast.

I don't want to say, though, that those noncompetitive solicitations are not without efforts at cost control, because when the utility makes those decisions, it may conduct competitive solicitations for services or equipment in an effort to try to help keep the cost of its

preferred design and location of the generation. So that's the -- kind of the noncompetitive procurement approach.

In a single-source procurement, there is an RFP issued, but with separate procurements for each technology, and those technology targets were selected in the planning process. So the amount of each resource to be procured is selected up front. Now, sometimes you'll see these -- a bundle of solicitations, maybe for wind and solar and gas, all released at one time, and you may call that a comprehensive solicitation, but it's still single-source, because the results from each of those separate solicitations are not competitively evaluated against each other. These single-source RFPs typically across the country will use an independent evaluator.

Now, turning to the all-source procurement, in this case the requirements for the capacity or generation resources are technology-neutral. There is a lot more responsibility for the independent evaluator because of the complexity of the evaluation process. Again, I will emphasize, in the

all-source procurement, as with the others, it's up to the regulator, but there is the opportunity for the utility to participate through self-build, and that's especially important when there is unique resources or challenges that are part of the procurement process. The utility's option can still be evaluated against market participants, but there may be things that the utility brings to the market that no one else can.

The steps in an all-source procurement. I'm gonna break those down into three general steps. Defining the need, then setting the eligibility assumptions and bid evaluation method, and then finally revealing the prices and performance from the marketplace through the RPF.

Defining the need, this is a really key difference between a single-source procurement and an all-source procurement. Instead of defining a specific energy or capacity target, like 800 megawatts of whatever resource -- instead, the Commission approves the load forecast that needs to be met, determines which existing plant retirements might occur, and makes decisions about how public policy is to be considered. So that -- those

decisions are less restrictive than a numeric capacity target for specific technologies. It's a little harder to put a quick name on, so it's real easy to say, you know, we want 800 megawatts. Boom, everyone knows what that means. In this case, it's a more complex need, but it allows the market to come in and supply more capacity or more energy than a specific numeric target might require, but results in a more cost-effective result for the customer.

Now, once the Commission has defined the need, the second step is for the Commission to make decisions about eligibility, key assumptions that are used in running the RFP, and then the overall bid evaluation method.

First, with respect to eligibility, there might be geographic limits or targets to meet specific reliability needs. So those are performance requirements that are applied to the portfolio, but they may have -- they may make it -- they may constrain the kind of bids that come in.

Second, there is gonna be a number of assumptions that are made that -- and there is a wide range of assumptions that still have to be

made, because that information can't come from the marketplace. And it's best for those to be approved up front during the IRP process because that avoids post-RFP litigation where parties, either stakeholders or disgruntled bidders, might say, "We don't think your assumptions were correct. We think our project would have been better than the ones that were selected." So that's -- that assumption process is really important.

And then third, the overall bid evaluation method needs to be verified to make sure it's gonna correctly optimize among all the different technologies that come in, but also optimize across time. There is gonna be projects that are gonna be built in 2026, there's gonna be projects built in 2030. They all need to perform together optimally in 2040. And how you deal with that optimization across time is an issue that is often overlooked in single-year, single-source procurements.

Finally, the bid evaluation method must also address interconnection reliability, and that's something that I'm sure you're very interested in.

Then, once the IRP is complete and we have defined the need and we have made all these important policy and technical decisions, the utility runs the RFP. And that's where, of course, the price of performance comes out based on market pricing and information about the performance of all the different technologies that are there.

And we know how important market pricing is, because even Duke says that comparing market pricing to forecast leaves little value in the planning space. Basically what they're saying is that price forecasts are very different from market pricing. And for that reason, we don't think price forecasts should be used to determine the allocation of resources between solar tracking and fixed solar, for example. You know, you want to see the actual performance and price information, and that's what's so important about the all-source procurement.

You have already heard a little bit about the Colorado model, and we think this is the best example of the all-source procurement process. Every four years Colorado utilities are required to file an electricity resource plan, or ERP, which is

the equivalent to North Carolina's IRP, and that initiates the all-source procurement process. That process includes planning, procurement, and then an abbreviated CPCN proceeding.

So, in the planning process, it's not just one definition of need that's set up. Colorado actually creates several need scenarios. And the final decision on the need scenario occurs after the procurement. So bidders know that there is different combin- -- or different goals that the Commission is interested in meeting, and it wants to see how well the market can respond to each of those different goals, and it's gonna determine, at the end of the process, which scenario is the one that it wants the selection to occur on.

So for example, in Colorado, the clean energy plan scenario included early retirement of two coal plants, and that was the scenario that the Commission used to select a portfolio that it approved.

Now, backing up again to the ERP process, during that ERP, Colorado approves the RFP documents, it approves the model contracts, it approves the modeling assumptions, and a number of

different other similar decisions. After that set of approvals is done, the RPF is issued. And in Colorado, they use different forms for intermittent dispatchable and semi-dispatchable resources because they need different kinds of information to evaluate this in the model. But all of those bids from all three forms are considered together at the same time in the single-utility system planning model. And again, as I mention, utility-owned projects, those are allowed in Colorado, and then also the utility can own projects that result from the RFP, so it can acquire those as well.

Now, the key tradeoff in Colorado is that Colorado's process can be long. It require- -- and it really requires a concentrated long-term effort from involved stakeholders, utility, and Commission staff. So I don't want to underestimate the level of effort that's required from everyone, but it does result in a better outcome.

Duke Energy and their comments on this have raised four criticisms. First, they've called this a one-size-fits-all approach. We think that's just backwards. All-source procurement is actually

more flexible than single-source procurement. Second, they've said this is a solution in search of a problem, and that's just false. The problems are very well described in the reports we filed, and I will summarize those briefly in a future slide. Third, they said that this would reduce the utility management's role in selecting new resources, and that's true. It would provide greater transparency and less potential for utility bias by having a Commission approval of a number of the key decisions made up front. And finally, they said that this is inconsistent with North Carolina regulations and statutes, and counsel is going to address that at the conclusion of my comments.

Now, let's go back to the question of the flexibility. Duke Energy's 2020 IRPs contemplate single-source procurement, and this is based on the IRPs as filed, not, sort of, the update that we've heard a little bit about from South Carolina that advances some retirement dates. And you see here that, although Duke Energy Progress identifies its first year of need as 2024, its forecast resource additions really begin in 2026. Duke Energy Carolinas says its first year of

need is 2026, but its major resource additions don't occur until 2030. But if retirements are advanced into these years, then you are gonna see much more substantial resource acquisitions. And the way that Duke Energy has structured this is that they would be pursuing single-source procurements, as we understand it, across each of these different technologies because they would say that they need -- you know, combined cycle, they need a firm resource that produces a certain amount of energy, combustion turbine, they need a firm resource that, you know, can deliver power over a certain number of hours. And the difference between that and the all-source procurement is that, in the all-source procurement, you say, here is the outcome that is desired. Here is the definition of need that we have, and we want a portfolio that meets that, and any combination of resources that can meet that overall need is deemed acceptable. And that's the key difference there.

Here's a quick summary here of the problems that are solved by all-source procurement. First, waiting until plants are already uneconomic. That's the characteristic of many of the

procurement approaches that Duke Energy and other single-source procurement utilities use. They wait -- they wait until the plant is uneconomic and then they initiate the procurement. Instead, in an all-source procurement, you can provide the economic basis for scheduling those retirements much more effectively.

Another problem is litigation during the regulatory or CPCN approvals. The solution there is to resolve those technical and policy issues in advance. Third, the conventional approach selects the resources based on Duke's own staff research. The solution to that is to obtain price and performance information from the market. Fourth, Duke Energy's approach considers one technology solution at a time. The all-source procurement approach creates opportunities with blends of technologies. Duke's approach would make investment decisions in silos, although that's changing somewhat with their integrated system operation planning. But in the all-source procurement approach that we recommend, there would be updates to the coordination of generation planning with energy efficiency and transmission to

ensure that that is a much more tightly knit approach.

Duke's approach has potential financial and cultural bias. There is a raft of research that demonstrates that vertically integrated utilities have financial and cultural bias towards certain types of procurement, and it's the regulator's role to make sure that the RFPs promote fair and competitive bidding and overcome these biases. And finally, the conventional approach risks delay in heavily contested CPCN proceedings, and the solution is to expedite the certification of winning bids by demonstrating that, during the IRP process, the Commission exercised advanced oversight over the key factors that led to the decisions about which bids should be selected.

Now, a key question among all the different models of all-source procurement is whether the utility should be in the leadership role or whether the regulator should be in the leadership role. We've got a few good examples of each type. So in the case of the utility-led approach, Indiana and New Mexico are two places where you've seen very strong utility-led RFPs.

IRP was used to provide guidance. The regulator -- but the regulator really reviewed the all-source procurement process retrospectively and the RFP resulted in a single winning portfolio. So the Commission just really only had one choice before it during the CPCN process.

Significant risks with this approach are a biased outcome, that the single portfolio might reflect internal utility biases. Also, the risk of a litigated CPCN, and that occurred in both the PNM case in New Mexico as well as Minnesota Power, which was a single-source procurement.

In the PNM case, it was remarkable because intervenors came in and actually used the modeling software that the Company used and demonstrated that another portfolio would meet the Commission's goals more effectively, and that portfolio was selected over the Company's preferred approach. But that was still a lengthy litigation process that occurred after the RFP process was completed.

In the Minnesota Power case, the Commission had expressed a preference for an all-source procurement approach, but the Company

chose to run single-source procurements. And during the proceeding that followed, the Commissioners expressed a lot of dissatisfaction with that result. There was evidence presented that suggested that it wasn't the most cost-effective approach. It was a very contentious and drawn-out proceeding. In the end, the Commission felt its hands were tied, that it needed to approve the Company's proposal because of concerns about reliability that would not allow for the time to go through an entire redo of the RFP. So that's the big risk with the utility-led process.

In contrast, the regulator-led process -- I've already gone through this with Xcel Colorado. It results in the regulatory approval for the need, the eligibility, the assumptions, and the evaluation method up front, and the RPF provides alternative portfolios. But the biggest risks there are that the IRP process can be litigated and that can result in a longer overall timeline. And also that, in the end, you get this tradeoff between cost and certainty. You've got the best combination of resources, might be -- the

cheapest one might be -- might raise some reliability or implementation issues. And so the Commission has to evaluate that, but fortunately, it's being presented with alternative portfolios so it can make that evaluation and come to a decision about what reliability or implementation issues it's willing to defer to the future in the approval process.

Now, let's talk very briefly, wrapping this up, about how we shift from a utility-led to a regulator-led process in North Carolina. Without all-source procurement, the 2026 to 2031 resource mix is going to be determined by Duke Energy's IRP assumptions. Duke Energy is likely to issue an RFP later this year to obtain about 900 megawatts of gas-peaking capacity for delivery in 2026. And if you look at the IRP, there is about 6,000 to 9,300 megawatts for winter-rated capacity for procurement that Duke Energy is going to procure over the 2026 to 2031 time period, likely through all-source procurements or something very -- excuse me, likely through single-source procurements or something very similar to that. And what we're recommending is that Duke -- is that the Commission use Duke

Energy's 2022 IRP to launch a comprehensive procurement process that challenges the market to deliver a cheaper, cleaner mix of resources.

Thank you very much. I look forward to your questions, but I'm gonna turn it back to the counsel to address some further questions.

MR. JIMENEZ: Thank you, Mr. Wilson. So in responding to the Commission's order, I wanted to very briefly address the authority to implement all-source procurement. There are multiple sources, but the most straightforward place to begin is with G.S. 62-2(a)(3a), which establishes the state policy to require least-cost planning. The Commission has broad authority to implement that state policy. So under any -- under G.S. 62-2(b), that says the authority is vested in the Commission precisely to regulate utilities in accordance with the policy set forth in Chapter 62. And G.S. 62-30 gives it general power and authority to supervise utilities as may be necessary to carry out the laws providing for the regulation.

And in addition, the Commission implements state policy through the IRP statute. So G.S. 62-110.1(c) gives the Commission a great

deal of discretion with respect to how it develops its long-range plan, and using its broad rulemaking authority under G.S. 62-31, the Commission may implement all-source procurement to carry out both state policy and its duty to develop that plan. And, indeed, the Commission did something very similar when it established the process for granting or denying certificates of public convenience and necessity.

The CPCN statutes do not give complete instructions for the process, so the Commission relied on its rulemaking authority under G.S. 62-31 and on G.S. 62-60 to establish a process, and that was litigated. And in State ex rel. Utilities Commission v. Empire Power from 1993, the Court of Appeals held that that was exactly right in order to effectuate the purpose of the chapter, which is to promote the policy of the state as set forth in the G.S. 62-2.

So we recognize the Commission would need to modify or adopt new rules to implement an all-source procurement program, but there is broad authority to do that under G.S. 62-31.

That was very quick. Thank you again,

Commissioner Clodfelter, Chair Mitchell, members of the Commission, for the opportunity to present on this issue, and as John -- as Mr. Wilson says, we would be happy to address any questions you might have.

COMMISSIONER BROWN-BLAND: Commissioner Clodfelter, you're on mute, I think.

COMMISSIONER CLODFELTER: My spacebar temporary unmute seems not to be working this morning. So as we did yesterday, we will open the questions by inviting Commission staff to ask any questions they may have. Thank you both for your presentations.

MR. McDOWELL: Commissioner Clodfelter, this is Steve McDowell. I have one question, I think, of Mr. Wilson. And I haven't studied any of these other utilities, Colorado, et cetera, in terms of their all-source procurement opportunities, but when they are evaluating the proposals that came in and combinations of those to provide what the utilities' needs are, is there some formal risk assessment that's provided for in that evaluation? How is that -- how was that conducted?

MR. WILSON: Yeah. That --

MR. McDOWELL: I would assume that it's not just, well, this is the least cost, let's do that. Its risk and attributes of that.

MR. WILSON: Thank you, Mr. McDowell. That's a great question. And that approach varies from state to state. And in some utilities it's more transparent than others, but it's essentially the same modeling process that Duke Energy uses to model generic resources. So there is really no limitation on the ability to evaluate risk. It's up to the Commission and the utility to, sort of, set its preferences on how that risk wants to be done. So that's a part of the IRP process to make that decision.

So in the case of Colorado, I know they evaluated several different scenarios. I don't recall any specific risk metrics that they used in their evaluation, such as a stochastic process, but they easily could have done so, and that wouldn't have fundamentally changed the process at all. But instead, what they did was they wanted some portfolios that emphasized certain kinds of resources or certain kinds of performance. There

was some restrictions on, sort of, scheduling uncertainty, that sort of thing, that were in different portfolios. And so they came up with -- I can't remember exactly the number, but I want to say maybe five or six different portfolios for the Commission to consider, and the Company's recommendation was not its base case but its clean energy plan case, because it felt like that added more value at very little additional cost. So it's -- but the risk tradeoff can be evaluated.

I do know, in the PNM case, I do recall that there was the capability to do stochastic modeling with that software, and I just don't remember if that was used in that case. That would be something I would have to go back and look at.

MR. McDOWELL: Okay. Thank you. I just know how Duke conducts its IRP, and it looks at the various portfolios and how robust each of the portfolios is against different gas prices or carbon or this or that, and I think that's a very effective way to look at risk. So I was curious as to how that parallels.

MR. WILSON: Thank you, Mr. McDowell. Now that you say it that way, I do remember there

definitely were sensitivities conducted in both the Colorado and New Mexico cases, and in most others, I think, that they at least run a few sensitivities. Like I said, some of them are less transparent on their presented results than others, but I believe that's a pretty common practice across the utility industry, to run at least a couple of cost sensitivities on each portfolio.

MR. McDOWELL: Okay. Thank you for that.

MR. WILSON: Sure.

MR. McDOWELL: That's all I have, Commissioner.

MS. JONES: Commissioner Clodfelter, this is Kim Jones. I do have one question for Mr. Wilson.

COMMISSIONER CLODFELTER: Go right ahead.

MS. JONES: Good morning, Mr. Wilson. My following of the situation in Colorado is a little bit dated, but I'm aware that a year or two ago PSCo was trying to get permission from FERC to better align the interconnection policies with the all-source bidding. If I recall right, what they

were facing was that the people who were highest in the interconnection queue were not necessarily the winners of the all-source bidding, and it was sort of setting them up for this tension, in terms of which transmission should get billed or how to prioritize their work.

Can you -- if you're familiar with this issue, can you just kind of update us on how that situation has evolved? Thank you.

MR. WILSON: Thank you, Ms. Jones. I am not deeply familiar with that particular issue. That was not a big focus of our review. I am aware that a couple of the CPCNs were delayed, and I suspect that the issue that you're describing may have been the cause of that. But they were approved, so I assume that that was resolved without a lot of controversy. I did check and make sure. I believe all of the CPCNs that won that process were approved, but I could go back and double-check that, but that would require a little additional research.

MS. JONES: Thank you.

COMMISSIONER CLODFELTER: Anything further from staff?

(No response.)

COMMISSIONER CLODFELTER: If not, we'll open to the Commissioners, beginning with Commissioner Brown-Bland.

COMMISSIONER BROWN-BLAND: No questions for Mr. Wilson.

COMMISSIONER CLODFELTER: All right. Thank you.

Commissioner Gray?

COMMISSIONER GRAY: No questions.

COMMISSIONER CLODFELTER: Chair Mitchell?

CHAIR MITCHELL: Mr. Wilson, thank you for being here with us today and for your comments. Kim Jones asked one of my questions. I'm curious about the situation in Colorado and really curious about how the commission out there has implemented -- has implemented this move to all-source procurement.

Can you talk some about just how -- and you have covered some of this in your remarks already, but talk for a minute about, you know, how the Colorado Public Service Commission implemented sort of this change in the process and how it's --

how -- you know, what the results have been.

MR. WILSON: Yeah. No. There is a lot of parallels between Colorado and North Carolina. For instance, the initial Colorado ERP rules came out of issues relating to PURPA-qualified facilities, and their initial RFPs were basically a solution to that. So you can sort of view that as similar to the North Carolina process that's going on right now, you know, that it's focusing on competitive solicitations for renewable energy only. That's kind of similar to how Colorado's process began back in 1996.

And then by 2004 this, sort of, two-phase approach was put into the rules. So this IRP first and then solicitation phase second. That phase sort of began in 2004. There was a lot of dispute, let's say, between the utility and the stakeholders, some of whom were interested in participating in this process, about the implementation of that. And so it took a number of years for the rules to be kind of revised over and over again until the utility finally embraced it and really has, in the last two solicitations, really gone through a full all-source procurement

process.

The one prior to the one that I referenced in the proceeding, which I believe began in 2012, didn't result in such remarkable outcomes that it caught the media's attention. But it was the 2016 to 2019 process that really brought forward all of the interesting results and caught a lot of people's attention.

So it's been a gradual evolution. Every time the procurement has occurred, the Commission has gone back and sort of revisited its rules and said what worked well, what didn't work well, and kind of improved on that. And I think now, based on the conversations I have had with active commissioners and retired commissioners, one of whom, Brian Layer, was a coauthor of the paper with us, that process is working really really well.

CHAIR MITCHELL: All right. Talk -- thank you for that, Mr. Wilson. Talk a little bit about the 2016, 2019 process. What about it was remarkable or was -- you know, made it the most successful, you know, of the efforts so far?

MR. WILSON: I think the thing that's most remarkable about it when I was reviewing it is

how little contention there was. And the question from Ms. Jones about the FERC transmission queue is probably something I should have looked into more, but, you know, as a general matter, there were not a huge number of legal disputes. In the initial process, the Company said, here's the proposal that we want to make. You know, here's the result of IRP, here's how we want to conduct the RFP. There was some issues, mainly around the retirement dates and a couple of other things that parties brought as contention, but in general, they were supportive of the overall approach. The RFP documents, the model contracts, the bid evaluation process, et cetera. There were some things that people contested, but, you know, it wasn't -- I would say the scope of the issues that were contested in that proceeding, from, in my opinion, having looked at those, many of those pleadings were much narrower than you're seeing, for instance, in this proceeding. There was a lot more consensus at that point.

Once the Commission made its ruling, and it made very affirmative decisions -- this is how you're gonna do this, this is how you're gonna do

that, these are the scenarios we want you to run -- then the Company went out, and there was some delay -- I forgot the exact reason, but there was a period of delay over one issue -- and then the Company issued the RFP. Once the RFP came back with the results that I showed you summarized on that, there was no real conflict. The Commission reviewed the results, it was a paper hearing, there was no testimony, and the Commission approved the clean energy plan, and then most of the CPCNs went through without controversy, except for, I think, I guess the one or two win RFPs -- excuse me, bids that were -- that Ms. Jones referenced being an issue.

But it's remarkably conflict-free compared to, you know, the number of projects that were proposed and the amount of bidder interest. You know, people generally accepted the results, and I think that was what was really compelling about it.

CHAIR MITCHELL: Okay. That's helpful. And just confirm for me, the utility and independent power producers participate in the all-source procurement effort in Colorado?

MR. WILSON: That's correct. There is some carveout language in Colorado legislation that basically says the utility can get a certain amount of the result but not the entire result. So there is some concerns about that issue. You know, those are some of the key assumptions and policy issues that the Commission would have to resolve in setting this.

One of the other issues, for example, is, you know, what if you get a project that is proposing a 10- or 15-year PPA versus a 25- or 30-year PPA; how do you compare those two projects? So the different financing terms -- a utility, often its tax rate is averaged, as I understand it, across its entire mix of resources, whereas each bidder is proposing sort of a standalone project. It has a different tax treatment.

So there is advantages and disadvantages that the utility, kind of, brings to the table, in terms of self-build projects. How that is going to be evaluated in the bid evaluation model needs to be considered by the Commission very carefully. And I don't have specific recommendations on that. But the good news is that, in reviewing this, I see

each Commission that has done an all-source procurement has given a lot of attention to either how that should be done or, in retrospect, evaluated how the Company did it, and there is a lot of material to look at and make informed decisions about those kinds of issues.

CHAIR MITCHELL: Okay. Thank you for that. And then the last question and I will let you go. In Colorado, does the PUC administer the procurement process, or is it independently administered, does the utility administer it?

MR. WILSON: I believe I characterized it as the utility administers it with a very strong role for an independent evaluator. I can't remember if the independent evaluator receives the bids or if the utility receives the bids, but it is a fairly small distinction between the two, because everything is processed in sort of a compartmentalized way.

Another utility that uses that same kind of approach is Georgia Power. Now, theirs are restricted to renewable energy projects, but they have a very tight process for making sure that the evaluations are sort of -- excuse me, the bids are

received by a very small group of people and the evaluation is conducted in a very fair and comprehensive manner within the scope of the RFP.

So these kinds of processes are pretty widely available. The support for these kinds of processes are pretty widely available. And the main advantage to an independent administrator as opposed to evaluator is if you have got concerns about the utility's either capacity or fairness in running the bid evaluation models. I think my personal opinion -- I haven't vetted this with my clients, but my personal opinion is that's more of an issue for smaller utilities that might have some capacity limitations.

CHAIR MITCHELL: All right. Thank you, Mr. Wilson. I have nothing further. Thank you very much for your responses.

COMMISSIONER CLODFELTER: Thank you, Chair Mitchell.

Commissioner Duffley?

COMMISSIONER DUFFLEY: Good morning. Thank you so much for your presentation today. Following up on that last question, so you think, what, larger utilities, your opinion is that an

independent third party may not be necessary?

MR. WILSON: Oh, no, ma'am. An independent evaluator is something that is, I think, a standard practice for utility RFPs and should always be followed. The question is whether -- is the distinction between an independent evaluator and an independent administrator. And that's not something I've looked into deeply, but my impression is that, where that issue has been raised, it's been raised more for smaller utilities that are interested in something as complex as an all-source procurement, and they may be concerned that they don't have the full capacity within the utility to run, you know, a single-procurement process that includes so much.

Duke clearly has the capacity. So it would need the Commission's decision as to whether it is concerned about bias, or any other issues, it might prefer an independent administrator. Or it might be that the Commission feels like an independent-administrator approach is more cost-effective. I mean, these are issues, again, that I haven't really closely looked at, but I have seen an emerging discussion about these tradeoffs

in some articles and publications.

COMMISSIONER DUFFLEY: Okay. Thank you. And would you mind submitting those articles to the Commission?

MR. WILSON: I have got one that I could submit from a vendor that is promoting itself as an independent administrator, and then the rest of it I think has just been in, sort of, commentary and that sort of thing. So yes, I could easily provide that.

COMMISSIONER DUFFLEY: Okay. Thank you. In one of your answers to Chair Mitchell's questions you mentioned -- she was asking about if utility could bid, and you said the Colorado legislation had a carveout for utilities or maybe set a certain amount. So is this all-source procurement process -- it's been created by legislation?

MR. WILSON: It is -- has it been created by legislation? There is legislative endorsement for it, but the original all-source procurement process that Colorado created I think was created through rules under general authority, and I think that, as that process became more and

more important, the legislature addressed certain policy issues that it was concerned about and that impacted aspects of that process. But I don't think the legislature drove the design of the overall process, no.

COMMISSIONER DUFFLEY: So in 2000 -- I think it was 2004 you stated that the Colorado Commission put this type of two-phase approach, and that was all done by rule -- Colorado rule.

MR. WILSON: That's my understanding, yes. Former Chairman Layer would be probably a better authority on exactly how that was done. He was a big part of that process and, you know, certainly could speak to that if you'd be interested in his thoughts on the matter.

But what he communicated to me was that, you know, they were struggling with the way the procurements were being run, and they proposed this new approach, and that was adopted by the Commission to solve problems that they were perceiving. And then each iteration of the ERP, they kind of had to improve it because they would sort of still not quite get the result they were hoping for.

The decision was always -- the outcome that they achieved in the late -- in the 2016/2019 process was the one really, I think, that they had been seeking all along, and it just took a long time to bring the utility to that point. And, of course, as you know, the power market evolved substantially during that time. So they were also dealing with, sort of, how the technology was changing during -- over time, as well as how the utility and its capacity and interest in supporting this process was evolving over time.

And I think that's something that, you know, has to be attended to if the Commission decides that North Carolina wants to adopt this approach, being aware that technology and capacity to evaluate bids in different ways is going to evolve over the next decade in ways that can't be anticipated, and making sure the process, kind of, has that flexibility built in.

COMMISSIONER DUFFLEY: Okay. Thank you for that. And then when -- you were talking about the Colorado clean energy plan was adopted versus the base case. And so could you speak to me a little bit about the clean energy plan and how it

might be similar? Is it similar to North Carolina's, like Governor Cooper's EO -- Executive Order 80, or was -- so was it a public policy by the executive or is the clean energy plan in Colorado by statute?

MR. WILSON: Neither. I think it was a little bit of branding by the utility of the portfolio that had the two retirement -- coal retirements advanced. So I think basically they had -- the base case might not have had either retirement. It might have had them at a little bit later date. Honestly, it's been a little while since I looked at that in detail, but, basically, it was a quicker coal retirement strategy. So it was not a huge difference from the base case, but it was significant enough that it changed the portfolio and what resources were being acquired, and they called that the Colorado clean energy plan.

COMMISSIONER DUFFLEY: Okay. So the clean energy plan was within the IRP process. So it was just one of the scenarios of the IRP process?

MR. WILSON: Yeah. But everyone was

pretty happy with that label, and it was talked about a lot in those terms. So Xcel Colorado got a lot of good publicity, I think, out of, you know, sort of embracing that approach.

COMMISSIONER DUFFLEY: Okay. Thank you for that clarification. And then, just trying to get a handle on the Colorado model. You don't need to turn to this, but on page 7 of your slide you were looking -- you were speaking of need, and you mentioned, as part of that definition of need or consideration of need, consideration of relevant public policy; is that correct?

MR. WILSON: Yes.

COMMISSIONER DUFFLEY: Okay. And so that's -- so that's what you're asking the Commission -- this Commission to do, is to look at that relevant public policy, and would that be nonstatutory public policy?

MR. WILSON: Right. I mean, I think the issue here is that the Commission is saying let's go out and procure a group of resources for the next -- that is gonna be in place for 20, 30, 40 years, and public policy today is what it is, and it's understandable that Duke would be sort

of -- feel like it needs to stay fairly close to today's public policy when evaluating resources. The Commission can say to Duke, "We think you ought to look at it in this way or that way." And I certainly see that in other Commissions, where they go beyond, sort of, the letter of the law when they are saying how they want resources evaluated, because, you know, as the question was brought up earlier about risk, you know, if policy changes and you've bought the wrong resources, then you take -- you come out on the wrong side of the risk, and you took a risk that you were sticking with the portfolio that would work today, but it really won't work tomorrow.

So the Commission has to make those judgments, and those are tough calls, I think. You know, it's always a little difficult, I think, as a regulator, to step out and say this is where we think public policy is going and this is what we want you to optimize the portfolio for. But that's what we mean by relevant public policy considerations.

COMMISSIONER DUFFLEY: Okay. Thank you, Mr. Wilson.

COMMISSIONER CLODFELTER: We will move to Commissioner Hughes.

COMMISSIONER HUGHES: No questions today. Thanks.

COMMISSIONER CLODFELTER: Commissioner McKissick?

COMMISSIONER McKISSICK: Just a couple of questions, Commissioner Clodfelter. And you filled in a lot of the gaps that I had some concerns about, the time frame, how this legislation -- well, it wasn't legislation in Colorado, but how the policies were implemented. And it sounds as if what occurred, there were rules adopted by the Public Utilities Commission that allowed for this type of all-source procurement policy to be implemented.

Now, you mentioned it wasn't all that successful until 2016 or '19. What changed in 2016 or '19 to help them obtain the outcomes that they were seeking back when it was created in its inception in '04? I mean, what was the milestone? What was the turning event that helped them get to where they sought from the outset?

MR. WILSON: Well, thank you,

Commissioner McKissick. I think that -- first of all, I think the process was viewed as successful in previous iterations. It was increasingly successful. It wasn't very successful back in 2004, but I think each time it became more successful.

And the real thing that made it -- sort of brought it to national attention, I think, was the technology change. As all of these technologies became available, and as the Commission was really looking to drive retirements and a big procurement -- you know, this was a very large procurement -- you know, the initial modeling by the Company, while it's not perfectly comparable to the final result, because a lot of -- in the intervening time, a lot of the basic assumptions, like fuel prices and so forth, were updated, you know, had a different result. And so the Company was expecting, sort of, one outcome with maybe a little bit more gas heavy and less reliant on some of the new technologies. And then, you know, when they came in with a result that was cheaper than they expected and cleaner than they expected, I think that caught their attention and a lot of

people's attention and said, boy, this process really works at finding things that the utility really didn't anticipate being there.

So I think that was what caught everybody's attention, but it's not that the process wasn't working in any prior solicitation. It was just that that opportunity for that dramatic result was maybe not as present. The procurements were not as large and the available technologies were not as diverse.

COMMISSIONER McKISSICK: And at this present time, how broad and expansive has the adoption of this type of all-source procurement type of plan or policy been if you look at all 50 states? I mean, where are we now, in terms of that -- of some level of adoption of this type of approach?

MR. WILSON: It varies a lot. I would say that it -- you know, the examples that I showed on that one slide are the main examples to date. There may have been a couple of others that I'm not aware of. I'm aware from conversations with regulators and other parties that there are a number of all-source procurements that are

underway, primarily utility-led rather than regulator-led, and so the parties that have talked to me have not been at liberty to say who their clients were. But they have called me up to ask for, you know, sort of, tips or just had a question about the report or something like that. So I am aware that there is a good bit more interest in this, kind of, under the surface than that is immediately visible.

But I think the PNM procurement, which was a utility-led example, also caught a lot of people's attention, because it was -- you know, as a utility-led approach, it was very well run. The utility had some different policy preferences than the Commission, and so the resulting portfolio that was selected was not their recommended portfolio, but the basis for that was all there. The modeling was available to the parties that were involved. And so even though it was a somewhat drawn-out litigated proceeding, it was still relatively efficiently run, in the sense that people were able to get the information they wanted, and the Commission was able to make the decision it wanted with the information that was available. So there

is this range of options between the utility-led and the regulator-led approach that can work, but both require a degree of oversight from the regulator to make sure that that is occurring.

COMMISSIONER McKISSICK: And in those states which -- where it was regulator-led, have they established some type of study process, evaluation process, with key stakeholders having a chance to come together to collaborate to come up with recommendations, or how has it been done?

MR. WILSON: So Colorado is the main regulator-led model out there right now, and the rulemaking process does include engagement from the stakeholders. And in talking with some of those stakeholders, they are very pleased with the way that that works. The regulators and the staff that are involved run a very thoughtful and, you know, deliberative process. You know, consider a lot of different ideas and evidence. So I really have not heard any complaints from anyone I spoke to in the process of writing that report that, you know, the process was, you know, biased in some way or not inclusive in some way. But they felt like it got the job done, moved along expeditiously, that sort

of thing.

COMMISSIONER McKISSICK: Right. And I believe in the concluding comments that were made during the presentation, there was a question about whether there was appropriate statutory authority in North Carolina or not.

Has anybody drilled down into that issue to see whether it would be statutory or whether the existing statutes would allow, through rulemaking, to move in this direction if the Commission saw fit to do so?

MR. WILSON: I will defer to Mr. Jimenez on that.

MR. JIMENEZ: Yes, Commissioner, we think there is statutory authority. The, sort of, one-sentence version in the outline I gave is that all-source procurement is most likely a lead to the least-cost procurement that's in state policy, and the Commission has all sorts of authority to implement a process to achieve that end.

COMMISSIONER McKISSICK: Very good. I don't have any further questions. Thank you.

COMMISSIONER CLODFELTER: Thank you, Commissioner McKissick.

Mr. Wilson, in the 2016 round in Colorado procurement, just curious, what ended up being the most contentious issues in setting the assumptions for the procurement process? What were the issues that ended up being the most contentiously contested ones?

MR. WILSON: It's my recollection that it was really around the retirement of the coal plants. I think the rest of it was just technical issues, maybe disputes about the load forecast, et cetera. Not much else stands out in my mind. It has been, you know, over a year since I wrote the report and reviewed those documents, and I really -- my general impression was, compared to some of the proceedings that I'm involved in professionally, there was not a lot that stood out to me as, like, wow, they really slugged it out over this or that. You know, it was -- I think there was just a lot of, sort of, concern about whether the timing for retiring the coal plants was right, and in particular, whether there were available resources that could truly meet the need.

You know, some of the concern that was discussed yesterday about whether a retirement

could really be effectuated on a certain schedule, I think that was a big part of that Colorado discussion. And I think one of the solutions to that was to have multiple portfolios -- or multiple need definitions leading to multiple portfolios. And then the Commission looking at the results of that, including not only, sort of, the cost-effectiveness evaluations, but the reliability studies along with that, and they gained confidence through those results that they had a great solution. So sort of the, quote, contentious issues from the ERP initial phase, you know, just wasn't contentious when it came to the final decision.

COMMISSIONER CLODFELTER: Help me understand the mechanics. Were the portfolios established as, sort of, indicative portfolios before bids were solicited, or were they compiled -- and were bidders asked to bid into a particular portfolio's solution, or were they just asked to bid the resource, and then the portfolios were assembled from the aggregate of the bids?

MR. WILSON: It's the latter process. And the portfolio assembly process, you know, would

be something that I'd think Duke's staff would want to really look at and look at the different utilities' approaches to understand how that's done. You know, there is a number of steps in that process, and that's something that the Commission did generally approve in advance. So there is sort of a winnowing process where they look at, within each technology -- maybe they got 40 bids for wind projects -- they might go ahead and cull out the most expensive 20, because they know that, you know, sort of, head-to-head there is no way they are going to take all of those wind projects, and some of the less competitive ones are just not worth modeling.

So they narrowed down a fraction -- a small fraction, far less than half, of the projects were excluded in sort of an initial winnowing stage. And then the rest of them were run through the model, kind of, first generically, and then as they began to see, sort of, groups of units that kind of rose to the top, they would begin to narrow it down and try different combinations of units, and that's how they, sort of, assembled the different portfolios. So some of them might cost a

little bit more but have certain advantages from a technical point of view or -- you know, and then they would submit each of those portfolios for reliability testing to look at the transmission upgrade requirements and, you know, any reliability risks that might be related to those projects.

So it's a multistep process. As you heard Duke talk about yesterday, there is not, sort of, a single model where you kind of throw everything in it, and it spits out the answer, you go build it. You know, there is a lot of different types of evaluation that occur sequentially. So I don't want to underestimate the level of effort that's required there, but it's not -- none of the steps in this process are, sort of, technologically groundbreaking. They are all things that, you know, highly proficient utilities know how to do.

COMMISSIONER CLODFELTER: Thank you. I think you covered in your dialogue with Chair Mitchell and Commissioner Duffley the only other question I had, so that's all I have for you. Thank you.

MR. WILSON: Thank you very much, Commissioner Clodfelter. I appreciate it.

COMMISSIONER CLODFELTER: Mr. Jimenez, I'm not sure what's next, or whether this completes the intervenors' presentations on this topic.

MR. JIMENEZ: This completes our presentation, Commissioner. Thank you.

COMMISSIONER CLODFELTER: Very good. Thank you all. That then moves us, if I remember my sequence right that I announced yesterday, to the Attorney General. And, Ms. Force, I'm not sure I recall whether you have a presenter on this topic or not.

MS. FORCE: We do not. Thank you for asking. We're listening.

COMMISSIONER CLODFELTER: I needed to test to be sure my recollection was correct overnight. So that then moves us to Public Staff.

Ms. Edmondson?

MS. EDMONDSON: Good morning, Commissioner Clodfelter. We have Bob Hinton to present on this issue, and he will turn on his video.

COMMISSIONER CLODFELTER: Very good. Good morning, Mr. Hinton.

MR. HINTON: Good morning,

Commissioners. I would like to go ahead and flip through the first slide, which lists the questions -- concerns of the Commission. They have been pretty much vetted as the issues addressed, and go ahead and move to my slide 3, if you don't mind.

Okay. You've heard this about limited-source versus all-source bidding several times. There is a bullet there, I go on to independent evaluators versus independent administrators, and you could go further and you can say, in the history of this, we could go back to the independent facilitators. The one thing I can add to this conversation this morning is I do have a little bit of experience here with the Public Staff in reviewing these type of RFP processes as they have been filed and addressed in various CPCNs over the last 20 years or so. I also want to go for technology-neutral, and that may pick up distributed energy resources as a goal.

Getting back to the definition of independent evaluator versus independent administrator, I -- Mr. Wilson spoke on that. The Public Staff doesn't get hung up, necessarily, on that definition. We do believe that we -- I mean,

excuse me, the Accion Group is an independent administrator for CPRE. The important thing that Mr. Judd and the Accion Group brings is a very detailed and thorough review of the market. They facilitate the process more so than we see in the past RFP processes by Duke Energy, in the sense that they very vividly convey to, I think, market participants that their bid will be objectively and fairly evaluated. Duke has done some good jobs that were reasonable in the past.

Their slide they have in their presentation, slide 6 in particular, starts -- the first RFP they have identified was in May 2007. That was actually what led to the Buck and Dan River units. There were two 620-megawatt CCs in Docket E-2, Sub 791 and 832. In that proceeding, they hired a company referred to as Burns & McDonnell, and they basically was what we will refer to as a facilitator. They collected the bids and provided basic -- provided that data back to Duke. The fact that they were independent of Duke did provide some -- an additional level of integrity to the process, we'll say. It was a successful bid. We -- the Public Staff and Duke

evaluated the bid, we went through their evaluation. We thought their process was reasonable, and they proceeded to do a self-build unit, as you know.

But a question that exists, even with that bid versus -- also, you could look at the October 2012 bid that ultimately resulted in a 750-megawatt CC built in South Carolina, this little ECC unit. I, along with Mike Nance, reviewed those RFP processes and we were satisfied. It was reasonable. And I want to go back to a comment Jeff Thomas made yesterday when they looked at the sequential peaker method versus a more model-based evaluation process. He characterized Duke's process as reasonable, and it was. And within the reasonableness standard, you would accept that as appropriate for ratemaking and appropriate for a CPCN facility. The Public Staff is very pleased with that and finds that to be appropriate decisions looking back, as well as looking forward.

The advantage that an independent administrator provides, I believe personally, it provides an additional level of confidence that the

market was fully evaluated. In the older IRPs, the rules required that the utilities investigate the wholesale market. And when an independent evaluator does its evaluations, and as they compare a self-build, which may have a 35-year book life versus a peak year, then they have a 20-year contract term, there takes a fair amount of evaluation skills to come up with a reasonable decision and recommendation. The Public Staff has done those in the past. But, in truth, I feel that an independent administrator has got a level of independence that is beyond the Public Staff's grasp or ability to provide. We -- rather, we look at what the Company has already filed and proposed as their plan going forward for a CPCN. So we support an independent administrator and an independent evaluator that gets the best market response.

Naturally, with this all-source bidding, we are very focused on technology-neutral that could be very beneficial in North Carolina. Next slide.

What are the lessons learned? Just the obvious that's been said before. The market will

and can provide resources that allow -- that will compete with the generation -- the self-build generation or the host utility's commitment to build.

We need to establish parameters. We saw, in the Buck and Dan River RFP that was sent out by Duke years ago, if I recall, they had a geographic area that had limited -- they preferred the bidders be able to provide power to. I think that was an enhancement over the prior RFPs that Duke had provided and submitted years prior. There has been an evolution with Duke Energy. I could go back to one of their earlier RFPs with Progress Energy and through Duke Energy, and they have evolved and gotten more advanced to get a better market response.

There is issues that the IE and Duke has tried to pass to avoid post-processing claims by RFP bidders who aren't pleased with how their bid was evaluated. That -- the Docket E-100, Sub 122, we -- the Public Staff and the companies and the Commission investigated the wholesale market evaluations at the time. That was brought about by a complaint by LS Power back in the 2007 Buck and

Dan River RFP. More recently, I understand that the Orion Renewables Group has had a complaint about not being fully evaluated or fairly evaluated.

So I guess my message there is that these problems can and will occur in the future probably. But I do believe that the -- one of the benefits of an independent evaluator or administrator is to minimize those post-process claims that can take up time and hope and put a bad mark on the process, because, again, we're working with markets and individual players, and what they perceive, as far as how their bid will be processed and evaluated, is key. The integrity of the independent evaluator has to be a high level or high standard so that the market participants will put forth a bid. I mean, it costs them money to go through that process and time and effort. So they're not gonna do it unless they feel their evaluation would be properly considered -- I mean, their bid would be properly considered and evaluated. Okay. Go to the next one.

Pros and cons. Again, one of the pros that we are interested in and we're biased towards

is savings to consumers. So as compared to the avoided cost rates, you know, ratepayers through the CPRE process saved $352 million, and that's a strong positive to this process. We also see that Duke no longer has -- is forced to deal with these PURPA puts or to be the receiver of these bids without much say-so in the process.

The last bullet I would like to address basically stems from a conversation I had with Glenn Kelly with Dominion Resources. You know, we were looking at -- the Public Staff was concerned about the coastal wind unit, CVOW unit, the cost of that. The cost per kW was pretty expensive relative to the other generation resources. We did some data requests. We had some conversation with Glenn Kelly and the Dominion team, and the one thing they stressed was the syntergetic [sic] value of wind and solar together with that unit in their service territory. That's obviously a value that can come about through all-source bidding. So we see that as a very serious pro.

The cons. And the cons are obvious too. I mean, I go back to the old 122 docket, and one of the complaints that were voiced by one of our

utilities was that our process is fine, and if you add a more formalized approach to RFPs, it will cause us added time, and, certainly, it's gonna be added complexity. So that's a con that I think Mr. Wilson touched on before, and that's not -- I don't think that can be avoided. And certainly, the complexity issue now is an issue, but that's gonna be an issue. The complexity issue is gonna exist whether we go through a limited-source procurement or all-source. It's going to be complex, because, like, in Georgia, they don't have a quote -- I don't think that would be called an all-source bidding program. They have silos, or they go through different -- they have a capacity RFP and they have a renewable-based RFP. But they go through a rigid process of looking at that, the benefits of each one, and the capacity benefits on the solar and battery can commit, assuming they can provide the capacity value that Georgia Power thinks is appropriate in the IRP.

As you know, Georgia Power -- Georgia Commission has a three-year window with the IRPs, so the Georgia process started with a 2019 IRP that kind of set the standard going forward. The

closing of coal plants was a consideration and an issue. And the RFP that came out of that IRP -- again, the RFP that came out of that was -- is now linked to a next IRP that will be filed I believe in January of this year -- next year, excuse me. And that IRP will go to, kind of, like, put cement on the decision-making process, which started with consideration of closing some coal plants and looking at other opportunities to fill that resource need. So I believe the next IRP that Georgia Power will submit will address those questions, along with possibly a request to close certain plants in a certain reasonable timetable, and have these resources to fill the needs.

And that goes to a discussion I believe Commissioner Mitchell had with Steve Levitas yesterday about planning and procurement, how they can work together.

Again, we -- the IRP needs the -- more defined as to what its resource requirements are, and I believe that's certainly something that came out of Colorado, and I believe that also was an aspect of what the more recent Georgia IRPs did.

This is a quick slide. You have seen

this enough, but it just goes through some high-level process of what would be involved. Okay.

Who should be involved? At a high level, everyone gets involved. And you heard this again, that not only is the Commission -- as with CPRE, the Commission is highly involved, the Staff is involved, the Company is involved, the Accion Group has to work with the companies and has to review the models and they have to work with the T&D team. They have to, of course, keep communications separate, and -- so that no one has an unfair advantage. So all parties are treated transparently and fairly.

And again, the evaluator results will be, I believe, not done by the Public Staff or the companies together, but we need the use of an independent evaluator and independent administrator to completely go through these complex questions. In fact, I think the Georgia Commission has -- as you know, has hired the Accion Group to do the RFP process and the evaluation process. And then I believe the Staff has hired a third -- another party to actually look at the results.

So there is gonna be a lot of wrinkles that we haven't seen in the past, but I think they can be overcome through the rule process we have for the CPRE. That may need to be enhanced to address all-source requirements, but I think we can do this in a fair and administrative way that creates an environment that seeks the lowest cost of new resources. So that ends up leading to the lowest cost placed on ratepayers.

This is again -- I will go through this real quick. We have a process regarding -- we've already ironed out with CPRE that has worked, in my opinion, very successfully. And there are key steps that are done by the Commission, the Public Staff, intervenors, stakeholders, and the independent evaluator, along with the Company, to come to a good resolution that's saved ratepayers money as I mentioned before, and it's done in a fair and transparent way, largely with very few complaints. Okay.

Timetables. I think we all know it's gonna take more time. Mr. Wilson spoke to that in Colorado. This is a little timetable that was set out with the PSCo Company, and you see the

Commission decision may take almost a year to make. I believe that's, again, part of the process. We will just have to go through that step by step, but I believe at the end of the day, the ratepayer will be served by this process. Okay.

Additional actions. The current R8-71 rules will need to be modified. The role of the IE and IA I think are pretty robust and will apply to both areas without any problems necessarily. So, much of the process will stay intact, I believe, but there will have to be some changes made. There may be some issues with these cluster solicitations and issues with interconnections that may cause an issue.

So that's the end of my presentation. The legal division of Public Staff may want to address the last outstanding questions.

MS. EDMONDSON: Good morning. Lucy Edmondson with the Public Staff. I would endorse the comments of Mr. Jimenez, as far as the legal authority. We agree with what -- the statutes he cited and the case law. I will also add as authority to the number of statutes he cited 62-23(a) and 62-26. I think that's all I have to

say there, and that should be the end of our presentation. We're available for questions.

COMMISSIONER CLODFELTER: Thank you. Thank you, all. It was good to see that Mr. Metz and Mr. Hinton also were presenting today. They didn't have Mr. Thomas with them from yesterday. It's a good all-around effort, so we thank you for that.

Let's see. Commission staff, any questions?

MR. McDOWELL: No questions from me, Commissioner. This is Steve.

COMMISSIONER CLODFELTER: All right. Ms. Jones?

MS. JONES: I have one, Commissioner Clodfelter.

COMMISSIONER CLODFELTER: Sure.

MS. JONES. If I could ask you to, kind of, put on your financial thinking hat, which I know is a little different from your presentation, Bob, but back when I worked for Xcel, I have a vague recollection that one of the concerns with all-source bidding was that the financial community looked at the resulting PPAs as being debt on the

Company's balance sheet, and as time went on, they started to be -- and I believe this is true -- being downgraded due to the mass of that, there was just so much of it. And then in more recent years -- I think I read in the Industry Press that the Colorado Commission had approved for PSCo to actually buy back some of these power plants so they would no longer be on the books as PPAs but instead they would be assets owned by the utility.

Do you have any comments about that concern?

MR. HINTON: Yes. Years ago -- and I cannot remember how far back it was, I think it was mid- -- early '90s -- S&P published a report, and they took note of it, as you were saying. It could have been the late '90s -- yeah, late '90s, maybe early 2000s. And I provided testimony on that issue there, because it was an issue that I believe Progress Energy Carolina had raised as a concern for when they did their own evaluation.

At that time, S&P would look at the debt, look at the PPA, and assign a weight to it, like 10 percent or 20 percent, depending on how the contract was structured, and they would impute that

PPA debt on the books of the utility. So your company was being correct, in that credit rate agencies were looking at those PPAs as pseudo debt, and it did cause concern. Because, remember, credit rating agencies are typically very conservative, and they will look at all those the cash flows, and if they see cash flows going out for the PPA with a firm contract, they are obligated to supply those payments, then that's basically a piece of debt. So yes, that is a concern.

Another -- if you don't mind me going a little further on just -- this really isn't to your question, but one thing that could offset that a little bit, and not from a credit-rating perspective, but it could in some sense of the word. In Georgia, as I understand, the process allows for something referred to as additional sum, which again, these sound like strange names for it, but as I understand it, it's like an incentive sharing. As you know, in North Carolina, wholesale trades within the gas industry, I think there is 75 percent of the savings go to the customer and 25 go to the Company, and that kind of sharing has been

going on for years in these type of market actions.

I believe, in Georgia, there is, like, 20 percent of the savings that are believed to be saved onto competitive bidding. That 80 percent of the savings actually goes to the customers or goes into the ratemaking process, but the Company gets 20 percent of the savings themselves. So I think Georgia Power -- and think of it as an incentive. And, I mean, I could go back some more, how Duke was concerned about how DSM would erode their earnings profile, and they were concerned about that. So that was part of the reason -- part of the subjective issues that go into the performance sharing mechanism that we have today, is the law of sales is how that really comes about. We provide law of sales for DSM&E as a way to kind of offset the risk. So the risks you speak of are true, that your company did see with the debt issue, but often there are ratemaking solutions to that.

MS. JONES: Thank you, Bob. That's all I have.

COMMISSIONER CLODFELTER: Thank you. We will move to Commissioners, starting with Commissioner Brown-Bland.

COMMISSIONER BROWN-BLAND: No questions.

COMMISSIONER CLODFELTER: Commissioner Gray?

COMMISSIONER GRAY: No questions.

COMMISSIONER CLODFELTER: Chair Mitchell?

CHAIR MITCHELL: Just a few questions, and thank you, Mr. Hinton, for your presentation today. I benefitted from it and it was helpful, so thank you. Actually, two things, and one of the -- my first question goes to Ms. Edmondson.

I understood you to say that Public Staff agrees with the legal analysis that was performed by Mr. Jimenez. Do we have that anywhere in the record of materials before us, his analysis?

MS. EDMONDSON: I did not see it, but I heard it, so it will be in the transcript.

CHAIR MITCHELL: Okay. All right.

Mr. Jimenez, to the extent that you can hear me, I do think it would be helpful. I mean, if it's somewhere in the record before us, let me know so that we don't just have to rely on the transcript, but if we have to rely on the transcript, we do.

All right. Back to Mr. Hinton. So I understood your remarks to be that the Public Staff supports this concept of the all-source procurement and thinks that, ultimately, ratepayers would benefit from it. Help me understand the mechanics a little bit more. I think y'all's presentation did a nice job of outlining how the procurement coordinates with the planning, but -- so if we go through the procurement process -- so after -- when does the CPRE pro- -- I mean, I'm sorry, CPCN process begin?

MR. HINTON: Let me just think of how that would work as we have done in the past. You know, there is -- in the past it was just, when Duke filed for the Buck and Dan River CCs, they had pinned their IRP to that. So the IRP starts the process. And let me go to now, to think about how Georgia is working it, and this is how I would possibly envision it.

The IRP, of course, as they do now, they say, we have a need in '26 to '30 for a new generation, megawatt capacity needs. Cost of the IRP would now be a little more granular and say, it's particularly done in the winter morning hours

of 6 to 9 a.m. is when we need this capacity resource. So those would identify the needs.

Then, you know -- then, you start -- issue, you have, the Accion Group or some other independent evaluator to issue the RFP to fill that need. And then, by now, a year has transpired. So the Commission -- you know, I believe that how the Accion Group did the bids, RFP process, they did up to 3,000 megawatts are zero. In other words, there was very little guarantee that the need would actually -- would actually occur, because they were looking forward, and they put -- but apparently that caveat didn't cause any problems, because I understand the RFP was successful.

So then as a following IRP, say two years from now, that says -- that has an appendix that says that Duke Energy would like to retire coal units X, Y, Z, procure additional power Z, 1, 2, 3, 4, as recommended by an independent evaluator -- administrator. So, you know, you have bookends of two IRPs that identify a need, and then the last IRP says, yes, this need is needed to minimize the present value of revenue requirements for customers. And that, to me, has always been

the goal of IRPs. Obviously, the resource should be neutral, and that's our concern. We want to give solar and batteries and possibly wind a chance, again, to get the lowest cost to future ratepayers and present ratepayers.

CHAIR MITCHELL: Okay. All right. Just a few more, kind of, general questions for you, Mr. Hinton. The -- where do transmission costs, or do they, get factored in here? Transmission costs associated with a bid.

MR. HINTON: Again, I would look to the current CPRE process that has to work with Duke Energy on their transmission team, and, you know, they don't see the bid prices. Every -- our information, of course, is kept from T&D versus the evaluation teams within Duke and within the IE. But the IE looks at that and looks at their transmission studies to get that cost element.

CHAIR MITCHELL: Okay. So let me just stop you there. So this process would entail an evaluation of both the transmission costs as well as the generation costs associated with the particular proposal.

MR. HINTON: That's how I would see it,

because that's the only way you would be able to ensure that the ratepayer has the lowest costs that we could then pass on to the ratemaking process.

CHAIR MITCHELL: All right. The next question for you. How confident is the Public Staff that this won't result in just 24/7, 365-days-a-year litigation for the Commission over disputes arising out of this process?

MR. HINTON: Mr. Metz may want to speak to Orion's issues, which are more reasonable. I could go back to the old LS Power issues. I think that now the new CPRE process removes the concern about -- that LS power had. And again, when I say the -- Duke power has -- the RFP process has evolved from the early days of Duke Carolina and CP&L to now the process we have today. It's far better, and I believe their short-term RFP that Duke did a couple years ago was -- did not have an independent evaluator, but they did it successfully themselves. So I have to give them recognition for that. But I don't think it will happen to the level -- but I can only say that there may be complaints. And if Dustin would like to -- Mr. Metz would like to speak to the Orion issue,

I'd appreciate it if you have something to say.

MR. METZ. So maybe not specifically to the Orion issue, but this would be -- not the first of its kind, but it is an evolution of the process. There will be wrinkles, there will be trip-ups as we go through this process, as any new process, and we just have to invest rigor in the front end to mitigate potential complaints that may arise.

MR. HINTON: I just don't think --

CHAIR MITCHELL: Let me just -- Mr. Hinton, let me respond to y'all. You know, that -- I -- your point is well made, Mr. Metz and Mr. Hinton. You know, we have been doing this now for a while, and I'm glad, Mr. Hinton, you brought up the example of the Duke -- the short-term RFP that was conducted not too long ago. And yes, we have been going through CPRE, much of the Commission -- as y'all know, y'all have been right there with us -- has invested much time and effort and resources in the CPRE process with the hope of, sort of, working on the front end to mitigate problems on the back end, and we haven't got there. So it just -- I just -- you know, one of my concerns is just the -- you know, the complexity

associated with this process and the potential for disputes that have to be resolved, and we've got to figure out a way to -- you know, ultimately, if this process is gonna benefit ratepayers, then we have to make sure the process is administered efficiently, and -- the program is set up and administered efficiently. And with that in mind, I just -- just for what it's worth.

I think that's all I had for you-all, but thank you very much to the Public Staff for your remarks on this topic.

All right. That's all for me, Commissioner Clodfelter.

COMMISSIONER CLODFELTER: My spacebar is not working very well this morning.

Commissioner Duffley?

COMMISSIONER DUFFLEY: Thank you both for your presentation. I don't have any questions.

COMMISSIONER CLODFELTER: All right. Commissioner Hughes?

COMMISSIONER HUGHES: Yes. Mr. Hinton, could you put on your, kind of, rate-setting regulatory framework hat and just comment a little bit on -- especially if we move forward, kind of,

indefinitely with this approach. What does that do to the regulatory model that we have? I think you mentioned earlier, kind of, a risk to utility earnings. Just this whole concept of getting a return on rate base on capital, which for a vertical-integrated utility is significantly generation of assets. I think you mentioned, kind of, the Georgia approach, but if we didn't do something like the Georgia approach, is this gonna have ripple effects? What does this do to the model that we have in North Carolina?

MR. HINTON: It has the potential of impacting expectations of rate-base growth that equity analysts as well as credit rating agency analysts look at. They see the construction expenditure expectation of these utilities going forward. They are briefed on that, you know, through public discourse, of course, but still, they have a view of the future growth expectations of Duke to add to its rate base.

Okay. So now generation is -- may have less of a growth expectation, may be dampened a little bit. That possibly would lower expectations for future growth and priced out prices. Again,

that -- to get that narrow though, it's hard to actually come up and try to quantify that. It would have, I think, a dampening effect on their future earnings possibly. But at the same time, you have to look at the industry and how Duke competes with other utilities, because it's not just Duke alone. It's Duke relative to Southern, Duke relative to the companies in the Midwest and Northeast. So this process is not unique. And, obviously, it's going on in Colorado and other places. Also, the restructuring that's happened in other states where utilities don't have the generation market to count on like vertically regulated companies do. So this is nothing new.

I would say to that, Commissioner Hughes, that the future is gonna have less utility rate base in their earnings future, possibly, as companies move -- as industry moves this way. It's been moving this way for years. But I -- but, in general, I would say -- to answer your question, it would have a dampening effect, but it may not be significant. And it's definitely not something that I think a reasonable person could qualify, because this is gonna take time.

It's gonna be years as we go through these evolution processes.

MR. METZ: And maybe if I could add one thing on that. There could be, as we work through this process, we implement mitigation methods to maybe combat that. To say -- okay, I think one of the slides we looked at earlier today projected somewhere between 6,000 to 9,500 megawatts over the planning horizon. Well, no one has said all-source procurement has to go procure all 6,000 and 9,500. There could be mitigation strategies that were -- the incumbent utilities are still able to build out their rate base with new generation while leveraging also the market.

MR. HINTON: I think Mr. Metz made an excellent point there. That they'll still -- you know, in our view, that they should be able to bid in as fair, objective process. And there are techniques to do that. You heard Mr. Levitas talk about the in-fill process. George -- Colorado does that, Georgia does that. So we think Duke should have an opportunity to bid, but also, you know, when you look at -- going back to your original question on rate base growth and how that could

impact the Company's stock prices and creditworthiness, I mean, years ago I remember hearing the CEO of PJM say that the future in the PJM companies is with T&D investment. You know, more and more capital is going that way, and I think you're seeing that with Duke Energy, itself.

So I believe those expectations are pretty much in the market, and I don't expect a serious immediate response, because all this is gonna take many years to transform, and we don't know what's gonna happen, how it will actually end up. I expect Duke will be a big player in generation market to come, as in the past.

COMMISSIONER HUGHES: Okay. I thank you for that. No further questions.

COMMISSIONER CLODFELTER: Commissioner McKissick, you're up.

COMMISSIONER McKISSICK: Just one or two questions. Bob, in other jurisdictions going down this path, have they run into issues or problems with determination of who is the lowest responsible bidder? And when I say that, not just the low bidder, but the one most capable or dependable of providing whatever that energy type might be. Have

you -- are you aware of that being an issue or aware of that being a problem? Or, likewise, problems occurring where there's been an award of, you know, a contract, and then there is an inability to perform in some respect? I mean, I'm trying to think through the other potential implications that are involved when you go down this type of path.

MR. HINTON: I'm sure, in the last 30 years, there has been. Of course, these contracts have had penalties, some for noncompliance, but that's going back to the IRP days that came about with the old Virginia Power Company back in the '90s when they started RFP processes.

I think the Accion Group has some creditworthiness requirements that are pretty stringent and that are designed to combat that issue there. They are not gonna have anybody -- no one's gonna put up this much capital and go through the bidding process unless they are well financed and they have full intentions of complying with the contract. So I don't think that's an issue. But I'm sure problems have occurred in the past.

COMMISSIONER McKISSICK: Okay. I was just curious. I mean, it's an intriguing concept which I'm sure we, as a Commission, will more thoroughly evaluate as things move forward. Thank you.

COMMISSIONER CLODFELTER: Thank you, Mr. Hinton and Mr. Metz, both. I don't have any questions. I will offer one comment that's pertinent to, I think, the Chair's question.

I have -- and I'm saying this more for the benefit of the general world out there than any particular person, but I have a strong suspicion that, if the Commission should decide that it wants to explore this issue further or take some steps on this issue, that we likely would ask the parties to do more formal briefing on the legal issues. So I think our intent today was probably not to get a definitive answer, but really just to get a feel for the legal authority issues and to do some issue-spotting. So this probably won't be your last chance to comment on that issue if the Commission -- and I say if -- the Commission should decide it wants to take further steps along this road. So this doesn't have to be your last crack

at it, necessarily, on that question.

I don't have any further for you gentlemen, and I thank you for presenting today.

Ms. Edmondson, is there anything more on the Public Staff's side on this topic?

MS. EDMONDSON: That completes our presentation on this topic.

COMMISSIONER CLODFELTER: Okay. As I recall, Mr. Jirak, you are going to be managing Duke's response on this issue, but let me tell you where we are, and let's talk about where we go from here. I'm not gonna make you start your presentation before our morning break, so we're gonna take our morning break here and come back in 10 or 15 minutes. And then as I'm looking at this, you're going to have a good hour to present, and that will take us to the lunch hour, and I very much doubt we will get to questions before our lunch break. So we'll come back to -- after our lunch break with questions from the Commission. And I know the Commission's gonna want to hear and have a chance for dialogue with you.

It had been my hope that we would have some time to allow Duke, perhaps 15 minutes or so,

for any responsive comments they wanted to make on yesterday's issue, the retirement -- coal retirements issue, and I saw Mr. Breitschwerdt pop up on my screen very eagerly in hopes perhaps that he would get that opportunity. After some consultations, I would -- I would like to be able to give Duke say 15 or 20 minutes for response on that issue. And that creates the following conundrum, is it puts us in a position where I don't think we could get through the third topic today and complete our work today.

We have had some discussion on that subject internally, and we could, it appears, make a session available next Wednesday morning from 9 a.m. to noon and do the third topic then. I know I've got a couple of Commissioners also who have some time pressure this afternoon, who have some pressing items on them on the Friday afternoon.

So, Mr. Breitscherdt, Mr. Jirak, and all of the counsel, what I would like you to think about as we take the morning break is whether you would be in a position to have your presenters available on the transmission topic if we were to take that topic and carry it over to Wednesday

morning next week and beginning at 9 a.m. And that would then allow us to reserve the remaining time we have today to get through Duke's response on this issue, to get questions on this issue, and to give Duke a short amount of time -- again, I'm not going to completely reopen the matter, but some time for responsive comments.

So I'm gonna put that proposal out there. If that just doesn't work because you don't have your presenters available on Wednesday, if any party doesn't have their presenters available, we will see what we can think about over the lunch break, but that's the proposal I would like you to think about, and we'll hear your views on that when we come back from break. Let's come back at 11:30 and we'll pick up with Duke's response on topic number two. Is that okay? Please turn off your video and mute your mics.

(At this time, a recess was taken from 11:15 a.m. to 11:31 a.m.)

COMMISSIONER CLODFELTER: Before we start, Mr. Jirak, let me sort of test the waters with the schedule proposal I had made before the break. And I know -- I know Duke has presenters on

the transmission topic, I know the Attorney General has presenters on the transmission topic, I know intervenors do. Ms. Edmondson, I don't recall, frankly, just sitting here without looking at my cheat sheet, whether the Public Staff does. But let me check with all of you and see if the proposal I made before the break is gonna work. That would involve finishing out the day on this topic, having a short rebuttal from Duke on coal retirements, and then had carrying the transmission topic to next Wednesday morning from 9:00 until noon. Does that work?

MR. SMITH: Commissioner Clodfelter?

COMMISSIONER CLODFELTER: Yes.

MR. SMITH: NCSEA and CCEBA's witness, Jay Caspary, is available from 9:00 to 11:00 that morning and then has a conflict. So we just request that he be slotted into that time.

COMMISSIONER CLODFELTER: We will accommodate the sequencing if we need to as we did yesterday with Mr. Levitas. We'll adjust the sequencing if we need to. Anybody got any unstoppable problems with that proposal?

MR. JIRAK: Commission Clodfelter, this

is Jack Jirak.

COMMISSIONER CLODFELTER: Yes, Jack.

MR. JIRAK: We can accommodate that schedule and appreciate the creative thinking to make sure that we can get all this in. We will have to sub in one presenter, but we can make that work. So we could definitely move our transmission grid reliability panel to Wednesday. If I could, I'd like to make one sort of minor tweak to, maybe, your proposal.

COMMISSIONER CLODFELTER: Certainly.

MR. JIRAK: We would propose, kind of in the interest of efficiency, that perhaps -- and we very much appreciate the opportunity to give a quick, high-level response on coal retirement issues. A few of our folks that would potentially be involved in that are potentially not available this afternoon, but in the interest of efficiency we thought perhaps we could just slap that response in and kind of consolidate it with any necessary response on the grid reliability issues. We think we could cover that in the quick 10 to 15 minutes at the very tail end of Wednesday. We'll knock out kind of an overall response on both topics at that

time, and perhaps that would just make things a little more efficient, if that would work for the Commission.

COMMISSIONER CLODFELTER: I think that works. The only thing the Commission is showing on its calendar is a bond advisory team meeting at 1:00 on Wednesday. Commissioner McKissick and I are the only ones involved in that. We could -- one of us could cover it or both of us could rely on our fully competent staff to cover it without us. So if we need to slide past noon and go a little toward 1:00, I think we could still make that work.

MR. JIRAK: And we'll be very sensitive to timing. And again, we think, together, a consolidated response will be very brief and high-level and be more efficient.

COMMISSIONER CLODFELTER: All right. If that works -- Ms. Bunze, I did not have a chance to check over the break with Kim Mitchell. I was otherwise occupied, so I'm going to also say, during the lunch break -- and I will check with you and Kim Mitchell to make sure you've got coverage on next Wednesday morning. But we will proceed

along that path for now. And that means I'm gonna turn it over to Mr. Jirak for Duke's response on topic number 2.

MR. JIRAK: Great. Thank you very much, Commissioner Clodfelter. At this time, we will have the panel of George Brown, Jim Northrup, and Glen Snider, who will separately introduce themselves, and they will be presenting slides on the topic of all-source procurement. At the conclusion of those slides, I will share a few brief thoughts on the legal issues that have been touched on today around all-source procurement.

So thank you for this opportunity, Commissioner Clodfelter and Commissioners. I'm gonna turn it over to George Brown at this time.

MR. BROWN: Thank you, Jack. Good morning, everyone. Good morning, Commissioners and staff. My name is George Brown. I'm the general manager of distributed energy technology strategy and policy at Duke Energy, which means I get involved in many different renewable energy policy issues across all of our jurisdictions. I have been with the Company since 1998 and had a variety of different positions at the Company, and have

been in this role since February of 2014. The other two panelists, you all know Mr. Snider, but I'm gonna ask Mr. Northrup to also introduce himself briefly. Jim, could you do that?

MR. NORTHRUP: Sure. I'd be glad to. Good afternoon. My name is Jim Northrup. I have been with the Company for many, many years in various roles of integrative resource planning, and most recently I have been responsible for executing and initiating all of the RFPs for the Company over the past decade. I'm also responsible for structuring all of the wholesale purchases and sales for the Company as well. Thank you.

MR. BROWN: Thank you. Before I get started, I just want to make a couple of introductory comments. I want to say that we appreciate the opportunity to be here today and present our views on this topic of all-source procurement.

The other thing I would like to say is, it's good to go last, because we got to hear what the other parties had to say. And based on what I'm hearing, it feels to me like there is a lot more alignment than disagreement when it comes to

competitive procurement practices for Duke Energy. I think we are mostly aligned with the Public Staff. There may be some differences of opinion or it may be just misunderstandings, and I also think we're mostly aligned with the intervenors on this topic. And I will note, for example, that there are three areas that we agree with Mr. Levitas on.

Number one, we do believe that generation should be competitively sourced, and we have done that consistently over the last 15 years.

Number two, procurements should be driven by the IRP and the needs identified in the IRP.

And number three, we also believe that the RFP should be open to all sources that can meet the identified need. There has been assertions that we only do single-source RFPs. Sometimes we have done single-source RFPs, but if we're talking about an IRP-driven need, we are looking for the broadest possible resource solutions for that need.

The one issue that I will save for a little bit later that we perhaps have a little bit of a disagreement on is immediate renewable procurement that he was proposing, I believe, in

his comments yesterday. We think that's separate from the discussion today on the all-source procurement. I will address that a little bit later. Next slide, Brent.

Duke has a long track record of utilizing competitive procurement processes in its resource selection. We have always been looking for the best resources for customers, and I think our selections have been repeatedly affirmed by the Commission through the CPCN process. So in this presentation, in addition to talking about Duke's practices, we are gonna talk a little bit about what an all-source RFP is. And it's a term that is used to cover a variety of different actual types of RFPs, but I think the important point that we would emphasize is that we are looking for the broadest potential number of resources that can possibly meet the need. So from that standpoint, we support the concept of an all-source RFP, although we may differ a little bit on exactly how you get to that type of procurement.

The other important consideration is that successful RFPs are driven by the need to meet the need identified in the IRP. So you have to

create an RFP that solicits proposals from the market and can objectively evaluate those proposals against each other, because there are going to be different technologies and different technology types, and you have to then compare those proposals to the need and determine the resource selection from there.

The final point I'd make is that we are going to continue to use competitive solicitations, and we will allow all resources to compete that meet the needs identified in the IRP. Next slide, please.

Duke Energy is very focused on procuring the least cost and most reliable resources necessary to meet our power system's need. I think this is contrary to what you hear sometimes from intervenors, and I think it's foundational to our entire resource selection process. I also think that we have been prudent in our process, and I believe that the North Carolina Utilities Commission has agreed with that, as affirmed by the CPCN process in North Carolina.

The utility has delivered diverse and reliable generation through existing procurement

practices, and most of those practices align with what are already proposed by the intervening parties and by Public Staff.

Turning for a moment to the IRP, there was a lot of discussion about the IRP. And I think our IRP approach uses the best available market third-party expert data as inputs to run the analysis. We don't rely, you know, on internally developed data points. We oftentimes are looking at external experts to arrive at our data points. So there are -- I think the idea that we somehow skew the IRP to select a certain type of resource, I don't believe that is accurate. I don't think that is what we do.

The other thing, a lot of what we have done and what we will continue to do is in accordance with the recommendations of the Executive Order 80 group that I believe Mr. Levitas talked about yesterday, that basically says the IRP -- the inputs and assumptions for any RFP should be generally consistent with the most recent IRP, but with updates as appropriate to reflect changing conditions. And that is consistently how we've approached our sources.

When appropriate, we have used RFPs to select the most desired resource, whether it's a dispatchable or renewable resource. There are some circumstances -- and I will touch on it later -- where we have not gone through a formal RFP process, but those are, I would call, exceptions to the process. And I think, as I explain them, you will see why forcing that type of sourcing into a structured RFP process is not necessarily the right answer for customers. Next slide.

So what are the drivers of our resource solicitation? The first type of driver is the IRP planning process. And I want to sort of -- I'm gonna summarize these each individually, but I want to also say that there are three big drivers. And you're gonna see this in the chart that has our history of our RFPs. One is of IRP planning process, second is legislative mandates, and third is customer programs. And foundational to all of them is that the RFP needs to meet the goal of the driver.

So if you are looking for a customer program on Green Source Rider, the resource and the RFP need to be structured for that goal, and it

isn't appropriate, necessarily, to do an all-source RFP for that type of goal.

So what are the drivers in IRP? The first one is the temporal need. When do we need the resource that we are looking at? The second one is, what is the energy need we are looking for? Energy, I think of as sort of the kilowatt hours that the customers use 24/7 over the course of the year as part of their daily life. Third type of need is capacity, and capacity is generally defined as the ability to meet the system peak energy for demand -- demand for energy, which occurs in the Carolinas in the winter mornings. And that's our planning assumption going forward in our IRPs.

The other important thing about capacity is you want the capacity that you're sourcing -- if that's what you're looking for, you want it to be dispatchable quickly in the event of another unit's unforced outage. So -- because that would be able to provide backup in the event you do have an unforced outage and need to bring another resource on to meet the load.

The fourth type of need is renewable or carbon-free energy need. I think that's an

increasingly important focus of the companies'. And I think -- although policy is not completely clear, I think we can all agree that the direction is going to be for more, over time, of renewable or carbon-free energy.

You do have to prioritize the needs. In other words -- and the example I have here is capacity versus energy. Because we have a diverse generation fleet and portfolio of PPAs, we have a lot of ability to generate energy. You know, we can select different resources to generate energy from any given hour. But when we are looking at a growth in the peak or a shortage of capacity that is being created by a retirement, that is paramount to the energy value, potentially, of that resource, because the critical need to be able to create energy at that moment is a very high value. And that value is something that's very important when we actually evaluate the bids from the all-source RFPs that we will get back in.

And then, finally, tradeoffs. You know, gas generation versus wind. Gas has certain characteristics. It's not carbon-free. Wind has certain characteristics, which means it's not as

easily controlled, it may not provide as much capacity, but it is all carbon-free. So we have to balance those things between the sources.

Turning to legislative mandates. I think we talked earlier -- the Public Staff talked earlier about CPRE, and I think most of you are familiar with that. We also have done RFPs for the renewable energy portfolio standard. Customer programs, we've done shared solar RFPs both in North Carolina and South Carolina. And the Green Source Rider program, that is the legacy Duke Energy Carolinas Green Source Rider program that existed before HP-589 created the new Green Source Advantage program. Next slide.

I'm not gonna go through each of these RFPs over the next two pages -- they are really there for reference for the Commission -- but I do want to focus on four key themes that are common across all of these RFPs. I think the first one is Duke Energy has consistently sourced the market through competitive RFPs to provide the best resources at the lowest cost for customers. Sometimes those are new resources, sometimes they are existing resources. It depends on the need and

it depends on the timing. In fact, we've had -- if you total up the total number of megawatts that we've had through these solicitations, it's over 75,000 megawatts that we've had offers in from the market.

The second thing, as I mentioned earlier, the RFPs are issued for a variety of needs, and I will point out a couple of them here. One is the IRP needs that I talked about earlier, and an example of that is the July 2018 RFP and also the July 2007 RFP for dispatchable, peaking, and intermediate resources. One of them resulted in PPAs, the other one resulted in some Duke projects.

Solar mandates. I've got the CPRE RFPs listed there, and there was also an RFP in 2014 for REPS. And then, finally, I have the Green Source Rider RFP listed as well.

Number 3, intervenors complain that we narrowly define the criteria to exclude certain resources. The fact is that we actually are trying to cast as wide a net as possible, given the nature of the need, based upon available technology. I believe Mr. Wilson actually makes this point, in

essence, by saying that what was surprising in Colorado was that they had a very good outcome in their 2016 solicitation, but he also said that's because technology evolved. And so because of the evolution of technology, you were able to extract resources and value that you wouldn't necessarily have been able to extract four or five years earlier. So we are looking for the best-available technology at the lowest cost to meet the need.

And then fourth, we have consistently used independent third-party evaluators to review the process when Duke Energy is participating in the RFP. We have done that every single time, whether it's mandated by legislation as it is in CPRE or whether it was part of the IRP planning process. Next slide.

And we'll skip that slide too. Next slide. Thank you. So I mentioned earlier that the RFP must procure resources that hit the identified need. Couple of things. Not all needs are created equal. I mentioned about capacity versus energy. I think here we have got an example of NC REPS compliance compared to winter super peak capacity. Both of them are important; however, the winter

peak is a different animal, in the sense that it is being done for reliability, whereas NC REPS is being done to satisfy a renewable standard.

The other thing I would say is that resources evolve and mature, and resources that perhaps were not available or mature enough in a prior solicitation may be available and mature enough in future solicitations. So, for example, solar plus storage is a resource that is much more mature now than it was, say, in 2012. I mean, in 2012, I don't think it was really on anybody's radar screen as a possible resource to meet an IRP-driven capacity need. On the other hand, there are other resources, like hydrogen-fueled CTs. You know, while there are CTs that can burn hydrogen today, the fuel source is the difficult part about the hydrogen CT, and there is really nothing out there that we're aware of that would indicate that that type of resource would be available to participate in any sort of near- to medium-term RFP.

So I think bottom line -- and I think this aligns with the Public Staff's comments -- is that our procurement practices have been

scrutinized by the Commission, Public Staff, and all -- plenty of intervenors in every CPCN and cost-recovery proceeding to make sure that Duke Energy is meeting the statutory least-cost requirement.

I'm gonna turn the presentation over now to Mr. Snider, who is going to walk the Commission through the next three slides.

MR. SNIDER: Thank you, Mr. Brown. Commissioners, it's good to be with you again today. Again, just maybe a little building upon some of Mr. Brown's comments and other presenters. Slide 8 here, what we're just trying to highlight, when you think through an IRP -- and a lot of the discussions being had is really building on George's point of all needs are not created equal. So, you know, what we are trying to show here is, in the IRP, you know, we're looking at different resources, and they provide different attributes to the system.

And just -- I'm not gonna walk through each and every one of these. I think a lot of them are, at this point, becoming more obvious to all parties, but standalone solar, for example, we have

a very sophisticated RFP -- single-source RFP in CPRE because it provides carbon-free energy and fulfills the need of that particular niche of need and the statutory requirement for that under House Bill 589. So you're not gonna see a natural gas CT being bid into CPRE.

Conversely, a natural gas simple-cycle turbine is very effective as a dispatchable resource. As Mr. Brown explained, it can be turned on and off quickly during a winter morning need, or if a unit trips offline, whether it's day or night, that resource is available. So its attributes must be taken into consideration dependent upon the type of need.

And so, for example, where we have an IA looking at, you know, our standalone, that's for an energy-only single-source. I think where it really becomes important for the Company to work alongside of an IE is when we have these capacity needs, because it's the Company that's responsible for maintaining that reliability of the system, and it's critically important for the Company to select an array of resources that we believe will maintain the Company's responsibility for that reliable

system and the reliable grid.

And so I think in one case, you know, the use of an IA, for example, when you are doing a single-source energy-only, which is more of an economic consideration, makes a lot more sense than when you're looking at a capacity reliability resource. And in that case, you know, we would see other resources. So, you know, what I do want to make clear is we do not do a -- we do not do or envision a single-source.

So if we have a winter capacity need and the IRP says, hey, there is a CT as the preferred resource, it's simply that is what the IRP identified. When you go to the RFP, any resource that's capable of meeting that need -- that capacity need, would be allowed to bid in that RFP. So maybe the CT gets outbid by a battery, or maybe the combined cycle that bids in very aggressively has benefits that make it better than the CT. So it's -- I think there is a lot of nomenclature that can get mixed up here, and I want to make sure we understand its specific resource versus resource type or characteristics.

So the IRP identifies resource needs, in

terms of the type of need, whether it's an energy need, a capacity need, a carbon-free energy need, and then the RFP allows all resources that can meet that particular need type to bid in to see what's the most economic and reliable alternative for customers.

And so I will just briefly, you know, echo the points of a lot of the comments that have been made by intervenors in this case and the Public Staff we agree with, that this process is maturing. So the suite of resources that were available for us to choose from in 2007 are different than the suite of resources today. So earlier RFPs would have been specific to the resources that were available at that point in time. And then the other one to make that we sometimes lose sight of, it's also got to be specific to this region, right? So, you know, in the future, offshore wind may be a potential bidder into an RFP. In some regions, they have already bid in. In other regions -- I don't think Colorado is gonna be accepting offshore wind bids any time soon.

So, you know, our region -- the RFP

process, the needs are specific to the region, and the resources are specific to the region. So you can't readily compare different prices you see from around the country to just -- and say, oh, that must be the Carolinas. So, you know, the availability of cheap wind in Colorado is very different than the availability of cheap wind here in the Carolinas. So those are the types of considerations that we need to be thinking about. The need type and the resources that are available are the function of the maturity and the region in which the RFP is being conducted. Next slide, please.

And so here, you know -- we touched on this a little bit in the IRP in the coal retirement section about all resources have qualitative considerations that need to also be considered that can't necessarily be put into just a quantitative model. And so, through this process, you have to recognize different operating risks, the length of time in which that particular resource has been available and proven in the marketplace, how certain you are of those costs over the time horizon. And I think the IRP -- and I commented on

this in the first session -- going forward, needs to not only have the quantitative modeling, but also a wholesome sort of fulsome comparison of some of the qualitative factors that will also go into resource need selection, and maybe the amount of any particular resource you want to lean on as you think about the mix and how it's going to evolve over time. Next slide, please.

We've heard a lot on this topic as well, in terms of, you know, the IRP and how it evolves over time, and being a snapshot in time does do a better job, let's say, of projecting the more immediate needs, in terms of, you know, in the next 5 or 6 years, there is obviously less uncertainty than maybe 15 years from now.

So I think I heard Chair Mitchell ask this question about, when we talk about locking in, how far do you think about locking in? Well, we do not think an all-source procurement or any procurement should try to lock in every resource in an IRP over the 15-year horizon, given some of the uncertainty and how the markets will change over time. The procurement -- and I think Mr. Levitas sort of agreed with this -- generally focuses on

those needs that are closer to us, and then as you reevaluate and move through time, the further-out needs will evolve and you'll have future procurements to fill those needs.

One of the interesting challenges we are going to see as we move into the next decade is how to deal with technologies that have long lead times. Nuclear, additional offshore wind coming down into the Southeast, these are not 3- and 4-year lead times. These can be 8-, 9-, and 10-year lead times. So, you know, near-term procurements we are not looking at offshore wind, let's say, to fill '26 or '27 need, nor are we looking at small modulars, but we are going to have to think about how we make room for those as we move through time to allow those technologies to compete when their siting or permitting requires a longer lead time.

Finally, you know, we did hear a little bit from some of the intervenors. I heard Mr. Levitas talk about we agree that having a diversification of owned assets versus contracted assets is best principles. And the point there is you simply cannot fully replicate an asset that's

owned by the utility's customers, regulated by the Commission, with a leased asset. They are similar, but there's risks and benefits to both. Sort of like owning a house and leasing a house. There is some benefits of leasing a house, in terms of not having to worry about, let's say, the maintenance or caring for the roof or air conditioner. But you have limitations on what you are allowed to do to that house, how it's going to get painted or what additional equipment you might want to add to the house. And, certainly, you know, at the end of your lease, you don't own anything. And so if the market is really hot, you might be exposed to really high lease prices at the end, as opposed to having ownership and only having the undepreciated balance of your house left. So, certainly, having some of both, we think, was recognized as an inert process, as a best practices, and we agree with -- we agree with that, that having some of both is really good.

So I would just conclude my brief comments on this portion by saying we do align a lot with what many of the intervenors were saying. Want to make sure we understand, from an IRP

perspective, our needs. We're not defining an asset that would go for an RFP, but a type of need, and then all resources would be allowed that could meet that type of need. Just wanted to be really, really clear on those points. And with that, I'll turn it back over to Mr. Brown to finish off.

MR. BROWN: Thank you, Mr. Snider. This slide is designed -- we actually created this slide back when we thought we were going first, so we may not have to cover a lot of this slide. I will try to reduce it a little bit in the interest of brevity, but we think a lot of times people get caught up in the terminology of all-source RFP. And if you think back to the slide that the Public Staff showed in its presentation, I think it had the two Venn diagrams, or I don't know what you would call them, but it had the all-source and it had what they called targeted.

The all-source on the left included demand-side management resources and distributed resources. And generally speaking, when we're talking about our RFPs, they are more like multisource supply-side RFPs. So we aren't necessary -- we aren't stipulating what the

resource has to be, except we're not generally doing something -- we're not doing a bidding for a demand response, which some other jurisdictions have done that, but that's typically not what we're doing.

I think the other thing I would just emphasize is, it's very important to consider the operational capabilities and not simply look at the financial cost, because if the -- cost is important, but cost in the context of reliability is really what we're trying to achieve. And so I think we take a little bit of exception at the extreme, I would call it, focus on financial analysis that some of the intervenors seem to focus on, in terms of cost of energy and things like that, levelized cost of energy. That's definitely important, but it's not absolute.

And then, finally, there was a lot of discussion about Colorado and Pacific Corp, and we have looked at those. They are -- they were very successful multisource -- we think of them as multisource, they call them all-source. We don't disagree with -- you know, their terminology is just different than what we would use. And I think

they were very pleased with their results, but as Mr. Snider mentioned, a lot of times they got results that they did because of their specific resource capabilities. There is a lot of wind in Colorado, and we really don't have a lot of wind capability here, at least so far, in the Carolinas. Even if we did, it's not necessarily going to have the capacity factor that Colorado wind has. So it's a very different market. Next slide, please.

So I guess to sort of bring it back to what we think is important for the Commission overall, number one, we will continue to use market RFPs to procure resources in the future. There will be a few exceptions. I'll mention them on the next page. Number two, we believe the RFP should specify the requirements of the -- of the -- the IRP should specify the requirements of the RFP. Too many P's. Sorry about that. Number three, we will use a third party to assess the RFP any time utility-owned resources are being considered. We don't think, necessarily, it's necessary in every RFP. I mentioned some targeted RFPs for shared solar, for example, where the utility was not participating. I don't think that's a necessary

step.

We don't believe a fundamental change is necessary in North Carolina, because we believe that what we have done and what we will continue to do and how we will continue to evolve our practices will continue to result in good resource mix, in low cost for customers, and good reliability for customers, and that's our overarching goal from this whole process. Next slide please.

I mentioned a few situations, and I'd like to talk about those. I think some of the intervenors seemed to indicate that we should be doing RFPs all the time, and there are some unique circumstances that sometimes present themselves to us where it would not be appropriate for us to have to slow down the process, or we could even generate an RFP that would make sense.

I think the first example is the new Lincoln combustion turbines that we have, which are the fast-start turbines which we got from a vendor. It was a unique opportunity at very, very low cost to customers that a vendor was willing to supply us those turbines. So it really wouldn't have made sense to go out to the market, because this vendor

was willing, I think, essentially to subsidize this asset for its own needs.

The second one is the Asheville combined cycle. We had the Mountain Energy Act that mandated what we were trying to do or what we needed to do. There was really no other place to source that combined cycle, other than right next to where the coal plant was. And it should be noted, and I think actually the Public Staff did make note of this, that despite that -- so we weren't soliciting the market for an alternative to our combined cycle. We did use competitive sourcing for the EPC contracts, all the major equipment, all the major components to try to drive the cost down as low as we could.

A final thing I will mention is an unexpected emergency. Back in 2007, there was extreme drought, and we were experiencing derates on our system because of low river levels. So we went out and proactively procured quickly in the market without a big formal RFP that could have driven the prices up. We did a very short-term solicitation for capacity for maybe a year or 18 months, I can't remember the exact details, and

that's an example of when you don't necessarily want to have to go through a whole big RFP process. Next slide.

So one final point that I think is very important, and I think may be a little bit confusing, about where the intervenors are, where the Public Staff is, and I just want to be clear on what Duke Energy believes. Duke Energy believes, when we're talking about resource procurement, that is persistent reliability, that a utility should be the one responsible for the selection of the resource. If you look at the NERC documents that Mr. Levitas mentioned, I think they are consistent with that policy framework. The CPRE selection process was a different process, and I will talk a little more just in the next slide about that, but that is not the model that we believe the state should pursue.

The complexity of an all-source procurement and the deep understanding that you need of the system and how those resources -- and even the judgment you need to make on how those resources will perform under field conditions for evolving or emerging resources, has to be made by

the utility, and the utility should be accountable for that because the utility is accountable for service. Now, that does not mean there will not be transparency. There will be transparency. But I think the final selection decision really should be made by the utility, and I believe that the state has been well served by that policy framework. So whether we call it IA, IE -- at Duke we think of an IE as an independent party that is watching, participating maybe, in the utility process, but the utility has to make the final selection process.

The other thing I want to address here is the discussion -- or the point that was brought up about future CPRE -- additional CPRE beyond the mandated volumes by Mr. Levitas. I think the first thing I would like to say is we believe that it is a little disingenuous to say on the one hand you want all-source RFPs for IRP, but then you want to go ahead and have an additional resource RFP which is only gonna work for solar, beyond what is contemplated in the statute, which already gives an opportunity for the Commission to extend the program through the IRP process. So we would not

support that. We think we should finish up the current CPRE volumes, and we are actively in the process of doing that, and then wait further development through the 2022 IRP to determine future competitive procurement of renewable energy. Next slide.

To summarize -- I think the first bullet is a good summary. We believe that the existing processes have worked well. We are committed to utilizing multisource, open-source, all-source, whatever term you want to use, RFP driven by the IRP analysis and any other legislative directives. So if there is a policy driver that moves us in a particular direction, obviously, our RFPs will have to be responsive to that.

We're also committed to the use of third-party oversight. We have done it in the past. As I mentioned, every single time there was a utility self-build solution, we had an independent evaluator or an independent administrator.

And then third, we plan to engage with stakeholders in advance of issuing the RFP for needs so we can get feedback from stakeholders. We

believe that that will help mitigate complaints in the future, and I think it also will demonstrate that we are willing to be transparent, and I think it will help us get to the point where we get to the least-cost resources that we are looking for, given the reliability that we desire.

We generally don't believe it's necessary for the Commission to go beyond that -- to go beyond our current practices and the current framework of resource selection, CPCN approval, least-cost planning that exists, IRP planning. So that would be our recommendation to the Commission, in terms of next steps on this particular topic.

So with that, I'm gonna finish my comments, and I'm gonna turn it over to Mr. Jirak for some legal discussion.

MR. JIRAK: Thank you, Mr. Brown. Commissioner Clodfelter, Chair Mitchell, and Commissioners, I want to just briefly speak to some of the legal top issues that have been addressed around the issue of all-source procurement, but I want to, at the risk of beating the drum too loudly, continue to affirm what Mr. Brown just concluded with, which is, we then believe there is

more alignment than differences on these issues. We've, once again, reiterated our continued commitment to utilizing both procurement processes, the use of third-party oversight, and the use of RFPs that are open to all resources that can satisfy the identified need, and further committed to stakeholder engagement pre-RFP to continue to improve the transparency of our processes.

And again, we think it's appropriate that the discussion here has been focused on the substantive issues, but I do want to address the legal topics that have been addressed, because I do think those are important.

And so there's a lot to unpack in assessing, sort of, what portions of the ideas that have been laid on the table would require a change in the law. And, obviously, no change in law is needed for Duke to continue its historic practices of competitive procurements. So that -- nothing is needed for us to follow through on our commitments we have made and reaffirm today.

But as we start to unpack some of the different ideas here, I do think there are certain aspects of what has been proposed that would

require changes in law. And I will begin with, kind of, the low-hanging fruit, in my opinion, which is, sort of, proposals that would -- and to some extent -- we don't have all the details of each proposal, but as we understand it, some of the proposals would result in a change to the statutory CPCN process or changes to the statutory EEDSM approval process. And so, clearly, anything that's gonna change 62-110.1 processes for CPCNs or 62-132.9 framework for EEDSM applications and approval would require change in law. That's -- I think that's kind of the easy part here.

But as we turn and think about the, sort of, nuts and bolts of the procurement process, it gets a little fuzzier what's being proposed and which parts of the proposal might require change in law. And so I want to encourage us to think sort of about a, sort of, range of resource procurement selection processes. So you think of, kind of, a continuum of practices. Sort of on the one hand -- and a, sort of, more simplistic approach -- you have a utility that goes out, unilaterally selects a resource, and shows up for CPCN for that resource. Now, frankly, I think that's kind of a

straw man. That's never been how Duke has handled it. We've always used competitive procurement processes. But again, for purposes of thinking about a range of procurement processes, that's sort of one extreme end.

On the other end of the continuum is a proposal that we have heard from some intervenors. We've touched on the topics around it, but the, sort of, extreme other end of the resource selection process would be one where the utility is sort of taking a back seat in the resource selection process, and you have an IA come in and select the resources on which the utility would then be required to rely on for providing reliability, and the utility doesn't really have a role in making a selection. It may be a very minimal, even, role in the evaluation process.

Commissioners, our view is this sort of extreme end of the spectrum, first of all, is not really something that's common at all anywhere in the country in similarly situated utilities, but more importantly, we don't believe this sort of extreme end where the utility does not have a primary role in the selection processes of the

resources on which it will rely on for providing reliability for customers is consistent with the Public Utilities Act.

Now, why do we come to that conclusion? Well, a good starting point on this issue is the Commission's own order on this issue in Docket Number E-100, Sub 112. And this was a proceeding that was initiated in 2009. And in that proceeding the Commission was considering the issues of whether it was necessary for the Commission -- this is a quote -- to give further guidance or adopt more specific rules as to how electric utilities should assess the capabilities of and the options available through a wholesale market when making resource additions. So the Commission, in 2009, was thinking about this very issue, of what should be required of the utilities when it comes to making a resource selection decision.

So the Commission had a series of comments, and after receiving comments and reply comments, the Commission did a couple of things. I want to highlight two things it did. First, the Commission reaffirmed its expectation that Duke would, in future CPCN proceedings, provide evidence

of robust and thoughtful review of opportunities in the wholesale market.

So way back in 2009 the Commission already had put a flag in the ground and said we expect you, the utility, when you show up for a CPCN, to have considered and demonstrate to us that you have engaged in a robust and thoughtful review of opportunities in the wholesale market. And as an aside here, I would say, given that the Commission set up this expectation in 2009, I think it's reasonable to ask that, has there been any finding by the Commission since 2009 that somehow the companies had failed to conform to this very clear directive, and the answer to that question is no. The Commission has made no findings since 2009 that somehow the companies have failed to comply with its obligation to thoroughly evaluate opportunities in the wholesale market. In fact, in every single CPCN the Company has filed since then, the Commission has found that, given the appropriate circumstances of that CPCN application, the Company has, indeed, fulfilled this requirement.

And again, stepping back, you know,

where we are 2009 compared to where we are today, we have a diverse, flexible generating fleet that's a mix of utility-opened, third-party-owned resources; we have affordable rates; we have a nation-leading amount of solar. And as Mr. Snider highlighted at the beginning of your presentations, we've achieved nation-leading amounts of carbon reductions.

So I think it's undisputed that we fulfilled the Commission's directives to engage in a robust, thorough review of opportunities in the wholesale market, and the outcome that we've achieved 12 years later is a remarkable success. To the points that have been made by some intervenors that somehow the process is broken, I would say the evidence of what we have in North Carolina just does not support a view that somehow our procurement processes to date have been broken or have failed to deliver value for customers.

Now, one other point I want to make is, in the Commission's order -- and this is a balance that -- this is an issue that, in my view, the comments around the legal topics to date in this

technical conference haven't really wrestled with, this tension I'm about to identify, but the Commission identified it in their order in 2009. And what the Commission said in their order in 2009 was this, and this is a quote. "At the end of the day, it is the utility's responsibility to balance the sometimes complex and competing issues so that their customers are assured a reliable electricity supply at a reasonable cost."

So -- and this gets the kind of attention that I think exists under the Public Utilities Act, and the Commission was clearly recognizing here, is that the utility bears responsibility of providing reliable service, and as such, has a key and pivotal role to play in the selection and evaluation of the resources, again, on which it will rely to provide that service. And the Commission recognized this in 2009. And this is not a new idea. I will say that this North Carolina Supreme Court has also recognized this fact in its decision Utilities Commission vs. General Telephone Company. In that decision, the North Carolina Supreme Court affirmed that a public utility is under a present duty to anticipate

within reason demands to be made on it for service in the near future. And this is important. Substantial latitude must be allowed the directors in making the determination as to what plant is presently required to meet the service demands of the immediate future.

So, you know, we've heard some, just, general references to statutory framework regarding utility supervisory authorities, which is absolutely true, but I don't believe that the legal views we've heard, they have really wrestled with the very real tension between that obligation -- it's not necessarily a tension, it's a balancing act -- the balancing between the role of the utility in selecting the resources and the supervisory authorities of the Commission.

Now, putting the pin in that idea briefly, and I'm getting close to the close here. I will say, it's also important, we believe, to think about the purpose of an IRP proceeding. Like, what under the existing law is the purpose of an IRP proceeding? And the North Carolina Court of Appeals has, in fact, had occasion to consider this very question. And in that decision, the Court of

Appeals -- in fact, this decision was quoted in the Commission's scheduling order for this proceeding -- the Court of Appeals noted that the IRPs are not intended to provide an occasion for the issuance of mandatory orders requiring substantive changes in the given utility's operation. And the court went on to observe that a least-cost planning proceeding should bear a much closer resemblance to a legislative hearing, wherein a legislative committee gathers facts and opinions that inform decisions made at a later time.

So in total, we think that there is -- there is a way to find a balance in these roles, and our own -- the key thing that we want you to hear is that we believe the, sort of, extreme view that says the utility should be, sort of, put in the back seat of the resource selection process, is just simply not consistent with the Public Utilities Act. But we, of course, as you have heard from us from a substantive perspective, recognize the absolute centrality and importance of competitive procurement processes in order to achieve the best value for customers, and that's

been our longstanding historic practice, and it's a practice we continue -- intend to continue going forward to ensure that the best resources are selected for customers. And over all of that, the Commission will continue to exercise its appropriate oversight authority to ensure that the decisions we make are, in fact, in the best interest of the customers.

And so I will close just with two other quick observations. First of all, I would note that the NERC documents, themselves, most of which we agree with, also agree that further legislative changes would be needed to implement many of the recommendations in the NERC document. So this position is not a new one. And I will also observe the questions around efficiency and timing are important ones. Commissioner Mitchell kind of -- excuse me, Chair Mitchell hit on this earlier in her questions around what does a future look like where we have a, sort of, one-size-fits-all procurement process that is, sort of, a top-down mandated approach? Is that gonna result in 24/7, 365 litigation? And we frankly think those are important questions for the Commission to ask as it

thinks about the future.

I think our experience with CPRE has been -- it's been, in general, successful, but it has not been without dispute and litigation. So I think the notion that somehow all-source RFPs will take off the table some fundamental policy decisions, discussions that need to be -- that need to happen, or that it will resolve the often very different views of the world that you will hear from intervenors and Duke, is probably not accurate.

So I think, as we think about it, about what the future looks like, again, we think consideration should be given to efficiency and a flexible approach that does not, sort of, mandate a one-size-fits-all approach, but that instead gives the utility some amount of discretion as it implements it. Again, all subject to the oversight of the Commission, and in light of our commitments around use of competitive procurement processes.

So, Commissioners, with that, we will close our comments, and we are certainly glad to have the discussion continue.

COMMISSIONER CLODFELTER: Thank you,

gentlemen, for your presentation. Let me think about this. We've got -- I know I've got a couple of people who have lunch-hour commitments today that I'm aware of, so I'm going to sort of -- I don't really know how many questions Commissioners had, but in light of that, I'm going to go ahead and take our normal lunch break now. It's 12:30. Let's come back at 1:30, and we'll take Commissioner questions on this topic at 1:30.

You moved along a lot quicker than I thought you might, so -- but we sort of staked out the ground. We will do the transmission topic on Wednesday, then. So let's come back at 1:30 for the conclusion of the day. Please turn off your video and mute your microphones.

(At this time, a recess was taken from 12:29 p.m. to 1:31 p.m.)

COMMISSIONER CLODFELTER: Thank you all, and let's come back to order. We'll start off and see -- Mr. Jirak, I think you completed the presentation, so we will start off and see if Commission staff have questions they want to direct.

MR. McDOWELL: Commissioner Clodfelter,

this is Steve McDowell. I do not have any questions for this panel.

COMMISSIONER CLODFELTER: Okay.

Ms. Jones?

(No response.)

COMMISSIONER CLODFELTER: All right. I don't hear Ms. Jones. I'm gonna take a slightly different order here and, sort of, use the presiding commissioner's prerogative, and I want to start off with what I'd consider a framing question, because it may then help us sort of focus some of our other questions that we have for you. And really, it's an open question, Mr. Brown, to you or Mr. Snider both.

As I listened to your presentation and tried to think back through the presentations by the other participants, it seemed to me that the point of difference between your position and their position is not so much over the issue of multi-sourcing our competitive procurements, but the difference seems to lie in a different aspect of the issue, and that is the real definition of the need that you are seeking to procure.

And as I characterize it, as I hear

it -- and I want you to comment on this to see if you think I've got the differences in the positions correct. As I hear it, you are defining need in a more discrete, componentized way and looking at procurements relative to components or elements of need, and what I hear the other parties advocating for is that we should define what they call total-system need, and then you should seek procurement of a portfolio of resources that, in the aggregate, will satisfy that total-system need.

Now, have I got the difference in the two positions correct?

MR. BROWN: I'm gonna ask Mr. Snider, actually, to take the first stab at that, if that's okay.

MR. SNIDER: Certainly. And it's a good question, Commissioner. I mean, I think what you're hitting on there is exactly correct, which is how do you define need. And what we're seeing across the country is there are buckets of need. There isn't -- one need doesn't fit all, right? And so from a -- and it's not a -- that need definition, it's almost a continuum, rather than discrete admissions, per se.

So I will give a quick example just to make sure, you know, using Mr. Jirak's -- you know, you have, sort of, extremes. On one extreme, you can define a need as a specific resource, like just solar. That's all we want in this RFP. Or just CTs. So you are resource-specific, single-source resource, and your IRP defines how much of each resource type you want. That would be the most specific -- your definition of just, hey, there is a general system need, let everybody bid in and then figure it out after the fact is sort of the left side of that equation. I think the middle ground that we're seeing others adopt says, I have so much need for capacity resources, and I'm going to define those in a certain manner. So, for example, resources that are available, you know, over the winter-peak period of four hours. I have so much need for renewable resources, and that can be any -- or carbon-free resources, so that could be wind and solar, it could be hydro, it could be, when it becomes available, offshore wind or small modular.

And so I think, in that continuum, where the Company is advocating is defining your need

types by, more like, the capacity, the renewable energy, you know, the volumes and the timing of those, specifically from the IRP process. So the IRP identifies, as I said in my original presentation, the -- what amount is needed. Not the specific resource, but what amount of capacity is needed to replace a coal plant. What amount of carbon-free energy makes sense at a given point in time. And you go to the market and see all the resources that can meet that specific need type. And I think we keep that around the country, is nobody is really doing the -- you know, you look to the IRP for the timing and the amount of the different types of needs. You don't just say throw open the doors and let anything bid at any point in time.

COMMISSIONER CLODFELTER: Well, I appreciate that, but let me press you a little bit on that. So as I understand what -- the key thing that the advocates of the other position are saying is that we should define the system need in an aggregate manner. Say this is your expected load, and this is how you will experience that load in a granular fashion over the course of the year. So

it takes into account not just the total capacity or the total energy, but also how that is -- has to be served over the course of the year. Aggregate system load. And what I understand the advocates to be saying is that, if you procure based upon assembling a portfolio that satisfies that aggregate need, including the way the load is experienced over the course of the year, you may pick up some synergies among different types of resources, different categories of resources, that you will miss those synergies and opportunities for cost reduction if you simply seek a capacity need and then separately seek an energy need and then separately seek a carbon-free need. If you procured in those discrete silos, you may miss the opportunity for cost savings and synergies across those. That's what I understand the advocates to be saying, and I would like to hear you respond to that.

MR. SNIDER: Right. And I think, in explaining that, you did a good job of that. There is that crossover element. So to the extent you're bidding resources to meet a capacity need, they do have energy benefit, right? So they're gonna --

combined cycle or a battery, it's not just meeting that winter need, it's gonna provide energy throughout the year. It's gonna have an implementation process. You're not just giving it the capacity credit, you're recognizing that energy benefit. And so to the extent -- it really comes in to termination. And the same thing with some of the -- perhaps some of the renewable needs. If you have a 50-megawatt solar facility that's bidding in solar, and they happen to put in a 5-megawatt battery, they're gonna have a little bit of value on the capacity side.

So there is this crossover that's going to happen that you're going to recognize in the valuation process. And so my way of thinking about it, Commissioner, is if you have a wholistic RFP, you still need to look to the IRP to say what is the primary need and what's the timing and the size of that need while capturing those interactive effects. So to be very clear, energy, as Mr. Brown and I think Mr. Jirak pointed out, energy is an economic decision. We have ample energy on the system, but can I serve it more economically, you know, through a solar procurement, for example, as

opposed to running the marginal resource more? That's not a reliability issue.

You know, the capacity need is the certainty that you're gonna have adequate reliability throughout the year for your customers. And so you really want to be careful to think about the sizing of the need and the timing of the need relevant to the type of need. And that's where -- all we're saying is we think the IRP sets that timing of the need and the size of the need. And then I agree with you, if you're running those RFPs and evaluating them correctly, you are going to give those interactive values. And so you could target the sizing and the timing. When you get all those in, you could say here is the appropriate mix of resources that best meets both my energy and capacity. In both cases you're looking across every hour of the year and the value that's created, but it really, in my mind, comes down to, how do you determine the timing and the size and the type of need. And really you need to look -- it's really important to use your robust planning process that has such an incredible amount of stakeholder engagement, regulatory oversight in

your IRP where you vet a lot of these issues, in terms of the timing and the size of the need, as well as some of the qualitative considerations. And then, as you execute in the RFP phase, following the identified needs, you will definitely need to look at the best portfolio that comes out of those.

As long as you're identifying which types of needs and the timing of the needs in the IRP, I think the RFP process, if structured correctly, will allow that portfolio. And, you know, it will become a -- you know, as more and more resources come into the mix, as Mr. Hinton pointed out, those interactions will become even more important, you know, as you start to look at offshore wind or SMRs or things of that nature.

So, yeah, I do think -- I understand your question, and I do think there is that tension, but I really think it comes down to where do you define the amount and the timing, and I think that has to come out, and I think we have seen that in other jurisdictions, is you look to a robust planning process to define that collective system need that you just spoke of, and you put out

an RFP that has that volume and timing in mind.

MR. BROWN: If I could.

COMMISSIONER CLODFELTER: Yes, Mr. Brown. I didn't mean to cut you off.

MR. BROWN: Commissioner, yes. I had just one brief comment. I spent a good deal of time trying to understand the process that the intervenors were articulating as their preferred approach. I'm not exactly clear on how it works, to be frank, but the summary that I could -- the elevator summary would be, you'd look at your load, you take away your resources, and then you go to the market to source that load. And what I'm doing with this, if I think about our Carolinas load with a 35-gigawatt peak, I'm not really sure how you're going to go to the market for that with any sort of reasonable results. That's the first thing that sort of hit me on this.

And then the second thing was, as Mr. Snider said, is that if you actually look at what Colorado did, as far as I can see, and in analyzing what they have done, they were not disregarding their, what they call, ERP, they were using that as the foundation for the all-source.

So even, sort of, the gold standard that's out there on all-source started with an IRP-type process.

COMMISSIONER CLODFELTER: Thank you both. That's really helpful. I want to ask you a factual question now, and I just wanted to ask that as a framing question, and then I will go back to the regular order of questioning.

Mr. Brown, while I have you, it's a factual question. When Duke Energy Progress went to market in, what was it, 2000-and -- 2018 or -- and it got -- I think your slides showed it got 33 proposal responses, what was the technology mix among those 33? I know you ended up with a wholesale purchase resource. What was the mix among the 33? What kinds of things did you get in that solicitation?

MR. BROWN: I'm actually going to ask Mr. Northrup or Mr. Snider to answer, because they were much closer to the details on that.

MR. SNIDER: Maybe I'll frame it as Jim's coming on the screen. I think in that -- if you're talking about the 2018, that was an RFP to replace expiring existing peak generation, right?

So we had several contracts that were getting ready to expire that we did not own but purchased, and rather than just extending those without engaging the market, we went out to the marketplace and said, okay, existing generators who we're contracting from, you can bid, and the specific nature of that need was for existing generators that could meet that immediate expiry of those contracts that had similar characteristics.

So we received those generators, other competing generators. I believe we had some of the co-generators bid in. We may have had hydro bid in that's existing in the state, but I'm gonna leave it to Mr. Northrup to follow up on the exact mix. But the nature of the RFP, again, was very specific to here's a need and -- you know, at that time, you know, batteries were not mature. We didn't have batteries in the queue. So to Mr. Hinton's point, you know, the number of bidders may grow as the technologies come to fruition, but what is capable of being dispatched to meet a peak need was the nature of the RFP. And, Jim, I don't know if you're -- I'm not seeing your square on my screen, but you can -- I don't know if you could add any

further color for the Commissioner.

MR. NORTHROP: I can, Glen. You're exactly right. We received hydro bids, we received combined-cycle bids, combustion turbine bids, and system sales from other utilities, and they were both on our system and off our system, and they all had the same characteristics, that they had firm deliverability and reliability. So we did receive a vast assortment of bids. And so it required us to do the analysis and compare and contrast the individual characteristics of each different type of bid to make sure we could secure the capacity needs that we, in fact, need, that you identified in the IRP.

COMMISSIONER CLODFELTER: Thank you for that. I just wanted to get more factual detail on that item on that one slide. Let me, then, go back to what I say is the normal order of questioning, and we will go back to Commissioner Brown-Bland.

COMMISSIONER BROWN-BLAND: Thank you, Commissioner Clodfelter.

Mr. Snider, as much as I have enjoyed our past interchanges, I don't have any questions for you or Mr. Brown.

MR. SNIDER: I'm somewhat disappointed, Commissioner.

COMMISSIONER CLODFELTER: Commissioner Gray, do you want to take up the slack?

COMMISSIONER GRAY: No, but I enjoy working with Mr. Snider and all the rest of them too, but no questioning.

MR. SNIDER: Thank you, Commissioner Gray.

COMMISSIONER CLODFELTER: All right. I will turn to Chair Mitchell.

CHAIR MITCHELL: I don't have any questions for y'all at this point in time, but I do thank you for your comments and helping us understand all of these things. I thank you guys very much.

MR. SNIDER: Thank you, Chair Mitchell.

COMMISSIONER CLODFELTER: Commissioner Duffley?

COMMISSIONER DUFFLEY: Thank you all for your presentations. I just have one question, and I don't think there is gonna be an answer, but I'm

gonna pose it anyway. And that is, on slide 10, you mentioned offshore wind and advanced nuclear and how to deal with these issues. Because I also heard you state in your presentations that you're committed to this RFP process and becoming more transparent and seeking more types of resources. I mean, that's what I heard. But then, on slide 10, I thought I also heard, but we're not sure what we're gonna do with, you know, offshore wind or advanced nuclear. Because North Carolina has been a state that believes in diversity of resources, right?

And so my question is, what are you guys thinking about or what are potential solutions if North Carolina wants these resources? Is it just through the legislative process or are there other options in your mind?

MR. BROWN: Mr. Snider, do you want to take it first, and then --

MR. SNIDER: Sure. You can followup if you wouldn't mind. So first -- you know, I agree with you that your first thought might be the legislative that has carveouts for emergent resources -- and we have seen that in other

jurisdictions, right -- that sort of outline a certain volume with certain conditions to add emergent resources, that clear the path for the utility to make those investments or contract for those resources.

Conversely, you know, if they become mature enough, you potentially could have a part of your RFP -- and again, what we have seen, and even in Colorado, was -- you know, there was -- I believe there was a bit of a settlement among stakeholders going into it, in terms of the buckets of types of resources that would then ultimately be filled. And I could be wrong on that, but I'm pretty sure that I saw somewhere that, you know, you settle on that, and so there could be a comprehensive multisource -- some people call it all-source -- RFP that envisions a carveout for a certain number of megawatts of offshore with certain guardrails put on it. So not at any cost, but, you know, certain number of megawatts with cost caps, for example, that would be carved out as part of that process.

You know, in limited instances, you know, we may come forward on a smaller number of

megawatts with a limited-scale pilot that would allow the utility to get operational experience with certain technologies, subject, again, to certain guardrails. So I think there are multiple avenues. The legislative one is, obviously, the most direct and cleanest. I think, in the context of procurements, if it can be shown that it's generally consistent with the IRP, you could have a carveout for a certain amount, or you could do pilots -- the three things that come to mind as three different avenues for getting these longer duration in. And, Mr. Brown, I don't know if you'd like to add to that comment.

MR. BROWN: Yes. Thank you. I will add that, especially with something like offshore wind, it is hard to envision a project of that magnitude and the investment of that magnitude, and how long it takes to be feasible, without real strong policy support, simply because it would be too risky for a developer to try to make that kind of investment, I believe. At least the players in the game today. That may change if -- you know, if there are other market participants. I'm thinking about, for example, a major oil company who may be willing to

risk billions of dollars in the hope that they will have an offtake. Maybe they'd have the stomach for something like that, but otherwise, I think, Commissioner, it would be hard to do without policy.

COMMISSIONER DUFFLEY: Okay. Thank you for that. I don't have anything further. Thank you for your presentations today.

MR. McDOWELL: Commissioner Clodfelter?

COMMISSIONER CLODFELTER: Yes.

MR. McDOWELL: This is Steve. I do have a question that I told you I wasn't going to ask, but it kind of plays off of Commissioner Duffley's inquiry there.

COMMISSIONER CLODFELTER: I know the question. We discussed the question. Go ahead and ask it.

MR. McDOWELL: So you're comfortable with the question? It does play off of what Commissioner Duffley was just saying. I remember Glen speaking -- or making a statement, talking about making room, and I think he was talking about making room for nascent technologies and things to happen in the future, right? And I think that's

partly what Commissioner Duffley was exploring there. What do you do about these things? SMRs and whatever. And, obviously, you address that somewhat in your IRP, but certainly, when you get to the point of working to secure resources, there is some opportunities there.

The thing is, you have resource needs ahead of the maturing of some of these technologies. So what do you do? And so some of what's been discussed in -- both today and in other exercises is stranding of assets, because as other things happen, you know, you may would have made a different decision if you could have waited. And I think that's partly what Glen was saying. How do you make room for those, realizing they are a little bit further down the path, you know? And as we talked about this RFP process, or all-source, or whatever you want to describe, we've established that the assumptions are extremely important on the front end -- I think we all agree with that -- and consistent with your needs.

We talked about needs in terms of capacity and fuel supply and all these kind of things, but part of those needs could be something

not so specific. Even the desire to make room for nascent technologies, which kind of gets me to this point of, well, should asset lives be considered in that. So if you're exploring a resource need and you're putting together something specific of the -- of what you're gonna consider in the RFP or the all-source procurement, maybe asset lives is one way that you build some room for that. So rather than this long-lived asset, you pursue some resources that will provide for your short-term needs but maybe build a bridge to some of these technologies.

So can you kind of -- I don't know if it's clear or not, but can you speak to that?

MR. SNIDER: Yeah, Steve, I can. I mean, I definitely understand the concept here, and one thing -- maybe the one thing that does come to mind -- because I have given this a bit of thought -- was, it's back to, you know, a series of comments made. First, there is 35,000-plus megawatts on the system. They range from 100-year-old hydro plants to solar plants that went in last year. So you have -- the system didn't evolve overnight, and it's going to retire not all

of it overnight.

So when you think about room for hydrogen or offshore wind, we really need to think beyond just retiring coal assets. By the time I get to the 2030s, I'm gonna have a bunch of natural gas generators that went in in the late '90s and early 2000s that will be 35 years old. So they are going to be approaching the end of their useful lives, and that will create additional need and room for -- and that's a broad term, and I use it a little bit loosely in this context -- but room for new technologies to fill a future need that we're really not talking about today.

You know, but 10 years from now we're probably not going to be talking about just coal retiring, we're gonna be talking about 30-, 35-year-old, you know, gas plants that -- so there is this evolution. I almost think about it in tranches by decades. You know, this decade, by 2030, '31, '32, how do we systematically, and in a manner that's good for customers, transition away from coal? The following decade may be, how do we transition away from older gas units, older oil units, potentially older units from all of our

asset classes, right? We have 100-year-old hydro. We will have at that time maybe some of our first-generation solar that is 20 years old or some -- so there is other assets that will be retiring in the '30s that will create room for us to adopt the emergent technologies that are coming into fruition. So you really have to zoom out even beyond the IRP to a longer, you know, multiple generational sort of decade by decade and remind yourself that there are other things that will be retiring. And that's the way I sort of think about it.

And yes, to the extent you can find or think about the useful life of the procurements you are doing today, having a blend of those so that everything is being procured, maybe there is a mix of some procurements that are -- again, a 10- or 15-year PPA or a shorter-useful-life asset, blended with some longer-life assets, that diversification of life, just like diversification of asset type and asset ownership, provides that broad diversification for customers that I think will be beneficial. So I don't know if that broader narrative helped in your --

MR. McDOWELL: It does. I appreciate that, because you used the word "systematic," and the fact is that, as you continue down this path, periodically you're gonna have needs -- different resource needs, and depending on what aged or what's coming in, what new technologies are available, it just strikes me that you have opportunities just building up across time where something like an all-source procurement allows you to look at what your needs are. If it's a capacity need or there is an energy need associated with that, or it's a carbon theme because of this legislation or, you know, some of these ancillary services or whatever, as you go across time, systematically, you build on your experiences and your ability to exercise that. And I, kind of, read somewhat that's kind of where Colorado may be going, in that they have postured themselves to do periodic all-source procurement, and it recognizes a different resource need. I think that did help.

MR. SNIDER: That's right. And that plays into a couple of the Commissioners' questions. That's why you're not securing all 15 years, right?

MR. McDOWELL: Right, exactly.

MR. SNIDER: Whether it's capacity or energy, you still have to -- or how you define it, whether it's the big system, it's for how long and how much. I don't care how you define your buckets, are you talking I'm gonna try and procure everything 20 years forward? You know, probably not. So doing systematic resource plan updates and procurements that are meeting those more immediate needs, and then recognizing that those needs are gonna change over time, as are the technologies that will be available to fill those future needs.

Mr. Brown pointed out we didn't think batteries 10 years ago. Ten years from now, who knows what we will be talking about that we didn't think about in 2021. So you are systematically doing this, you know, through a process. And I think we agree. This is where we have an area of agreement with many of the presenters on this. This isn't a one-time one-and-done. This will be successive procurements throughout time.

MR. McDOWELL: And the resources that are evaluated may be infrastructure, may be in distribution, may be in transmission, may be in

energy efficiency demand-side-type resources, generating resources, et cetera. Just all that evolves over time. Your system evolves over time. Not just retiring generating assets, but the whole infrastructure. And I think that's partly what maybe Commissioner Clodfelter was looking at, in terms of this whole system, but at every point where you stop to evaluate that what your needs are, they are gonna look different than what they were four years earlier, based on technological changes and retirements, et cetera. I guess I'm stating that correctly.

MR. SNIDER: That's right. I think we have more alignment than we may think in that across -- across stakeholders.

MR. McDOWELL: Thanks. That's all I have, Commissioner. I just wanted to play off Commissioner Duffley's question there.

COMMISSIONER CLODFELTER: Good. I think that was helpful.

So we'll turn to Commissioner Hughes.

COMMISSIONER HUGHES: Thanks. I don't have any questions.

COMMISSIONER CLODFELTER: All right.

Commissioner McKissick?

COMMISSIONER McKISSICK: I found the presentations to be interesting, intriguing, and provided great information. It looks like there is this distinction about statutory authority as well as perhaps timing and mix, but I think these are all issues that we, as Commissioners, need to give some thoughtful deliberations. I appreciate the expertise that each of the panelists have brought to the table. Thank you.

COMMISSIONER CLODFELTER: Okay. I think that may wrap us up on this topic, Mr. Jirak, unless there is something else from Duke.

MR. JIRAK: Nothing else from us. Thank you very much, Commissioner Clodfelter.

COMMISSIONER CLODFELTER: Okay, good.

MR. JIMENEZ: Commissioner Clodfelter, Nick Jimenez with the Southern Environmental Law Center. If I could offer something very brief.

COMMISSIONER CLODFELTER: I'm sorry. I can't hear you.

MR. JIMENEZ: If I could offer something very brief.

COMMISSIONER CLODFELTER: Very brief.

MR. JIMENEZ: Yes. In response to Chair Mitchell's question and Commissioner McKissick's question about authority, we will be happy to offer briefing on that issue if the Commission would like it.

COMMISSIONER CLODFELTER: As I indicated before we broke for lunch, I think if the Commission wants to explore further some of these topics, we very likely would probably request that. Let's hold on that for now. I don't want anyone to, sort of, do any unnecessary work, so let's just hold on that, and we'll see what direction Commission wants to pursue, and we'll solicit it if we think we need it.

MR. JIMENEZ: Thank you.

COMMISSIONER CLODFELTER: Okay. We had decided to carry over, then, to Wednesday the transmission topic. Let me just say by way of wrapping up the afternoon, I have sort of talked to quite a number of my colleagues and several others of you who have been following this, and I think we all agree that what we -- the presentations that we have heard and the format that we have been using here has been very, very valuable for all of us.

The presentations have been uniformly high quality and very helpful for the Commission in understanding some of the information that's been filed in the docket. We greatly appreciate the work that all of you have put into these presentations so far, and so that's the challenge for Wednesday as we expect equally high or better quality when we come back on Wednesday.

And so we will be back on Wednesday morning at 9 a.m. And we'll try to conclude if we can conclude by noon, but certainly not very long after noon if at all. So thank you-all. Everybody have a good weekend. We are done for the day.

(The technical conference was adjourned at 2:06 p.m. and set to reconvene at 9:00 a.m. on Wednesday, October 6, 2021.)

CERTIFICATE OF REPORTER

STATE OF NORTH CAROLINA)
COUNTY OF WAKE)

I, Joann Bunze, RPR, the officer before whom the foregoing technical conference was taken, do hereby certify that the proceedings were taken down by me to the best of my ability and thereafter reduced to typewriting under my direction; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this hearing was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

This the 12th day of October, 2021.

JOANN BUNZE, RPR

Notary Public #200707300112