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REDACTED

October 23, 2020

Via email to GStyers@Foxrothschild.com and First Class Mail

Gray Styers, Esq.
Fox Rothschild, LLP
434 Fayetteville St.
Suite 2800
Raleigh, NC 27601

Re: Fifth Restated and Amended Renewable Power Purchase Agreement dated 21st day of June 2016 (the "Agreement") between North Carolina Renewable Power-Lumberton LLC ("Seller") and Duke Energy Progress, LLC ("Buyer"), Docket No. SP-5640, Sub 0

Dear Gray:

As you know, I am Buyer's counsel with respect to the above-referenced Agreement. I am in receipt of your letter dated October 20. I will not specifically respond to all items in your letter; we do not agree with any of it except to the extent responded forth herein.

Thank you for apparently advising that Seller is now prepared to perform the Agreement as demanded by Buyer in its May 28, 2020 letter. Seller's performance has objectively deteriorated since Buyer's original demand. Buyer calculates projected damages due from Seller in January 2021 as [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL], so the demanded increase of [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL], or less than 37% of the exposure secured, more than meets any objective standard of what is reasonable.

My client further authorizes me to inform you that it will, absent further developments or changes in facts or circumstances, within five business days following its receipt of the original of the Letter of Credit in an amount increased to [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL], defer its suspension of payment and pay the referenced outstanding invoices, without interest, and continue paying future invoices through December 2020, subject to its rights to suspend payments as provided in the Agreement

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and under North Carolina law, and its rights to set off and deduct amounts of damages payable by Seller under Section 7.10.1 “from any amounts otherwise payable to Seller”, none of which are waived in any respect. Buyer will not pay any interest because the date of Buyer’s deferral of its suspension depends upon when Seller performs.

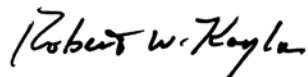
My client asks me to emphasize, as it has in each and all of its prior communications to Seller, that it is not obligated to, and does not intend to, amend the Agreement. We note further that your October 20 letter references an [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] investment by a third party in the Facility, that the July 20, 2020 letter from Steve Dailey, President of your client, references a [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] investment by Seller, and your June 10, 2020 letter references a “considerable” investment by the owners of Seller. My client asks me to ensure that Seller understands that Buyer disclaims, and asks that you and Seller ensure that no one connected with Seller makes, any statement or representation to any person or entity, especially any person or entity from whom funds are solicited, implying or otherwise in any way to the effect that Buyer will agree or has agreed to amend or waive any provision of the Agreement. Buyer has not and does not agree to do so. Buyer expects performance of the Agreement, in full and as written.

With respect to your statements concerning Buyer’s need to comply with the statutory mandate of N.C.G.S. § 62-133-8(f), all steps taken by Buyer concerning the Agreement and withholding of payments are and have been taken with this in mind. It is Seller that has failed to perform its obligations under the Agreement, and Seller that has rendered itself wholly unreliable with respect to any performance, on account of unreliable representations and a constantly shifting narrative.

It simply would be imprudent for Buyer to rely on anything stated by Seller with respect to performance, or for Buyer to form its opinions and conclusions based upon anything other than the performance that Seller has actually delivered.

We intend to file this letter in Docket No. SP-5640, Sub 0 at the North Carolina Utilities Commission. This letter is without prejudice to and not in limitation of any and all rights and remedies of Buyer under the Agreement, and does not in any respect waive any remedies for any period or for any purpose. All rights and remedies are reserved. We reiterate that Seller must comply in full with the Agreement without any amendments or modification. Please advise at your earliest convenience if any of the foregoing is not clear.

Very truly yours.

A handwritten signature in black ink, reading "Robert W. Kaylor". The signature is written in a cursive, slightly slanted style.

Robert W. Kaylor

cc: Chief Clerk, North Carolina Utilities Commission
Tim R. Dodge, Public Staff-North Carolina Utilities Commission
Docket No. SP-5640, Sub 0