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January 31, 2022

**VIA ELECTRONIC FILING**

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

**RE: 2022 Solar Procurement Stakeholder Engagement Update and  
Plans for Second Stakeholder Meeting  
Docket No. E-100, Sub 179**

Dear Ms. Dunston:

Duke Energy Carolinas, LLC ("DEC") and Duke Energy Progress, LLC ("DEP" and together with DEC, the "Companies") hereby provide the North Carolina Utilities Commission ("Commission") a copy of the Companies' presentation to stakeholders from the initial January 20, 2022 meeting to discuss a potential 2022 Solar Procurement, as well as information regarding the Companies' next planned stakeholder meeting on a potential 2022 Solar Procurement.

As identified in the Companies' January 10, 2022 filing, the Companies held an initial stakeholder meeting to discuss a potential 2022 solar procurement on Thursday, January 20, 2022. Approximately 105 individuals attended the session and stakeholders were provided the opportunity to provide comments verbally, via chat or by email. During this initial stakeholder meeting, the Companies presented an overview of Part I, Section 2.(c) of Session Law 2021-165 and also focused on the anticipated timing, request for proposal process, and mechanics of a potential 2022 solar procurement. A copy of the Companies' presentation provided during this initial stakeholder meeting is being filed with this letter.

The Companies are planning to host a second 2022 solar procurement stakeholder meeting on February 7, 2022 beginning at 2:00 p.m. The Companies look forward to continuing to engage with both North Carolina and South Carolina stakeholders on these and other important resource planning issues and will continue to seek to identify areas of

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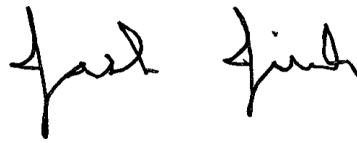
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consensus where possible and will leverage any such consensus in developing its planned filing regarding a potential 2022 solar procurement, targeted for early March.

Market participants and other stakeholders interested in participating in future 2022 solar procurement stakeholder meetings should contact the Companies at [2022SolarRFP@dukeenergy.com](mailto:2022SolarRFP@dukeenergy.com) to receive communications regarding the stakeholder process. Market participants and other stakeholders may also continue to send comments and feedback to the Companies via this same email address.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Jack Jirak". The signature is written in a cursive, flowing style.

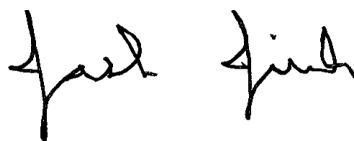
Jack E. Jirak

cc: Parties of Record

**CERTIFICATE OF SERVICE**

I certify that a copy of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC's 2022 Solar Procurement Stakeholder Engagement Update and Plans for Second Stakeholder Meeting, in Docket No. E-100, Sub 179, has been served by electronic mail, hand delivery or by depositing a copy in the United States mail, postage prepaid, to parties of record.

This the 31<sup>st</sup> day of January, 2022.



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# HB951 2022 Solar Procurement

Stakeholder Meeting 1

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Jan 31 2022

JANUARY 20, 2022



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# Safety Moment – Winter Driving



## Prepare Your Vehicle

- Test your battery
- Make sure the cooling system is in good working order
- Check your tires
  - Winter tires with a deeper, more flexible tread put on your car
  - All-season tires, check the tread on your tires and replace if less than 2/32 of an inch
- Check the tire pressure
- Check your wiper blades and replace if needed
- Add wiper fluid rated for -30 degrees
- Keep your gas tank at least half full to avoid gas line freeze



## Before You Drive

- Clean your car's external camera lenses and side view mirrors so you'll be able to see what's around you
- Remove dirt, condensation, ice and snow from sensors to allow the assistive-driving features like automatic emergency braking to work
- Prevent carbon monoxide poisoning, never leave a vehicle running in your garage – even with the garage door up



## Avoid a Crash

- AAA offers the following driving tips:
  - Avoid using cruise control in wintry or wet conditions
  - Steer in the direction of a skid, so when your wheels regain traction, you don't have to overcorrect to stay in your lane
  - Accelerate and decelerate slowly
  - Increase following distance to 8 to 10 seconds
  - If possible, don't stop when going uphill

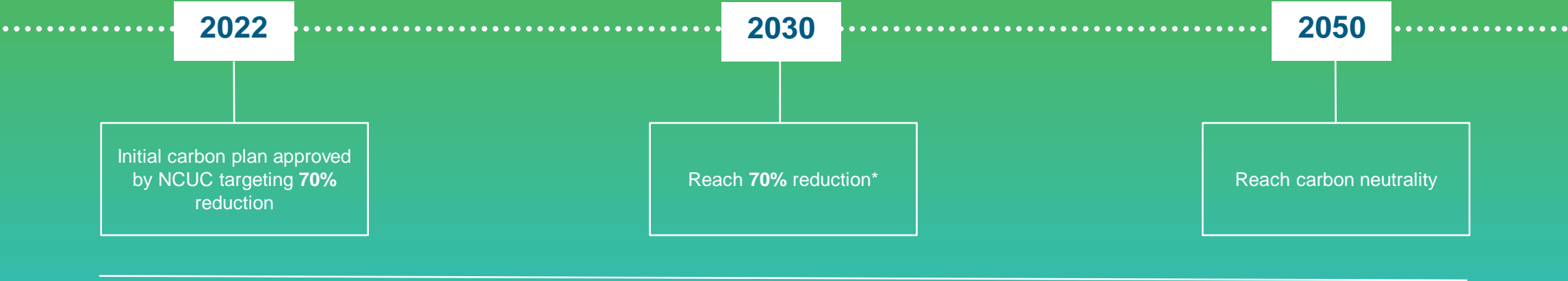
- If visibility is severely limited due to a whiteout, heavy fog or sudden downpour, pull off the road to a safe place and do not drive until conditions improve.
- Avoid pulling off onto the shoulder unless it is an absolute emergency. Limited visibility means other vehicles can't see yours on the shoulder.

# Agenda

Topic	Presenter	Time
Welcome and Safety Moment	Terri Edwards	10:00 am
High Level NC HB 951 Overview	Rebecca Dulin	10:05 am
Overview of NC HB 951 2022 Solar Procurement Provisions	George Brown	10:10 am
2022 Solar Procurement Timing Considerations	Maura Farver	10:25 am
RFP Process & Mechanics	Maura Farver	10:40 am
Q&A	All	11:10 am
Next Steps and Adjourn	Rebecca Dulin	11:25 am



# HB951's Clean Energy Transition



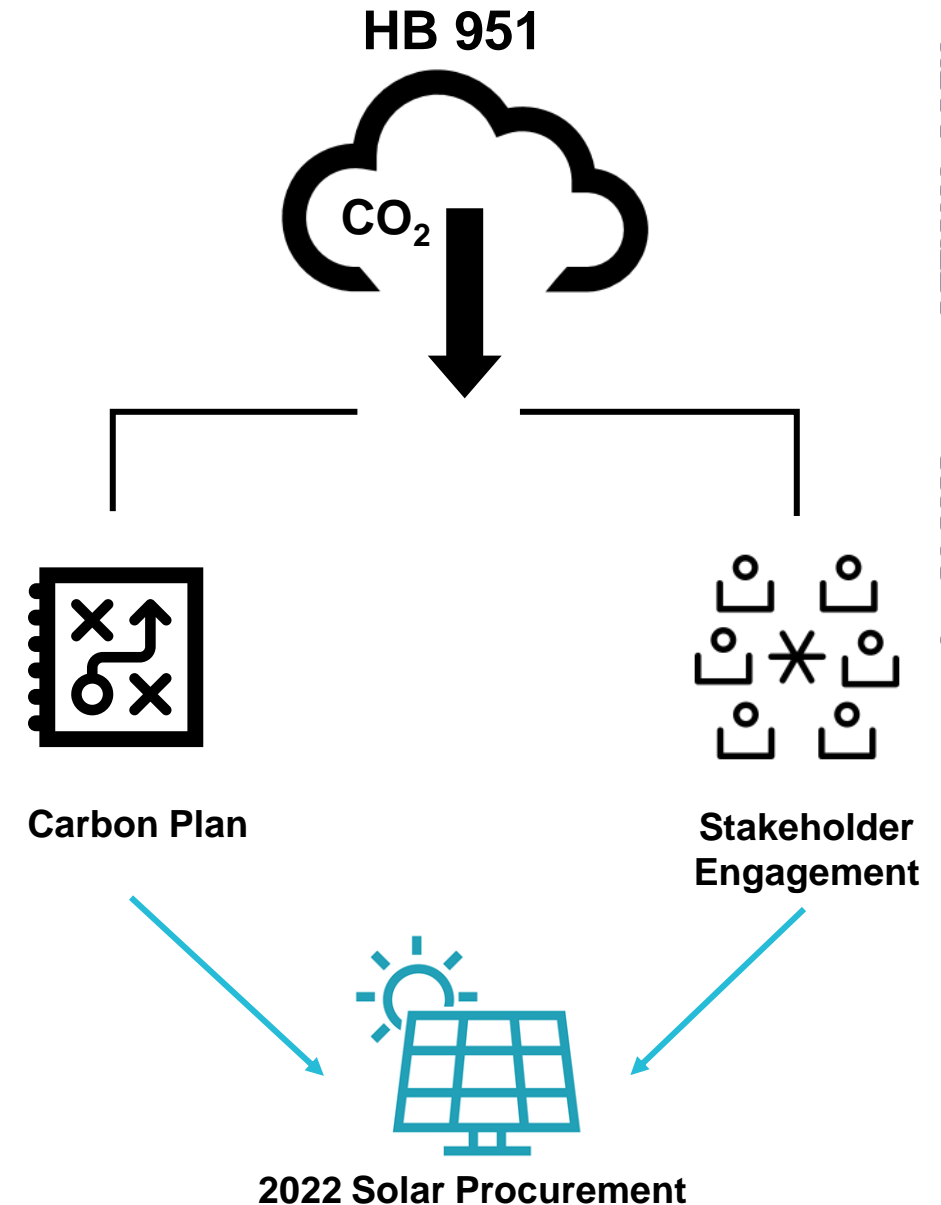
## Other Aspects of H951

					
Performance-based rates to support generation transition and track utility performance	Renewable programs for customers	2022 Solar Procurement	Securitization	On-utility-bill repayment program	"Blend and extend"

\* Subject to NCUC discretion, development of wind/nuclear, and impact on reliability

# HB951 Carbon Plan

- NCUC shall develop a plan in 2022 with utilities and stakeholder input to achieve reduction goals and may consider power generation, transmission and distribution, grid modernization, storage, energy efficiency measures, demand-side management, and the latest technology breakthroughs.
- Commission discretion to determine timing and resource mix to achieve
  - **least cost compliance**
  - **CO<sub>2</sub> reduction goals**
- Preservation or improvement of grid adequacy and reliability as generation and resources change.
- NCUC authorized to direct the procurement of solar energy facilities in 2022.





# Summary of HB 951 Solar Provisions

Solar that is selected by the NCUC as part of Carbon Plan is subject to the following:

- Volume is based upon Least Cost planning requirements to meet carbon emission reduction goal.
- 45% of the volume will be sourced via Power Purchase Agreements (PPAs) with third parties
  - Facilities must be no larger than 80 MW
  - PPAs must grant control rights of the facility to Duke
  - Contract conveys solar energy, capacity, environmental and renewable attributes to Duke
- 55% of the volume shall be owned by Duke and put into rates based upon cost of service
  - Utility-built/acquisition projects not limited to 80 MW or less.
- These ownership requirements include solar plus storage and any solar for Voluntary Customer Programs.



# HB 951 2022 Solar Procurement

HB 951 provides for the Commission to direct a 2022 procurement based upon the NCUC determination of the need for such procurement:

**Part 1 Section 2.(c)** “The Commission is **authorized to direct the procurement of solar energy facilities in 2022** by the electric public utilities if, **after stakeholder participation** and **review of preliminary analysis** developed in preparation of the initial Carbon Plan, the **Commission finds that such solar energy facilities will be needed** in accordance with the criteria and requirements set forth in Section 1 of this act to achieve the authorized carbon reduction goals.”



Requires stakeholder participation and review of preliminary analysis developed in preparation of the initial Carbon Plan



# High Level Comparison of HB 589 and HB 951

Stipulation	HB 589 CPRE	HB 951 2022 Solar Procurement
Is it a legislatively mandated program?	Yes	No; NCUC may authorize.
Specified volume?	2,660 MW subject to adjustment for Transition MWs	None; should be based on preliminary analysis for Carbon Plan
Power Purchase Agreement (PPA) Cost Cap	NCUC approved Avoided Cost Cap	None specified
PPA vs Utility Ownership Share	No more than 30% utility ownership	45% PPA, 55% utility owned (of total solar selected)
Location	Anywhere in Duke Service Territories	None specified
Third party oversight	Independent Administrator required and selects winning bids	None specified
PPA Contract Term	20 years	None specified

# 2022 Procurement Preliminary Analysis and Need

- While there is more modeling to be done, Duke believes there will be an identified need for incremental solar.
  - Prior modeling work from the NC/SC 2020 IRPs supports additional solar.
- Procurement cycles should align with annual interconnection cycles for maximum efficiency.
- There are 4 annual DISIS clusters (Definitive Interconnection System Impact Study) that could realistically be used to procure solar that could be placed in service by 2030.
  - Projects in the 2022 DISIS cluster will likely not come online until 2026.
- System-wide procurement would need alignment between NC and SC.
- 2022 Solar Procurement does not dictate future procurement processes, which will continue to evolve.

# 2022 Procurement Timing Considerations

- Interconnection cost estimates are a key input to evaluating the RFP and determining the least cost resources overall.
- 2022 Solar RFP bids would be part of the 2022 DISIS Interconnection cluster, with interconnection requests due June 29th, 2022.
  - This would also be the bid window closing date.
  - Bid window would open 30 days prior to that.
  - Working backwards to establish the other steps and date requirements.
  - CPRE pre-solicitation process provides good framework for Duke-administered 2022 procurement

# Draft Timeline to Align with Interconnection Process

Task	Target Completion Date
22P Pre-filing Stakeholder Meeting 1	1/20/2022
22P Pre-filing Stakeholder Meeting 2 (additional mtgs as needed)	Early Feb
File “Procurement Plan” with Commission(s) (overall structure)	Target 3/1/2022
Post draft RFP documents and pro formas for MP feedback	4/1/2022
Comment period on RFP documents	4/1 - 4/15/2022
Incorporate comments, post final RFP documents/pro formas	4/16 - 4/30/2022
Commission(s) (requested) approval date for Procurement Plan	4/30/2022
2022 PV RFP bid window	5/31/2022 - 6/29/2022

# Procurement Mechanics Overview

## Topics to be addressed in stakeholder process:

- Preference for Independent Evaluator (IE)
- Establishing 2 tracks: PPAs and Asset Acquisition
- How to determine selection of “least cost” resources
- Target MW quantity and target allocation (DEC/DEP)
- PPA contract term
- Network upgrade costs
- RFP eligibility requirements
- RFP evaluation factors





# Independent Evaluator

Under HB 951 structure, Duke plans to hire an Independent Evaluator (IE)

- Cost of IE will be born by the bidders and may add some time to the process
- Aim to have IE selected by April 1, 2022

## Scope of IE Responsibilities:

- Provide input on RFP documents
- Report to the Commission(s) on the RFP evaluation and selection process.
  - Adherence to RFP evaluation methodology
  - Open and transparent process
  - No undue preference between market participants



Do stakeholders have feedback on IEs for Duke to consider?

# PPAs and Asset Acquisition

- When the MW quantity is established, 45% will be the PPA target and 55% will be the utility-owned target for this RFP.
- Current thinking is that the pro forma PPA would be very similar to the CPRE T3 PPA.
- Asset Acquisition projects:
  - Contemplating utilizing the same proposal types and agreement structures from CPRE (i.e. asset transfer, an asset transfer plus EPC, or build-own-transfer).



Should bidders be allowed/required to submit the same project for both a PPA and asset acquisition?

# Selection of Least Cost Resources

- HB 951 requires **least cost** procurement to achieve carbon reduction goals; in contrast to HB 589, it does not require a pre-determined cost cap.
  - Determining the appropriate value of carbon-free energy and environmental attributes is part of the work being established in the Carbon Plan.
- Even without a pre-determined cost cap, an Independent Evaluator would verify that there was a competitive outcome achieving least cost.
- Commission(s) would verify the selection achieves least cost procurement and would approve CPCNs (if applicable) for winning proposals.



Do stakeholders believe a pre-determined cost cap is necessary for a March filing?

# Target MW Quantity

- Duke will not have complete Carbon Plan modeling until after the March filing.
- To execute an RFP in 2022, Duke could seek Commission(s) approval to hold an RFP and establish a market clearing price and volume later.
- DEC/DEP allocation does not need to be pre-determined.

Duke supports a single, system-wide procurement. Do stakeholders agree?

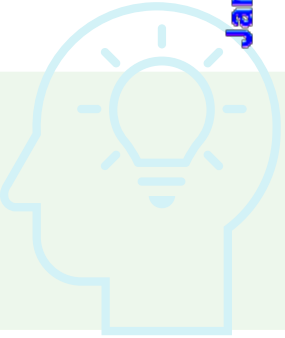
Is there a need to determine a target quantity before Carbon Plan modeling is complete?  
When is a target quantity needed?

# PPA Contract Term



Is a 20 year contract term still appropriate?

Should the RFP allow bids of 15, 20, and 25 year contract term lengths?



# Network Upgrades

- How are upgrades funded?
- CPRE approach took upgrade cost uncertainty out of bidding.
  - Diverges from State jurisdictional approach where interconnecting customer pays for network upgrade costs at time of IA.
- FERC jurisdictional approach requires interconnecting customer to fund network upgrades at IA but provides for reimbursement after COD is achieved.

You may continue to submit  
written questions to:

[2022SolarRFP@duke-energy.com](mailto:2022SolarRFP@duke-energy.com)

Q&A





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