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March 1, 2022

VIA ELECTRONIC FILING

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

**RE: Duke Energy Carolinas, LLC's CPRE Compliance Report and CPRE
Cost Recovery Rider
Docket No. E-7, Sub 1262**

Dear Ms. Dunston:

Enclosed for filing with the North Carolina Utilities Commission ("NCUC" or the "Commission") is the Application of Duke Energy Carolinas, LLC ("DEC") for Approval of CPRE Compliance Report and CPRE Cost Recovery Rider pursuant to N.C. Gen. Stat. § 62-110.8 and Commission Rule R8-71, together with the testimony and exhibits of Christy J. Walker and Angela M. Tabor.

Certain information contained in the exhibits of Ms. Walker and Ms. Tabor is a trade secret, and confidential, proprietary, and commercially sensitive information. For that reason, it is being filed under seal pursuant to N.C. Gen. Stat. § 132-1.2. Parties to the docket may contact the Company regarding obtaining copies pursuant to an appropriate confidentiality agreement.

Please contact me if you have any questions.

Sincerely,

Ladawn S. Toon

Enclosure

cc: Parties of Record

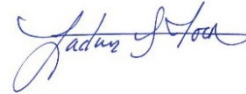
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Mar 01 2022

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC's CPRE Compliance Report and CPRE Cost Recovery Rider, in Docket No. E-7, Sub 1262, 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 1st day of March, 2022.



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STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-7, SUB 1262

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	
)	APPLICATION FOR
Application of Duke Energy Carolinas, LLC)	APPROVAL OF CPRE COST
Pursuant to G.S. 62-110.8 and Commission)	RECOVERY RIDER AND 2021
Rule R8-71 Relating to CPRE Compliance)	CPRE COMPLIANCE REPORT
Report and CPRE Cost Recovery Rider)	

Duke Energy Carolinas, LLC (“DEC,” “Company,” or “Applicant”), pursuant to North Carolina General Statutes (“N.C. Gen. Stat.”) § 62-110.8(g) and North Carolina Utilities Commission (“NCUC” or the “Commission”) Rule R8-71(j), hereby submits this Application requesting approval of (1) a Rider CPRE to recover the costs incurred to implement the Competitive Procurement of Renewable Energy (“CPRE”) Program and comply with N.C. Gen. Stat. § 62-110.8 and (2) approval of its CPRE Compliance Report for calendar year 2021. In support thereof, the Applicant respectfully shows the Commission the following:

1. The Applicant’s general offices are located at 526 South Church Street, Charlotte, North Carolina, and its mailing address is:

Duke Energy Carolinas, LLC
P. O. Box 1006
Charlotte, North Carolina 28201-1006

2. The name and address of Applicant’s attorney are:

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Copies of all pleadings, testimony, orders and correspondence in this proceeding should be served upon the attorneys listed above.

3. N.C. Gen. Stat. § 62-110.8 requires North Carolina's electric public utilities to file for Commission approval of a program for the competitive procurement of energy and capacity from renewable energy facilities with the purpose of adding renewable energy to the State's generation portfolio in a manner that allows the State's electric public utilities to continue to reliably and cost-effectively serve customers' future energy needs.

4. N.C. Gen. Stat. § 62-110.8(b) provides that electric public utilities may jointly or individually implement the aggregate competitive procurement requirements and may satisfy certain requirements set forth in N.C. Gen. Stat. § 62-110.8 for the procurement of renewable energy capacity to be supplied by renewable energy facilities through any of the following: (i) renewable energy facilities to be acquired from third parties and subsequently owned and operated by the soliciting public utility or utilities; (ii) renewable

energy facilities to be constructed, owned, and operated by the soliciting public utility or utilities subject to certain limitation set forth in N.C. Gen. Stat. § 62-110.8; or (iii) the purchase of renewable energy, capacity, and environmental and renewable attributes from renewable energy facilities owned and operated by third parties that commit to allow the procuring public utility rights to dispatch, operate, and control the solicited renewable energy facilities in the same manner as the utility's own generating resources.

5. N.C. Gen. Stat. § 62-110.8(g) provides that an electric public utility shall be authorized to recover the costs of all purchases of energy, capacity, and environmental and renewable attributes from third-party renewable energy facilities and to recover the authorized revenue of any utility-owned assets through an annual rider approved by the Commission and reviewed annually.

6. N.C. Gen. Stat. § 62-110.8(h) provides that the Commission shall adopt rules to implement the requirements of the competitive procurement of renewable energy program. The Commission adopted and subsequently authorized amendments to Rule R8-71 to implement N.C. Gen. Stat. § 62-110.8, by orders issued November 6, 2017 and April 9, 2018, in Docket No. E-100, Sub 150.¹

7. Rule R8-71(j)(1) provides that the Commission shall schedule an annual public hearing pursuant to N.C. Gen. Stat. § 62-110.8(g) to review the costs incurred or anticipated to be incurred by the electric public utility to comply with N.C. Gen. Stat. § 62-110.8.

8. Rule R8-71(j)(2) provides that the Commission shall permit each electric

¹ See *Order Adopting and Amending Rules*, Docket No. E-100, Sub 150 (Nov. 6, 2017); *Order Amending Commission Rule R8-71*, Docket No. E-100, Sub 150 (April 9, 2018).

public utility to charge an increment or decrement as a rider to its rates to recover in a timely manner the reasonable and prudent costs incurred and anticipated to be incurred to implement its CPRE Program and to comply with N.C. Gen. Stat. § 62-110.8. The costs and authorized revenue will be further modified through the use of a CPRE Program experience modification factor (CPRE EMF) rider. The CPRE EMF rider will reflect the difference between reasonable and prudently-incurred CPRE Program actual costs and authorized revenue, and the revenues that were actually realized during the test period under the CPRE Program rider then in effect.

9. Rule R8-71(h) provides that each electric public utility shall file its annual CPRE Program compliance report on the same date that it files its application to recover costs pursuant to Rule R8-71(j). The Commission shall consider each electric public utility's CPRE Program compliance report at the hearing provided for in Rule R8-71(j) and shall determine whether the electric public utility is reasonably and prudently implementing the CPRE Program requirements of N.C. Gen. Stat. § 62-110.8. *See* NCUC Rule R8-71(i)(1).

10. DEC and DEP are reasonably and prudently implementing the CPRE Program requirements. CPRE Tranches 1 and 2 are completed and Tranche 3 is underway to procure the remaining 596 MW directed under the Program. Further details regarding Tranche 3, are described in the direct testimony of DEC witness Angela M. Tabor.

11. Pursuant N.C. Gen. Stat. § 62-110.8(g) and Commission Rule R8-71(j), DEC hereby requests Commission approval of the Rider CPRE to recover the Company's reasonable and prudently incurred costs to comply with the CPRE Program. More specifically, the Company requests to give back to DEC's North Carolina retail customers,

through the CPRE EMF rider, (\$2,262,968) related to the actual CPRE costs incurred and other credits for the test period and to collect \$23,271,430 for CPRE costs projected to be incurred during the period from September 1, 2022 through August 31, 2023 (“Billing Period”). The Rider CPRE will be in effect for the twelve-month period September 1, 2022 through August 31, 2023.

12. In this Application, DEC proposes a CPRE Rider amount (excluding regulatory fee) of:

Residential – 0.0412¢/kWh

General Service & Lighting – 0.0395¢/kWh

Industrial – 0.0384¢/kWh

And DEC proposes an EMF decrement (excluding regulatory fee) of:

Residential – (0.0044)¢/kWh

General Service & Lighting – (0.0047)¢/kWh

Industrial – (0.0045)¢/kWh

This results in composite CPRE factors (excluding regulatory fee) of:

Residential – 0.0368¢/kWh

General Service & Lighting – 0.0348¢/kWh

Industrial – 0.0339¢/kWh

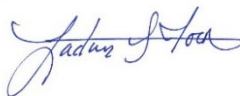
13. The Company also requests approval of its Compliance Report for calendar year 2021, which is being submitted as an attachment to the testimony of DEC witness Tabor. The Compliance Report details the Company’s compliance with the CPRE Program requirements of N.C. Gen. Stat. § 62-110.8 and, along with Company’s updated CPRE Program Plan and the IA’s Tranche 3 Status Report, demonstrates that the Company is

reasonably and prudently implementing the CPRE Program requirements.

14. The information and data required to be filed by NCUC Rule R8-71 in connection with this application is contained in the testimony and exhibits of DEC witnesses Tabor and Christy J. Walker, which are being filed simultaneously with this Application and incorporated herein by reference.

WHEREFORE, DEC requests that the Commission issue an order approving Rider CPRE, approving the Company's Compliance Report, and finding the Company to be reasonably and prudently implementing the CPRE Program Requirements of N.C. Gen. Stat. § 62-110.8.

Respectfully submitted this 1st day of March, 2022.



By: _____

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ATTORNEYS FOR DUKE ENERGY CAROLINAS, LLC

VERIFICATION

STATE OF NORTH CAROLINA)
) DOCKET NO. E-7, SUB 1262
COUNTY OF CABARRUS)

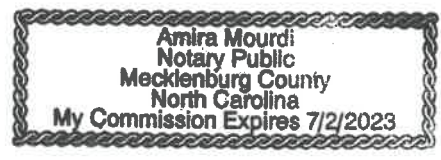
Christy J. Walker, being first duly sworn, deposes and says:

That she is Rates and Regulatory Strategy Manager for Duke Energy Carolinas, LLC; that she has read the foregoing Application and knows the contents thereof; that the same is true except as to the matters stated therein on information and belief; and as to those matters, she believes it to be true.

Christy J. Walker
Christy J. Walker

Signed and sworn to before me this day by Christy J. Walker
Name of principal

Date: February 24 2022
Amira Mourdi
Official Signature of Notary



(Official Seal)

Amira Mourdi, Notary Public
Notary's printed or typed name

My commission expires: July 2 2023

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-7, SUB 1262

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)

)
)
)
Application of Duke Energy Carolinas, LLC)
Pursuant to G.S. 62-110.8 and Commission)
Rule R8-71 for Approval of CPRE)
Compliance Report and CPRE Cost)
Recovery Rider)

**DIRECT TESTIMONY OF
CHRISTY J. WALKER**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Christy J. Walker, and my business address is 526 South Church
3 Street, Charlotte, North Carolina.

4 **Q. WHAT IS YOUR POSITION WITH DUKE ENERGY CAROLINAS,**
5 **LLC?**

6 A. I am a Rates and Regulatory Strategy Manager for Duke Energy Carolinas,
7 LLC (“DEC” or the “Company”).

8 **Q. PLEASE BRIEFLY SUMMARIZE YOUR EDUCATIONAL**
9 **BACKGROUND, BUSINESS BACKGROUND AND**
10 **PROFESSIONAL AFFILIATIONS.**

11 A. I received a Bachelor of Science Degree in Accounting from the West
12 Virginia University. I am a certified public accountant licensed in the state
13 of North Carolina. I began my career with Duke Energy in 2001. Since that
14 time, I have held various manager and analyst positions within the
15 accounting department before transitioning to the Rates Department. My
16 current role is Rates and Regulatory Strategy Manager.

17 **Q. WHAT ARE YOUR CURRENT RESPONSIBILITIES AT DEC?**

18 A. I am responsible for providing guidance on compliance with, and cost
19 recovery related to, the program for competitive procurement of renewable
20 energy (“CPRE Program”) established by North Carolina General Statute
21 (“N.C. Gen. Stat.”) § 62-110.8 and applicable to both DEC and Duke
22 Energy Progress, LLC (“DEP”).

1 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE NORTH**
2 **CAROLINA UTILITIES COMMISSION?**

3 A. Yes. I filed direct testimony DEP’s 2021 CPRE Rider proceeding, as filed
4 in Docket E-2, Sub 1275.

5 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

6 A. The purpose of my testimony is to describe the calculation of and present
7 the support for DEC’s CPRE Program rider (“Rider CPRE”) filed for
8 recovery of CPRE Program-related costs under N.C. Gen. Stat. § 62-
9 110.8(g). I present the information and data required by North Carolina
10 Utilities Commission (“Commission”) Rule R8-71 as set forth in Walker
11 Exhibit Nos. 1 through 6.

12
13 N.C. Gen. Stat. § 62-110.8(g) authorizes recovery of CPRE Program costs,
14 including authorized revenue for Company-owned facilities, and limits the
15 annual increase in the aggregate amount of these costs that are recoverable
16 by an electric public utility from its North Carolina retail (“NC Retail”)
17 customers to an amount not to exceed one percent (1%) of the electric public
18 utility’s total NC Retail jurisdictional gross revenues for the preceding
19 calendar year. Rule R8-71(j)(2) states “[t]he Commission shall permit each
20 electric public utility to charge an increment or decrement as a rider to its
21 rates to recover in a timely manner the reasonable and prudent costs
22 incurred and anticipated to be incurred to implement its CPRE Program and
23 to comply with G.S. 62-110.8.” Rule R8-71(j)(5) describes the CPRE

1 Program experience modification factor (“EMF”) component of the CPRE
2 Program rider as the difference between CPRE Program costs actually
3 incurred and CPRE Program revenues actually realized during the EMF test
4 period, representing a true-up increment or decrement related to CPRE
5 Program revenues collected during the EMF test period. In this CPRE
6 Program rider filing, the rider proposed by the Company includes both an
7 EMF rider component to adjust for the difference in DEC’s costs incurred
8 compared to revenues realized during the EMF test period, as well as a
9 prospective billing period rider component to collect costs forecasted to be
10 incurred during the prospective twelve-month period over which the
11 proposed CPRE Program rider will be in effect.

12 **Q. PLEASE IDENTIFY THE EMF TEST PERIOD AND THE**
13 **PROSPECTIVE BILLING PERIOD APPLICABLE TO THE CPRE**
14 **PROGRAM RIDER PROPOSED BY THE COMPANY.**

15 A. The test period used in supplying the information and data included in my
16 testimony and exhibits is the twelve months beginning on January 1, 2021
17 and ending on December 31, 2021 (“Test Period” or “EMF Period”), and
18 the billing period for the CPRE Program rider requested in the Company’s
19 application is the twelve months beginning on September 1, 2022 and
20 ending on August 31, 2023 (“Billing Period”).

21 **Q. PLEASE DESCRIBE THE EXHIBITS TO YOUR TESTIMONY.**

22 A. Walker Confidential Exhibit No. 1 identifies purchased power costs and
23 authorized revenue on a system basis, in both the EMF Period and in the

1 Billing Period for facilities that were selected in Tranches 1 and 2 of the
2 CPRE Program. Maiden Creek achieved commercial operation during the
3 EMF Period. Gaston Solar Power Plant achieved commercial operation in
4 December, 2020. Certain of the winning facilities from Tranches 1 and 2
5 are expected to achieve commercial operation by the end of the Billing
6 Period, and the capacity and energy components of purchased and generated
7 power have been calculated based on the forecasted megawatt hour
8 (“MWh”) production of each facility.

9
10 Walker Confidential Exhibit No. 2 identifies DEC’s total CPRE Program
11 implementation costs, on a system basis, for both the EMF Period and the
12 Billing Period.

13
14 Walker Exhibit No. 3 shows the calculation of the Rider CPRE amounts for
15 the Billing Period proposed by customer class: residential, general service
16 and lighting, and industrial. The Rider CPRE rates per customer class for
17 purchased and generated power is determined by dividing the sum of the
18 Billing Period costs allocated to the class by the forecast Billing Period
19 kWh sales for the customer class, resulting in a cents per kilowatt hour rate.
20 The Rider CPRE rate per customer class for implementation costs is
21 determined by dividing the sum of the Billing Period costs allocated to the
22 class, by the forecast Billing Period kWh sales for the customer class.

23

1 Walker Exhibit No. 4 shows the calculation of the Rider CPRE amounts for
2 the EMF Period proposed by customer class: residential, general service and
3 lighting, and industrial. The EMF Period rider amount represents the
4 difference between CPRE Program costs incurred and CPRE Program rider
5 revenues collected for the EMF Period. The Company over-collected about
6 \$2.0 million during the EMF Period. In addition, the Company received
7 \$70,000 in one-time revenue related to the change of control fees during the
8 CPRE process. The Company is crediting North Carolina retail customers
9 an allocable share of these fees, approximately \$47,000, through its
10 proposed EMF rate. The customer credits are not considered a refund of
11 amounts advanced by customers and accordingly are not included in the
12 computation of interest on the over-collection. The Rider CPRE rate per
13 customer class, in cents per kWh, is determined by dividing the sum of the
14 EMF Period amounts for each customer class by the forecast Billing Period
15 kWh sales for the customer class.

16
17 Walker Exhibit No. 5 summarizes the components of the proposed “Rider
18 CPRE (NC)” calculated in Walker Exhibit Nos. 3 and 4. It shows the total
19 proposed CPRE Program rider as the sum of the estimated CPRE Program
20 rider and the CPRE Program EMF rider applicable to the Billing Period.

21
22 Walker Exhibit No. 6 is the tariff sheet for the Rider CPRE. The applicable
23 regulatory fee factor is applied to each rate per customer class described

1 above to determine the final rates proposed by customer class, as displayed
2 on Walker Exhibit No. 6.

3

4 **Q. WERE THESE EXHIBITS PREPARED BY YOU OR AT YOUR**
5 **DIRECTION AND UNDER YOUR SUPERVISION?**

6 A. Yes.

7 **Q. WHAT COSTS ARE INCLUDED IN DEC'S PROPOSED CPRE**
8 **PROGRAM RIDER?**

9 A. The proposed Rider CPRE is designed to recover DEC's costs to implement
10 the CPRE Program pursuant to N.C. Gen. Stat. § 62-110.8, in compliance
11 with the requirements of Commission Rule R8-71. As described above,
12 Rider CPRE includes the CPRE Program EMF component to recover the
13 difference between the implementation costs and purchased or generated
14 power costs incurred, and revenues realized during the EMF Period. The
15 costs incurred during the EMF Period are presented in this filing to
16 demonstrate their reasonableness and prudence as provided in Commission
17 Rule R8-71(j). The proposed Rider CPRE also includes a prospective
18 component to recover the costs expected to be incurred for the Billing
19 Period.

20

21 The costs the Company proposes to recover are described in the direct
22 testimony of Company witness Tabor, and detailed in Walker Confidential
23 Exhibits No. 1 and 2. The costs that are included for recovery in this

1 proposed CPRE Program rider are the energy and capacity components of
2 purchased or generated power as well as incremental internal Company
3 labor, contract labor including legal fees, and other related costs of
4 implementing the CPRE Program. As discussed later in my testimony, for
5 Company-owned facilities, costs to be recovered are “authorized revenue”
6 as allowed under N.C. Gen. Stat. § 62-110.8(g).

7
8 The Company expects to incur increased costs in the Billing Period for the
9 procurement of power to meet CPRE Program requirements as additional
10 CPRE Program facilities achieve commercial operation, as detailed in
11 Walker Confidential Exhibit No. 1. Accordingly, DEC, has included
12 forecasted costs of CPRE purchased and owned generation in the Billing
13 Period cost recovery total.

14
15 Fees paid to the Independent Administrator (“IA”) and costs incurred by the
16 Company’s designated evaluation team for bid evaluation work, are not
17 included for recovery in the proposed CPRE Program rider, except as noted
18 on Walker Confidential Exhibit No. 2 for unanticipated regulatory
19 proceedings and litigation related to Tranches 1 and 2, as described in
20 witness Tabor’s testimony. As also discussed by Witness Tabor,
21 prospective costs for administrating Tranche 3 are funded through proposal
22 fees collected by the Company from the participants in the Company’s
23 CPRE solicitation process.

1 **Q. PLEASE DESCRIBE THE METHOD USED BY DEC TO**
2 **ALLOCATE CPRE PROGRAM COSTS AMONG CUSTOMER**
3 **CLASSES FOR THE PURPOSE OF CALCULATING THE CPRE**
4 **PROGRAM RIDER FOR EACH CUSTOMER CLASS.**

5 A. Walker Exhibit Nos. 3 and 4 show the calculation of the Rider CPRE for
6 each customer class for the Billing Period and EMF Period, respectively.
7 CPRE Program costs, including purchased and generated power costs and
8 implementation costs, are incurred by the Company in its efforts to procure
9 capacity and energy from renewable energy facilities, pursuant to N.C. Gen.
10 Stat. § 62-110.8.

11
12 The capacity component of purchased power and generation cost is
13 allocated to NC Retail and among customer classes based on the final 2020
14 cost of service production plant allocators since the 2021 cost of service
15 study is not available at the time of filing. During the billing period, when
16 DEC computes its actual CPRE capacity related costs for comparison to
17 capacity related revenues realized, DEC will use the production plant
18 allocator from the 2021 cost of service study in determining North Carolina
19 retail's share of actual costs by customer class. Also, when the 2021
20 production plant allocator becomes known, DEC may elect to make a
21 supplemental filing to adjust its proposed billing period rates, if the
22 estimated rates are materially impacted. The energy component of

1 purchased power and generation cost is allocated to each customer class
2 based on MWh sales by class.

3 To allocate the reasonable and prudent implementation costs incurred and
4 anticipated to be incurred to implement its CPRE Program the Company is
5 using a composite capacity and energy allocation factor derived from the
6 allocations of purchased and generated power amounts described above.

7

8 **Q. HOW DOES THE COMPANY PROPOSE TO RECOVER ENERGY**
9 **AND CAPACITY ASSOCIATED WITH COMPANY-OWNED**
10 **FACILITIES?**

11 A. The costs associated with Company-owned CPRE facilities, Gaston and
12 Maiden Creek Solar Power Plants, have been included at the price in which
13 those facilities bid into the Tranche 1 RFP and determined by the IA to be
14 among the most cost-competitive resources. There were no Company-
15 owned CPRE facilities selected in the CPRE Tranche 2 RFP.

16

17 Gaston Solar Power Plant achieved commercial operation in December
18 2020, prior to the beginning of the EMF period. Maiden Creek Solar Power
19 Plant, generated test energy and achieved commercial operation in January
20 2021. In this rider filing, the Company is seeking recovery for all energy
21 generated by both Gaston and Maiden Creek.

22 **Q. IS THE COMPANY REQUESTING RECOVERY OF**
23 **AUTHORIZED REVENUE FOR UTILITY-OWNED FACILITIES**

1 **ON A MARKET BASIS IN LIEU OF COST-OF-SERVICE BASED**
2 **RECOVERY AS PROVIDED BY NC GEN. STAT. §62-110.8?**

3 A. Yes. In 2021, in Docket E-7, Sub 1247, the Commission approved DEC’s
4 request to recover costs for DEC-owned Gaston and Maiden Creek Solar
5 Power Plants, on a market basis in lieu of cost-of-service recovery.
6 Specifically, the Commission authorized recovery of the costs associated
7 with these facilities at the \$/MWh price at which those facilities bid into
8 CPRE Tranche 1 RFP and were selected by the Independent Administrator.

9 **Q. IS THE ANNUAL INCREASE IN COSTS THE COMPANY**
10 **PROPOSES TO RECOVER WITH ITS PROPOSED CPRE**
11 **PROGRAM RIDER AND EMF RIDER WITHIN THE LIMIT**
12 **ESTABLISHED IN N.C. GEN. STAT. § 62-110.8?**

13 A. Yes. N.C. Gen. Stat. § 62-110.8(g) limits the annual increase in costs
14 recoverable by an electric public utility to (1%) of the electric public utility’s
15 total North Carolina retail jurisdictional gross revenues for the preceding
16 calendar year. Further, Rule R8-71 provides that “[t]he annual increase in
17 the aggregate costs recovered under G.S. 62-110.8(g) in any recovery
18 period from its North Carolina retail customers shall not exceed one percent
19 (1%) of the electric public utility’s North Carolina retail jurisdictional gross
20 revenues for the preceding calendar year as determined as of December 31
21 of the previous calendar year. Any amount in excess of that limit shall be
22 carried over and recovered in the next recovery period when the annual
23 increase in the aggregate amount of costs to be recovered is less than one

1 percent (1%)". The increase in aggregate costs DEC seeks to recover
 2 pursuant to its proposed CPRE Program rider and CPRE Program EMF
 3 rider is less than the statutory maximum.

4 **Q. HOW DOES DEC PROPOSE TO COLLECT THE CPRE**
 5 **PROGRAM RIDERS FROM EACH CUSTOMER CLASS?**

6 A. DEC's proposed Rider CPRE is attached as Walker Exhibit No. 6. As
 7 shown on the rider, DEC proposes that a cents per kWh rate be applied to
 8 all NC Retail kWh sales for the twelve-month Billing Period.

9 **Q. WHAT IS THE CPRE PROGRAM RIDER PROPOSED BY THE**
 10 **COMPANY FOR EACH CUSTOMER CLASS?**

11 A. The Company proposes the following CPRE Program rider to be effective
 12 September 1, 2022, and to remain in effect for the twelve-month Billing
 13 Period ending August 31, 2023.

14 *Excluding regulatory fee:*

Cents per kWh					
Customer class	CPRE Program EMF rider	CPRE Program rider	Total CPRE Program rider	Current total CPRE Program rider	CPRE Program rider increase
Residential	(0.0044)	0.0412	0.0368	0.0238	0.0130
General Service	(0.0047)	0.0395	0.0348	0.0224	0.0124
Industrial	(0.0045)	0.0384	0.0339	0.0219	0.0120

15 *Including regulatory fee:*

Cents per kWh					
Customer class	CPRE Program EMF rider	CPRE Program rider	Total CPRE Program rider	Current CPRE Program rider	CPRE Program rider increase
Residential	(0.0044)	0.0412	0.0368	0.0238	0.0130
General Service	(0.0047)	0.0395	0.0348	0.0224	0.0124
Industrial	(0.0045)	0.0384	0.0339	0.0219	0.0120

1 *Totals may not foot due to rounding*

2 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

3 **A. Yes.**

CONFIDENTIAL DATA





Line No.	Market Participant	Facility Name	Location	Tranche No.	Nameplate Capacity (MW)	EMF Period January 1, 2021 - December 31, 2021			Billing Period September 1, 2022 - August 31, 2023			
						Capacity	Energy ²	Total	Capacity	Energy	Total	
						Purchased and Generated Power ¹			Purchased and Generated Power ¹			
									Capacity Factor	Energy Factor		
									17%	83%	Input	
1				1								
2				1								
3				1								
4				1								
5				1								
6				1								
7				1								
8				1								
9				1								
10				1								
11	Sub-Total Tranche 1 Facilities					434.5	\$ 1,180,963	\$ 4,151,212	\$ 5,332,175	\$ 2,255,200	\$ 25,657,739	\$ 30,912,939
12									Capacity Factor	Energy Factor		
13									N/A	N/A		
14									7%	93%		
15									Purchased and Generated Power ¹			
16									Purchased and Generated Power ¹			
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24				2								
25				2								
26				2								
27				2								
28				2								
29	Sub-Total Tranche 2 Facilities					589.5	\$ -	\$ -	\$ -	\$ 274,312	\$ 3,644,431	\$ 3,918,743
30												
31	Total of Tranche 1 and Tranche 2						\$ 1,180,963	\$ 4,151,212	\$ 5,332,175	\$ 5,529,512	\$ 29,302,170	\$ 34,831,682

Note: Rounding differences may occur

¹ Duke-owned facilities are considered generated power rather than purchased power. The cost for Duke owned facilities is authorized revenue as provided by G.S. 62-110.8(g).

² Precommercial generation included at the energy-only component of the rate in accordance with CPRE PPA section 4.4.

CONFIDENTIAL DATA

Line No.	Implementation Cost / Activity	Reference	EMF Period	Billing Period
			January 1, 2021 - December 31, 2021	September 1, 2022 - August 31, 2023
1				\$ -
2				\$ -
3				\$ -
4				\$ -
5				\$ -
6				\$ -
7	Total Internal Labor and Labor-Related Taxes and Benefits		\$ 275,534	\$ 298,530 *
8		Company Records		\$ -
9				\$ -
10				\$ -
11				\$ -
12				\$ -
13				\$ -
14				\$ -
15				\$ -
16	Total Outside Services		\$ 87,681	\$ 13,000 *
17				
18	Total Employee-Related Expenses		\$ 279	\$ 300 *
19				
20	Independent Administrator Fees Not Recovered		\$ 204,048	\$ -
21				
22	Total Implementation Costs	L7 + L16 + L18 + L20	\$ 567,542	\$ 311,830 *

Note: Rounding differences may occur

* Represents an estimate of implementation charges expected to be incurred in the prospective Billing Period.

Allocation of Prospective Billing Period CPRE Charges to Customer Classes

Line No.	Description	Reference	Residential	General Service and Lighting	Industrial	Total
<u>Allocation of CPRE Purchased and Generated Power by Customer Class (Prospective Billing Period)</u>						
1	CPRE Purchased and Generated Power - Capacity	Exhibit 1, L31				\$ 5,529,512
2	NC Retail Jurisdictional % Based on 2020 Production Plant	Input				66.98%
3	NC Retail Portion - CPRE Purchased and Generated Power - Capacity	L1 * L2				\$ 3,703,500
4						
5	NC Retail 2020 Production Plant Allocation Factors	Input	47.00%	37.09%	15.90%	100.00%
6						
7	NC CPRE Purchased and Generated Power - Capacity Allocated Based on 2020 Production Plant	L3 * L5	\$ 1,740,816	\$ 1,373,754	\$ 588,929	\$ 3,703,500
8						
9	CPRE Purchased and Generated Power - Energy	Exhibit 1, L31				\$ 29,302,170
10	NC Retail Jurisdictional % Based on Projected Billing Period Sales	Workpaper 3				66.08%
11	NC Retail Portion - CPRE Purchased and Generated Power - Energy	L9 * L10 [Total Only]				\$ 19,361,443
12						
13	Allocation Factor- MWh Sales	Workpaper 3	39.17%	39.88%	20.95%	100.00%
14						
15	NC CPRE Purchased and Generated Power - Energy Allocated on MWh Sales	L11 * L13	\$ 7,583,467	\$ 7,720,893	\$ 4,057,083	\$ 19,361,443
16						
17	Total of NC CPRE Purchased and Generated Power - Capacity and Energy	L7 + L17	\$ 9,324,283	\$ 9,094,647	\$ 4,646,013	\$ 23,064,942
18						
19	% of NC CPRE Purchased and Generated Power - Capacity and Energy		40.43%	39.43%	20.14%	100.00%

Line No.	Description	Reference	Residential	General Service and Lighting	Industrial	Total
<u>Allocation of CPRE Implementation Costs by Customer Class (Prospective Billing Period)</u>						
20	CPRE Implementation Costs - Total	Exhibit 2, L22				\$ 311,830
21	NC Retail Jurisdictional % Based on Composite of Energy and Capacity	(L3 + L11) ÷ (L1 + L9) [Total Only]				66.22%
22	CPRE Implementation Costs - NC Retail Portion	L20 * L21				\$ 206,488
23						
24	Total of NC CPRE Purchased and Generated Power - Capacity and Energy	L19	40.43%	39.43%	20.14%	100.00%
25						
26	CPRE Implementation Costs by Customer Class	L22 * L24	\$ 83,475	\$ 81,420	\$ 41,593	\$ 206,488
27						
28	Total of NC CPRE Purchased and Generated Capacity and Energy + Implementation Cost	L17+ L26	\$ 9,407,758	\$ 9,176,066	\$ 4,687,606	\$ 23,271,430
29						
30	NC Projected Billing Period MWh Sales	Workpaper 3	22,809,193	23,222,537	12,202,704	58,234,434
31						
32	NC CPRE Implementation Cost CPRE Charge ¢/kWh	L28 ÷ L30 ÷ 10	0.0412	0.0395	0.0384	0.040

Note: Rounding differences may occur

Allocation of Experience Modification Factor (EMF) Period Charges to Customer Classes:

Line No.	Description	Reference	Residential	General Service and Lighting	Industrial	Total
Allocation of CPRE Purchased and Generated Power by Customer Class (EMF Period)						
1	CPRE Purchased and Generated Power - Capacity	Exhibit 1, L31				\$ 1,180,963
2	NC Retail Jurisdictional % Based on 2020 Production Plant	Exhibit 3, L 2				66.98%
3	NC Retail Portion - CPRE Purchased and Generated Power - Capacity	L1 * L2				\$ 790,973
4						
5	NC Retail 2020 Production Plant Allocation Factors	Exhibit 3, L 5	47.00%	37.09%	15.90%	100.00%
6						
7	NC CPRE Purchased and Generated Power - Capacity Allocated Based on 2020 Production Plant	L3 * L5	\$ 371,794	\$ 293,399	\$ 125,780	\$ 790,973
8						
9	CPRE Purchased and Generated Power - Energy	Exhibit 1, L31				\$ 4,151,212
10	NC Retail Jurisdictional % Based on EMF Period Sales	Workpaper 4				67.09%
11	NC Retail Portion - CPRE Purchased and Generated Power - Energy					\$ 2,785,071
12						
13	NC Retail Portion - CPRE Purchased and Generated Power - Energy	L15 * L11 [Total Only]	\$ 1,075,531	\$ 1,122,144	\$ 587,396	\$ 2,785,071
14						
15	NC EMF Period MWh Sales	Workpaper 4	22,424,524	23,396,396	12,247,042	58,067,961
16						
17	Total of NC CPRE Purchased and Generated Power - Capacity and Energy	L7 + L13	\$ 1,447,325	\$ 1,415,543	\$ 713,176	\$ 3,576,045
18						
19	% of NC CPRE Purchased and Generated Power - Capacity and Energy		40.47%	39.58%	19.94%	100%
Allocation of CPRE Implementation Costs by Customer Class (EMF Period)						
20	CPRE Implementation Costs - Total	Exhibit 2, L22				\$ 567,542
21	NC Retail Jurisdictional % Based on Composite of Energy and Capacity	(L3 + L13) ÷ (L1 + L9) [Total Only]				67.07%
22	CPRE Implementation Costs - NC Retail Portion	L20 * L21				\$ 380,624
23						
24	Total of NC CPRE Purchased and Generated Power - Capacity and Energy	L19	40.47%	39.58%	19.94%	100.00%
25						
26	CPRE Implementation Costs by Customer Class	L22 * L24	\$ 154,049	\$ 150,667	\$ 75,909	\$ 380,624
27						
28	Total of NC CPRE Purchased and Generated Power - Capacity and Energy and Implementation costs	L17 + L26	\$ 1,601,375	\$ 1,566,210	\$ 789,085	\$ 3,956,669
29						
30						
31	CPRE Revenues Realized During the Test Period	Input	\$ 2,443,057	\$ 2,472,568	\$ 1,257,067	\$ 6,172,692
32						
33	CPRE (Over)/Under Collection	L28 - L31	\$ (841,682)	\$ (906,358)	\$ (467,982)	\$ (2,216,022)
34						
35	Contract Fees Being Credited in CPRE Rider	Workpaper 5				\$ (70,000)
36	NC Retail Jurisdictional % Based on Composite of Energy and Capacity	L21				67.07%
37	CPRE Contract Fees - NC Retail Portion	L35 * L36				\$ (46,946)
38						
39	CPRE Contract Fees by Customer Class	L37 * L24	\$ (19,000)	\$ (18,583)	\$ (9,362)	\$ (46,946)
40						
41	Total CPRE EMF Amount including Contract Fees	L33 + L39	\$ (860,682)	\$ (924,941)	\$ (477,345)	\$ (2,262,968)
42						
43	NC Projected Billing Period MWh Sales	Exhibit 3, L 30	22,809,193	23,222,537	12,202,704	58,234,434
44						
45	NC CPRE EMF Rider Amount €/kWh	L41 ÷ L43 + 10	(0.0038)	(0.0040)	(0.0039)	(0.0039)
46						
47	Annual Interest Rate		10%	10%	10%	10%
48						
49	Monthly Interest Rate	L47 ÷ 12	0.83%	0.83%	0.83%	0.83%
50						
51	Number of Months (July 1, 2021 - February 28, 2023)		20	20	20	20
52						
53	Interest	L33 * L49 * L51	\$ (140,280)	\$ (151,060)	\$ (77,997)	\$ (369,337)
54						
55	EMF Interest on Over Collection	L53 ÷ L43 + 10	(0.0006)	(0.0007)	(0.0006)	(0.0006)

Line No.	Description	Reference	Residential ¢/kWh	General Service and Lighting ¢/kWh	Industrial ¢/kWh	Composite ¢/kWh
1	Prospective Billing Period Rider Charge					
2	NC CPRE Implementation Cost CPRE Charge ¢/kWh	Exhibit 3, L32	0.0412	0.0395	0.0384	0.0400
3						
4	Experience Modification Factor Period Rider Charge					
5	EMF Increment/(Decrement) ¢/kWh	Exhibit 4, L45	(0.0038)	(0.0040)	(0.0039)	(0.0039)
6	EMF Interest Decrement ¢/kWh	Exhibit 4, L55	(0.0006)	(0.0007)	(0.0006)	(0.0006)
7						
8	Total Proposed CPRE Rider Charge ¢/kWh	L2+ L5+ L6	0.0368	0.0348	0.0339	0.0355

Note: This exhibit excludes the impact of the regulatory fee

Duke Energy Carolinas, LLC

Electricity No. 4
North Carolina Second Revised (Proposed) Leaf No. 127
Superseding North Carolina Original Leaf No. 127

RIDER CPRE (NC)
COMPETITIVE PROCUREMENT OF RENEWABLE ENERGY RIDER

APPLICABILITY (North Carolina Only)

Service supplied under the Company's rate schedules is subject to approved adjustments to recover costs associated with implementation of the Company's Competitive Procurement of Renewable Energy (CPRE) Program. Adjustments are made pursuant to North Carolina General Statute 62-110.8(g) and North Carolina Utilities Commission Rule R8-71 as ordered by the North Carolina Utilities Commission.

CPRE PROSPECTIVE COMPONENT AND EXPERIENCE MODIFICATION FACTOR

All service supplied under the Company's rate schedules is subject to an increment per kilowatt hour as set forth below. This adjustment is not included in the Rate Schedules of the Company and therefore, must be applied to the bill as calculated under the applicable rate.

RESIDENTIAL SERVICE

Prospective Component of CPRE	0.0412 ¢/kWh
Experience Modification Factor	<u>(0.0044) ¢/kWh</u>
Net CPRE Rider Factor	0.0368 ¢/kWh
Regulatory Fee Multiplier	x <u>1.0013</u>
CPRE Factor	0.0368 ¢/kWh

GENERAL SERVICE AND LIGHTING

Prospective Component of CPRE	0.0395 ¢/kWh
Experience Modification Factor	<u>(0.0047) ¢/kWh</u>
Net CPRE Rider Factor	0.0348 ¢/kWh
Regulatory Fee Multiplier	x <u>1.0013</u>
CPRE Factor	0.0348 ¢/kWh

INDUSTRIAL SERVICE

Prospective Component of CPRE	0.0384 ¢/kWh
Experience Modification Factor	<u>(0.0045) ¢/kWh</u>
Net CPRE Rider Factor	0.0339 ¢/kWh
Regulatory Fee Multiplier	x <u>1.0013</u>
CPRE Factor	0.0339 ¢/kWh

North Carolina First Revised (Proposed) Leaf No. 127
Effective for service rendered on and after September 1, 2022
NCUC Docket No. E-7, Sub 1262, Order dated _____

CONFIDENTIAL DATA

Line No.	CPRE Generation (MWh)	Tranche No.	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Total
1	[REDACTED]	1	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2															
3															
4															
5															
6															
7															
8															
9															
10															
11	Total DEC		9,099	9,773	13,300	12,252	6,745	14,270	14,725	14,172	12,305	13,222	13,976	7,923	141,762
12															
13															
14	CPRE Generation (\$)	Tranche No.	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Total
15	[REDACTED]	1	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
16															
17															
18															
19															
20															
21															
22															
23															
24															
25															
26	Total DEC		\$354,442	\$387,274	\$518,179	\$473,679	\$257,192	\$495,880	\$494,043	\$483,064	\$412,030	\$512,530	\$580,783	\$363,080	\$5,332,175

Note> No Tranche 2 facilities came online during the EMF period of January 1, 2021 to December 31, 2021. Therefore, only Tranche 1 facilities are currently being shown on this workpaper.

CONFIDENTIAL DATA

Line No.	CPRE Generation (MWh)	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Total
Tranche No. 1														
1														
2														
3														
4														
5														
6														
7														
8														
9														
10														
11														
Tranche No. 2														
12														
13														
14														
15														
16														
17														
18														
19														
20														
21														
22														
23	Total DEC	60,434	54,490	44,188	37,767	53,062	56,183	78,155	99,561	108,459	108,233	108,264	103,023	911,819

Line No.	CPRE Generation (\$)	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Total
Tranche No. 1														
28														
29														
30														
31														
32														
33														
34														
35														
36														
37														
38														
39														
Tranche No. 2														
40														
41														
42														
43														
44														
45														
46														
47														
48														
49														
50														
51	Total DEC	\$2,161,589	\$1,996,959	\$1,826,110	\$1,696,798	\$2,240,104	\$2,437,539	\$3,217,431	\$3,686,251	\$4,117,233	\$3,831,030	\$3,814,129	\$3,806,507	\$34,831,682

Fall 2021 Forecast
Billed Sales Forecast
Sales Forecast - MWhs (000)

	Reference	Remove Impact of SC		
		Projected Sales for the Billing Period	DERP Net Metered Generation	Adjusted Sales
North Carolina				
Residential		22,809,193	-	22,809,193
General		22,983,240	-	22,983,240
Industrial		12,202,704	-	12,202,704
Lighting		239,297	-	239,297
North Carolina Retail		58,234,434	-	58,234,434
South Carolina				
Residential		6,851,656	133,318	6,984,974
General		5,765,026	42,173	5,807,199
Industrial		8,959,835	429	8,960,264
Lighting		39,929	-	39,929
South Carolina Retail	Company Records	21,616,446	175,920	21,792,366
Total Retail				
Residential		29,660,849	133,318	29,794,167
General		28,748,266	42,173	28,790,439
Industrial		21,162,539	429	21,162,968
Lighting		279,226	-	279,226
Total Retail Sales		79,850,880	175,920	80,026,800
Wholesale				
		8,106,884.66	-	8,106,885
Projected System MWh Sales for Fuel Factor		87,957,765	175,920	88,133,685
NC as a percentage of total		66.21%		66.08%
SC as a percentage of total		24.58%		24.73%
Wholesale as a percentage of total		9.22%		9.20%
		100.00%		100.00%

Note: Rounding differences may occur

Residential	39.17%
General Service/Lighting	39.88%
Industrial	20.95%
Total NC Retail	100.00%

Line No.	Description	Reference	Total Company (MWh)	North Carolina Retail (MWh)	North Carolina Residential (MWh)	North Carolina General Service/Lighting (MWh)	North Carolina Industrial (MWh)
1	Test Period MWh Sales (excluding inter system sales)	Company Records	86,551,610	58,067,961	22,424,524	23,396,396	12,247,042
2							
3	NC Percentage of Total Company Unadjusted Sales	67.09%					
4	SC Percentage of Total Company Unadjusted Sales	23.66%					
5	Wholesale Percentage of Total Company Unadjusted Sales	9.25%					
		100.00%					

Note: Rounding differences may occur

Duke Energy Carolinas, LLC
Docket No. E-7, Sub 1262
Contract Fees Being Credited in CPRE Rider

Walker Workpaper No. 5

CONFIDENTIAL DATA

Line No.	Facility Name	Type of Fee	Date Paid	Amount Collected
1				
2				
3				
4				
5				
6				
7				
8	Total			\$ 70,000

Note: Rounding differences may occur

Per Rule R8-71 (j)(9) "the annual increase in the aggregate amount of costs recovered under G.S. 62-110.8(g) in any recovery period from its North Carolina retail customers shall not exceed one percent (1%) of the electric public utility's total North Carolina retail jurisdictional gross revenues for the preceding calendar year determined as of December 31 of the previous calendar year. Any amount in excess of that limit shall be carried over and recovered in the next recovery period when the annual increase in the aggregate amount of costs to be recovered is less than one percent (1%)."

Line No.	Description	EMF Period (Exhibit 4, L41)	Billing Period (Exhibit 3, L20 + L25)	Total	NC Retail Gross Revenues
1	Amount Approved in 2020 Docket E-7, Sub 1247	\$ (1,911,943)	\$ 15,205,457	\$ 13,293,514	
2	Amount Proposed in current Docket	\$ (2,262,968)	\$ 23,271,430	\$ 21,008,462	
3	Annual Increase			\$ 7,714,948	
4					
5	1% of 2021 NC Retail Gross Revenues			\$ 47,201,369	\$ 4,720,136,851
6					
7	Excess of Current Docket over 1% NC Retail Gross Revenues			N/A	

Note: Rounding differences may occur

STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH

DOCKET NO. E-7, SUB 1262

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of)	
)	
)	
Application of Duke Energy Carolinas, LLC)	DIRECT TESTIMONY OF
Pursuant to G.S. 62-110.8 and Commission)	ANGELA M. TABOR
Rule R8-71 for Approval of CPRE)	
Compliance Report and CPRE Cost)	
Recovery Rider)	

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Angela M. Tabor, and my business address is 410 South Wilmington
3 Street, Raleigh, North Carolina.

4 **Q. PLEASE STATE YOUR POSITION WITH DUKE ENERGY AND DESCRIBE**
5 **YOUR CURRENT RESPONSIBILITIES.**

6 A. I am a Renewable Compliance Manager for Duke Energy within the Business
7 Development & Compliance Department. In my current position, I am responsible for
8 the development and implementation of the competitive procurement of renewable
9 energy program (“CPRE Program”) established by Session Law 2017-192’s (“House
10 Bill 589” or the “Act”) enactment of North Carolina General Statute (“N.C. Gen. Stat.”)
11 § 62-110.8 and applicable to both Duke Energy Carolinas, LLC (“DEC” or “the
12 Company”), and Duke Energy Progress, LLC (“DEP” and together with DEC, “the
13 Companies”). My responsibilities include compliance with CPRE Program
14 requirements as well as interface with the North Carolina Utilities Commission
15 (“Commission”) approved CPRE Program independent administrator, Accion Group,
16 LLC (“Accion Group”, “Independent Administrator”, or “IA”), on behalf of DEC and
17 DEP.

18 **Q. PLEASE BRIEFLY SUMMARIZE YOUR EDUCATIONAL BACKGROUND.**

19 A. I received a Bachelor of Science in Mechanical Engineering from North Carolina State
20 University. I am a licensed Professional Engineer in North Carolina.

21 **Q. PLEASE DESCRIBE YOUR BUSINESS BACKGROUND AND EXPERIENCE.**

22 A. I worked as a mechanical engineer from 2001 to 2002 and 2004-2010 at Black &
23 Veatch. I worked as a hardware engineer at Lockheed Martin Aeronautics from 2002-

1 2004. In 2010, I joined Progress Energy as a Senior Auditor working on the
2 Operational Audit team. In 2012, after the merger of Duke Energy and Progress
3 Energy, I worked in the NERC Corporate Compliance group managing audits with
4 external regulators. In 2018, I became a Wholesale Renewable Manager in the
5 Distributed Energy Technology Department working with interconnection customers
6 of the Companies. In October of 2021, I moved to my current position as Renewable
7 Compliance Manager in the Business Development & Compliance Department.

8 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE NORTH CAROLINA**
9 **UTILITIES COMMISSION?**

10 A. No.

11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

12 A. The purpose of my testimony is to describe DEC's activities in connection with
13 implementation of the CPRE Program and to describe DEC's costs incurred to
14 implement the CPRE Program and to comply with N.C. Gen. Stat. § 62-110.8 during
15 the twelve months beginning on January 1, 2021 and ending on December 31, 2021
16 ("EMF Period" or "Test Period"). My testimony also supports DEC's purchased power
17 and generated power costs projected to be incurred during the CPRE Program rider
18 billing period, which is the twelve month period beginning on September 1, 2022 and
19 ending on August 31, 2023 ("Billing Period").

20 **Q. PLEASE DESCRIBE THE EXHIBIT TO YOUR TESTIMONY.**

21 A. My testimony includes one exhibit. Tabor Exhibit No. 1 is the Company's 2021 CPRE
22 Compliance Report, which is being submitted in this docket in compliance with
23 Commission Rule R8-71(h). The Compliance Report describes the Company's and

1 DEP's ongoing joint efforts to procure renewable energy resources under the CPRE
2 Program and ongoing actions to comply with the requirements of N.C. Gen. Stat. § 62-
3 110.8 during the reporting period, including a summary of key activities during the
4 reporting period, costs incurred to administer the CPRE Program, cost incurred and
5 fees collected by the Independent Administrator, and the current status of CPRE
6 Program requirements.

7 **Q. WAS THIS EXHIBIT PREPARED BY YOU OR AT YOUR DIRECTION AND**
8 **UNDER YOUR SUPERVISION?**

9 A. Yes. Tabor Exhibit No. 1 was prepared by me or under my supervision. Tabor Exhibit
10 No. 1, along with one of the appendices to Tabor Exhibit No. 1, contains confidential
11 and proprietary information and is being filed with the Commission under seal. A
12 redacted version suitable for public filing is attached to my testimony.

13

14 **Compliance with CPRE Program Requirements**

15 **Q. PLEASE PROVIDE BACKGROUND REGARDING THE ESTABLISHMENT**
16 **OF THE CPRE PROGRAM.**

17 A. On July 27, 2017, House Bill 589 was signed into law, thereby enacting several
18 amendments to the Public Utilities Act. Part II of the Act enacted N.C. Gen. Stat. § 62-
19 110.8, which mandates that Duke obtain Commission approval to implement a CPRE
20 Program to competitively procure 2,660 megawatts ("MW") of additional renewable
21 energy resource capacity (subject to adjustment) over a 45 month period commencing
22 from the date of Commission approval of the CPRE Program, to be accomplished
23 through a series of distinct Requests for Proposals ("RFPs") referred to as "Tranches."

1 N.C. Gen. Stat. § 62-110.8(g) establishes an annual CPRE rider cost recovery
2 mechanism to recover the costs incurred by DEC and DEP to implement the CPRE
3 Program.

4 **Q. HAS THE COMPANY RECENTLY FILED AN UPDATED 2021 CPRE**
5 **PROGRAM PLAN?**

6 A. Yes, the Company filed an updated CPRE Program Plan on September 1, 2021 in
7 Docket E-100, Sub 165, as required by Commission Rule R8-71(g).

8 One of the key updates provided in that plan was to provide an update on projected
9 “Transition MW,” which has the potential to reduce the total amount of MW to be
10 procured through the CPRE Program. The Companies’ 2021 CPRE Program Plan
11 identified that additional MW were needing to be procured under the CPRE Program
12 based on Tranches 1 and 2 and current estimates of Transition MWs and indicated that
13 they would update the Commission on the final amount of capacity remaining to be
14 procured in order to meet their obligations under the CPRE Program. prior to the end
15 of the 45-month procurement period. The Companies’ 2021 CPRE Program Plan was
16 found to be in compliance with the CPRE Rule and accepted for filing by Commission
17 Order dated February 23, 2022.

18 **Q. PLEASE EXPLAIN WHAT YOU MEAN BY TRANSITION MW.**

19 A. N.C. Gen. Stat. § 62-110.8(b)(1) provides that if prior to the end of the initial 45-month
20 competitive procurement period, the Companies have executed PPAs and
21 interconnection agreements for renewable energy capacity within their Balancing
22 Authorities (“BAs”) that are not subject to economic dispatch or curtailment and were
23 not procured under the Green Source Advantage program pursuant to N.C. Gen. Stat.

1 § 62-159.2 (“Transition MW” or “Transition MW Projects”) having an aggregate
2 capacity in excess of 3,500 MW, the Commission shall reduce the aggregate targeted
3 competitive procurement amount (2,660 MW) by the amount of such exceedance (such
4 adjusted targeted procurement amount, the “CPRE Targeted Amount”). If the
5 aggregate capacity of such Transition MW Projects is less than 3,500 MW at the end
6 of the initial 45-month competitive procurement period, the Commission shall require
7 the Companies to conduct an additional competitive procurement in the amount of such
8 deficit.

9 **Q. HAVE THE COMPANIES PROVIDED THE COMMISSION AN UPDATE ON**
10 **THE TOTAL TRANSITION MW?**

11 A. Yes. On November 21, 2021, the 45-month CPRE Program Procurement Period ended.
12 On December 3, 2021, the Companies filed a Petition for Determination of Final CPRE
13 Program Procurement Amount in Docket Nos. E-2, Sub 1159 and E-7, Sub 1156,
14 requesting the Commission determine the aggregate number of MW to be
15 competitively procured through the CPRE Program based on the exceedance of
16 Transition MW over the 45-month CPRE Procurement Period, and approve the
17 resulting Tranche 3 target MW amount of 596 MW. The Companies’ filing indicated
18 that the current total of Transition MW was 4,378 MW.

19 On December 20, 2021, the Commission issued its *Order Determining Adjusted CPRE*
20 *Program Procurement Target, Requiring Tranche 3 CPRE Program Procurement*
21 *Solicitation, Approving Resource Solicitation Cluster, and Requiring Responses to*
22 *Commission Questions Regarding Pro Forma PPA*. The Commission’s Order
23 authorized DEC to implement Tranche 3 of the CPRE Program through a Resource

1 Solicitation Cluster, and determined that the current CPRE Program procurement target
2 is 1,782 MW as reduced in accordance with N.C.G.S. § 62-110.8(b)(1).

3 My Table 1 below summarizes the current total number of Transition MW, MW
4 procured through CPRE Tranches 1 and 2, and MW to be procured through CPRE
5 Tranche 3.¹

6 **Table 1 DEC and DEP CPRE and Transition MW**

Transition Capacity as of November 22, 2021 (MWs)	DEC	DEP	Carolinas
Solar Connected	813	2,657	3,470
Solar Not Connected with both IA and PPA	167	455	621
Non-Solar Connected	142	145	287
Total Transition Capacity	1,121	3,257	4,378
CPRE Tranche 1	435	86	521
CPRE Tranche 2	589	75	664
Total CPRE	1,025	161	1,185
Total Transition + CPRE			5,564
Target			6,160
Shortfall to Target			596

7
8
9 **Q. HAS TRANCHE 3 OF THE CPRE RFP BEEN ISSUED?**

10 A. Yes. DEC issued the CPRE Tranche 3 RFP on January 5, 2022, seeking to procure 596
11 MW of renewable capacity in DEC. The bid window for CPRE Tranche 3 closed on
12 February 3, 2022. Bid proposals are currently undergoing Step 1 evaluation by the IA.
13 A summary and timeline of CPRE Tranche 3 Milestone activities completed in 2021 is
14 as follows:

CPRE Tranche 3 Milestones in 2021	
September Stakeholder Session 1	09/17/2021
Release RFP Documents	09/20/2021
September Stakeholder Session 2	09/24/2021
October Stakeholder Session 3	10/14/2021

¹ As explained in Tabor Exhibit No. 1, the 596 MW Tranche 3 target amount may be reduced as a result the Commission's *Order Granting Petition for Relief* issued in Docket No. SP-13695, Sub 1 on November 2, 2022.

November Stakeholder Session 4	11/04/2021
Release of updated RFP Documents	11/11/2021
PPA filed with NCUC	12/02/2021
Accion Group Report of the Independent Administrator	12/02/2021
CPRE Tranche 3 RFP filed with the NCUC	12/28/2021

1

2 **Q. CAN YOU PROVIDE THE CURRENT EXPECTED COMMERCIAL**
3 **OPERATION DATES FOR ALL TRANCHE 1 AND TRANCHE 2 WINNING**
4 **PROPOSALS?**

5 A. Yes. As of the filing date in this docket, Tranche 1 and Tranche 2 winning projects
6 have the following estimated commercial operation dates:

7

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1 timely manner the reasonable and prudent costs incurred and anticipated to be incurred
2 to implement its CPRE Program and to comply with N.C. Gen. Stat. § 62- 110.8.”

3 Subsection (j)(3) of the CPRE Rule further provides that, “[u]nless otherwise ordered
4 by the Commission,” the CPRE Program Rider test period shall be the same as the
5 annual fuel factor test period, which, for DEC, is the calendar year, January 1 through
6 December 31. The forecasted Billing Period is also the same as DEC’s annual fuel
7 factor, extending September 1, 2022 to August 31, 2023.

8 **Q. IS THE COMPANY PROJECTING TO INCUR CPRE PROGRAM**
9 **PURCHASED POWER EXPENSES OR POTENTIAL AUTHORIZED**
10 **REVENUE OF UTILITY-OWNED CPRE ASSETS THAT WOULD BE**
11 **RECOVERABLE DURING THE BILLING PERIOD AT ISSUE IN THIS**
12 **PROCEEDING?**

13 A. Yes. Nine DEC projects selected in the Tranche 1 RFP and one DEC project selected
14 in the Tranche 2 RFP are included in the billing period forecast. Estimated purchased
15 power expenses and authorized revenue of utility-owned CPRE asset estimates are
16 described in the direct testimony of Company witness Walker and detailed in Walker
17 Exhibit No. 1.

18 **Q. PLEASE DESCRIBE THE CATEGORIES OF COSTS INCURRED OR**
19 **POTENTIALLY EXPECTED TO BE INCURRED TO IMPLEMENT THE**
20 **REQUIREMENTS OF THE CPRE PROGRAM.**

21 A. The following is a summary of the types of costs that were and will likely continue to
22 be incurred to implement the CPRE Program and comply with the procurement
23 requirements of N.C. Gen. Stat. § 62-110.8:

- 1 • Fees for the Independent Administrator and internal Company labor costs for bid
2 proposal evaluation
- 3 • Purchased power and potential authorized revenues of utility-owned generation
4 related to CPRE Program renewable resources
- 5 • Internal Company labor, contract labor including legal fees, and other related
6 costs of implementing the CPRE Program

7 **Q. PLEASE DESCRIBE HOW COSTS FOR RETAINING THE INDEPENDENT**
8 **ADMINISTRATOR AND FOR INTERNAL COMPANY LABOR TO**
9 **EVALUATE PROPOSALS WILL BE RECOVERED.**

10 A. Subsection (d)(10) of the CPRE Rule provides that the Companies' estimated expense
11 to retain the IA to administer the CPRE Program RFP should be recovered from market
12 participants through proposal fees. To the extent that the total cost of retaining the IA
13 exceeds the proposal fees recovered from market participants, the Companies are
14 required to pay the IA the balance owed for services rendered and subsequently charge
15 the winning participants in the CPRE RFP solicitation.

16 The CPRE Rule also authorizes the Companies to collect proposal fees up to \$10,000
17 per proposal to defray its costs of evaluating CPRE proposals. As provided for in
18 subsection (f)(3) of the CPRE Rule, the Companies have established a designated
19 internal evaluation team specifically assigned to the CPRE proposal evaluation process.
20 In Tranche 3 of the RFP, DEC elected to structure the Proposal Fees and Winners' Fees
21 as follows:

22 1) Proposal Fees were required of each proposal submitted on the Independent

23 Administrators website, including Asset Acquisition proposals. This fee was set

1 at \$500/MW, based on the facility's nameplate capacity, up to a maximum of ten
2 thousand dollars (\$10,000). Total proposal fees are not yet known for Tranche 3.

3 2) In addition, Winners' Fee will be collected on a pro-rata basis from each winning
4 proposal. This fee will be calculated on the amount of the IA costs as well as any
5 Duke costs related to proposal evaluation (i.e., costs incurred in the Step 2
6 evaluation process as described in the RFP) that was not recovered from the
7 Proposal Fees. The Winners' Fee will be determined upon conclusion of the RFP
8 and upon completion of contracting. Any such Winners' Fees will be allocated
9 among all winning proposals selected by both DEC and DEP on a pro-rata basis
10 on a per MW basis. The total of the Winners' Fees shall not exceed one million
11 five hundred thousand dollars (\$1,500,000). Winner's Fees for CPRE Tranche 3
12 are not yet known, and DEC notes that the Winners' Fees \$1.5 million limit is an
13 increase over the \$1 million not-to-exceed amount used for Tranches 1 and 2, in
14 order to better ensure all IA expenses are recovered.

15 **Q. IS THE COMPANY SEEKING TO RECOVER ANY REMAINING IA FEES**
16 **RELATING TO ADMINISTRATION OF TRANCHES 1 AND 2 THROUGH**
17 **THE CPRE RIDER IN THIS PROCEEDING?**

18 A. Yes. Walker Exhibit 2 details the limited IA fees sought for recovery in this
19 proceeding. These IA fees were incurred as a result of and following the conclusion
20 of the IA's administration of CPRE Tranches 1 and 2, and stem from the IA's
21 participation in unanticipated Commission proceedings and litigation related to CPRE
22 Tranches 1 and 2 – not from Tranche 1 or 2 CPRE Program implementation. Due to
23 the timing of when these expenses were incurred by the IA and subsequently invoiced

1 to DEC, they were not recoverable from bidders or Tranche 1 and Tranche 2 winners.
2 The Companies therefore consider these limited IA fees to be appropriate for
3 recovery through the CPRE Rider.

4 **Q. WHAT ARE THE IA'S ESTIMATED FEES FOR CPRE TRANCHE 3?**

5 Actual IA expenses for Tranche 3 are not yet known. However, in the Commission's
6 *Order Approving CPRE Rider and CPRE Program Compliance Report* issued in
7 Docket No. E-7, Sub 1247 on August 17, 2021, the Commission directed DEC and
8 DEP to work with the IA to develop a Tranche 3 scope of work and an IA fee estimate
9 based on the IA's proposed scope of work, in order to ensure that the proposed Tranche
10 3 program fee structure is reasonably designed to recover all Tranche 3-related IA fees
11 from market participants. On November 24, 2021, the Companies filed the IA scope of
12 work and Tranche 3 fee estimate developed by the IA and based on a 300 MW
13 procurement with the Commission. However, shortly after filing, and as explained
14 above, the Commission determined a 596 MW target was appropriate for CPRE
15 Tranche 3. As a result of the increased capacity to be procured in the Tranche 3
16 solicitation, the IA revised its estimated fees to approximately \$943,839. Assuming the
17 IA's updated fee estimates are reasonably accurate and there are no significant post
18 solicitation expenses (identified as Exclusions in the IA's scope of work filed
19 November 24, 2021), the Tranche 3 program fee structure of Proposal Fees and
20 Winners' Fees continues to be reasonably designed to recover all Tranche 3-related IA
21 fees from Tranche 3 market participants.

22 **Q. PLEASE DESCRIBE THE COMPANY'S COSTS ASSOCIATED WITH THE**
23 **CPRE PROGRAM INCURRED DURING THE EMF PERIOD.**

1 A. DEC's costs associated with implementing its CPRE Program include internal labor
2 associated with development of the CPRE Program Plan and the Tranche 3 RFP
3 documents, as well as interaction with the Independent Administrator and the execution
4 of the Tranche 3 RFP process. In addition to internal labor, costs were incurred for
5 external legal support for CPRE program implementation, and for mandatory media
6 publishings.

7 **Q. PLEASE PROVIDE DETAIL FOR THE INTERNAL LABOR COSTS**
8 **INCURRED TO IMPLEMENT THE CPRE PROGRAM THAT WERE**
9 **INCURRED DURING THE EMF PERIOD.**

10 A. DEC includes only the incremental cost of CPRE Program compliance for recovery
11 through its CPRE rider. Company employees that work to implement the requirements
12 of N.C. Gen. Stat. § 62-110.8 charge only that portion of their labor hours to CPRE
13 accounting codes.

14 **Q. HOW ARE EXTERNAL CPRE-RELATED IMPLEMENTATION COSTS**
15 **BEING ALLOCATED BETWEEN DEC AND DEP?**

16 A. These costs have been allocated equally between DEC and DEP. While the overall
17 CPRE Program is expected to procure significantly more total megawatts for DEC
18 versus DEP, these costs related to implementing the CPRE Program are associated with
19 administrative activities that benefit DEC and DEP equally. Thus, the Company's
20 proposed CPRE rider in this docket appropriately reflects recovery of one half of the
21 shared outside administrative costs incurred.

1 **Q. ARE YOU SATISFIED THAT THE ACTUAL COSTS DEC HAS INCURRED**
2 **DURING THE EMF PERIOD ARE REASONABLE AND HAVE BEEN**
3 **PRUDENTLY INCURRED?**

4 A. Yes.

5 **Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?**

6 A. Yes.

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1262

In the Matter of)	
)	DUKE ENERGY CAROLINAS, LLC
Application of Duke Energy Carolinas, LLC)	2021 COMPETITIVE PROCUREMENT
Pursuant to G.S. 62-110.8 and Commission Rule)	OF RENEWABLE ENERGY
R8-71 for Approval of CPRE Compliance)	PROGRAM COMPLIANCE REPORT
Report and CPRE Cost Recovery Rider)	
)	

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Mar 01 2022

**DUKE ENERGY CAROLINAS, LLC
COMPETITIVE PROCUREMENT OF RENEWABLE ENERGY (“CPRE”)
COMPLIANCE REPORT**

On November 6, 2017, the North Carolina Utilities Commission (“NCUC” or “Commission”) issued an order in Docket No. E-100, Sub 150 adopting regulations to implement the Competitive Procurement of Renewable Energy (“CPRE”) Program.¹ Section (h) of NCUC Rule R8-71 (the “CPRE Rule”) requires Duke Energy Carolinas, LLC (“DEC” or the “Company”) to annually file a CPRE Program Compliance Report for the prior calendar year, which for purposes of this Compliance Report is calendar year 2021 (referred to as the “reporting year”). DEC hereby submits this CPRE Compliance Report for the reporting year.

I. CPRE Solicitation Overview (R8-71(h)(2)(i))

As noted in the Company’s initial CPRE Program Plan filed on November 27, 2017, DEC and Duke Energy Progress, LLC (“DEP” and together with DEC, the “Companies”) have elected to jointly issue request for proposal (“RFP”) solicitations to comply with the aggregate procurement requirements of the CPRE Program. The Accion Group, LLC serves as the Independent Administrator (“IA”) of the CPRE Program.

The Commission authorized the Companies to commence the CPRE Program by Order issued February 21, 2018, in Docket Nos. E-2, Sub 1159 and E-7, Sub 1156, modifying and approving the joint CPRE Program.

The Companies issued the CPRE Tranche 1 RFP on July 10, 2018, seeking to procure 600 MW of renewable capacity for DEC and 80 MW of renewable capacity for DEP. The results of CPRE Tranche 1 were presented in the IA’s Tranche 1 Final Report filed with the Commission on July 18, 2019. Tranche 1 was completed in 2019 and was addressed in DEC’s 2019 CPRE compliance report filed with the Commission.

The Companies issued the CPRE Tranche 2 RFP on October 15, 2019, seeking to procure 600 MW of renewable capacity. The results of CPRE Tranche 2 were presented in the IA’s Tranche 2 Final Report filed with the Commission on February 9, 2021. Tranche 2 was completed in 2020 and was addressed in DEC’s 2019 and 2020 CPRE compliance reports filed with the Commission.

In 2021, Duke Energy continued the CPRE Program. On June 2, 2021, the Commission issued its *Order Requesting Update* on the Companies’ CPRE Program compliance in advance of the conclusion of the CPRE Program’s 45-month compliance period, requesting an update from interested parties regarding (1)

¹ *Order Adopting and Amending Rules*, Docket No. E-100, Sub 150 (Nov. 6, 2017). The Commission subsequently also issued an *Order Amending Commission Rule R8-71* in the same docket on April 9, 2018.

the most current status of the Transition MW², (2) the need for and appropriate timing of a CPRE Tranche 3, and (3) the parties' positions on statutory interpretation regarding what must be completed within the 45-month term and what actions the Commission may properly take beyond the 45-month timeframe to ensure that the final procurement target is met.

On September 1, 2021, the Companies filed their CPRE Program Plans identifying that implementation of queue reform introduces an additional layer of complexity regarding the timing of implementing CPRE Program Tranche 3, due to the need to integrate a competitive procurement solicitation into future planned cluster studies, which have established timelines under the North Carolina Interconnection Procedures ("NCIP"), South Carolina Generator Interconnection Procedures ("SC GIP"), and FERC Large Generator Interconnection Procedures. The 2021 CPRE Program Plan identified that approximately 300 MW were needing to be procured under the CPRE Program, and that the Companies would update the Commission on the final amount of capacity in order to meet their obligations under the CPRE Program prior to the end of the 45-month procurement period.

Following submission of the Companies' 2021 CPRE Program Plans, DEC and DEP began to work collaboratively with the IA as well as engage with Carolinas Clean Energy Business Association ("CCEBA"), the Public Staff, and other stakeholders to determine feasible paths that would allow the Companies to meet their procurement obligations under the CPRE Program while also ensuring that the Companies can successfully achieve queue reform and transition to annual Cluster Studies in 2022. Through this engagement with stakeholders, the Companies determined that Tranche 3 should be a DEC-only procurement for third-party PPA resources and should not include asset acquisition bids. The Companies and stakeholders also agreed that Duke should utilize a Resource Solicitation Cluster ("RSC") held in spring 2022, and queued after the Transitional Cluster Study, to evaluate grid upgrades of Tranche 3 proposals.

On November 21, 2021, the 45-month CPRE Program Procurement Period ended.

On November 24, 2021, the Companies submitted a joint letter with CCEBA to the Commission in Docket Nos. E-2, Sub 1159 and E-7, Sub 1156 regarding the Companies' plan to administer a DEC Tranche 3 RFP utilizing a Resource Solicitation Cluster ("RSC") to complete Step 2 of the CPRE RFP evaluation process.

On December 3, 2021, the Companies filed a Petition for Determination of Final CPRE Program Procurement Amount in Docket Nos. E-2, Sub 1159 and E-7, Sub 1156, requesting the Commission determine the aggregate number of MW to be competitively procured through the CPRE Program based on

² "Transition MW" is the term the Companies use to refer to projects that qualify under N.C. Gen. Stat. § 62-110.8(b)(1) as having executed power purchase agreements ("PPA") and interconnection agreements for renewable energy capacity within the DEC and DEP Balancing Authorities that are not subject to economic dispatch or curtailment and were not procured under the Green Source Advantage program pursuant to N.C. Gen. Stat. § 62-159.2. Pursuant to N.C. Gen. Stat. § 62-110.8, should the level of Transition MW exceed 3,500 MW, then the aggregate targeted competitive procurement aggregate amount (2,660 MW) is to be reduced. If the aggregate capacity of such Transition MW is less than 3,500 MW at the end of the initial 45-month competitive procurement period, the Commission shall also require the Companies to conduct an additional competitive procurement in the amount of such deficit pursuant to the statute.

the exceedance of Transition MW over the 45-month CPRE Procurement Period, and approve the resulting Tranche 3 target MW amount of 596 MW.

On December 20, 2021, the Commission issued its *Order Determining Adjusted CPRE Program Procurement Target, Requiring Tranche 3 CPRE Program Procurement Solicitation, Approving Resource Solicitation Cluster, and Requiring Responses to Commission Questions Regarding Pro Forma PPA*. The Commission’s Order authorized DEC to implement Tranche 3 of the CPRE Program through an RSC, and determined that the current CPRE Program procurement target is 1,782 MW as reduced in accordance with N.C.G.S. § 62-110.8(b)(1).

DEC issued the CPRE Tranche 3 RFP on January 4, 2022, seeking to procure 596 MW of renewable capacity. The bid window for CPRE Tranche 3 closed on February 3, 2022. Below follows a timeline regarding CPRE Tranche 3 Milestones completed in 2021:

CPRE Tranche 3 Milestones in 2021	
September Stakeholder Session 1	09/17/2021
Release RFP Documents	09/20/2021
September Stakeholder Session 2	09/24/2021
October Stakeholder Session 3	10/14/2021
November Stakeholder Session 4	11/04/2021
Release of updated RFP Documents	11/11/2021
PPA filed with NCUC	12/02/2021
Accion Group Report of the Independent Administrator	12/02/2021
CPRE Tranche 3 RFP filed with the NCUC	12/28/2021

The IA is now completing Step 1 of the CPRE evaluation process for Tranche 3.

II. Summary of PPAs and Utility-Owned Assets Procured During the Reporting Year (R8-71(h)(2)(ii))

No PPAs were executed or utility-owned assets procured during the reporting year. Below follows a table identifying all projects procured in CPRE Tranches 1 and 2. The table lists whether such projects are utility-owned assets or third-party owned PPA assets, and provides estimated commercial operation dates as of the date of this filing for each project.

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[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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IV. Duke Owned Facilities Submitted as Proposals in CPRE Solicitation (R8-71(h)(2)(iv))

No proposals sponsored by Duke Energy Corp. or Duke Energy Corp. affiliates were submitted as part of the Tranche 3 CPRE RFP.

V. Avoided Cost Rates (R8-71(h)(2)(v))

The Company’s avoided costs used in the Tranche 3 CPRE solicitation are DEC’s levelized 20 year avoided costs developed consistent with the methodology approved by the Commission in Docket No. E-100, Sub 167. Each proposal in Tranche 3 was required to submit their bid price as a positive \$/MWh decrement to the levelized avoided cost rates, as identified in the Tranche 3 RFP solicitation documents. The following is an excerpt from the RFP document describing the proposal pricing approach:

Proposal pricing must be in the same format of 20-year avoided cost pricing periods as shown in the tables above. Proposal pricing must be stated as a fixed dollar per MWh decrement that is applied equally to all energy pricing periods. For example, an MP could propose pricing that is \$2.00/MWh less than the avoided cost in each energy pricing period (for clarity, the decrement does not apply to capacity pricing periods). This format for pricing will be required for the bid entry on the IA RFP Website and will be the basis for the pricing in the PPA.

The bid form on the IA’s website allowed only for a single (positive) pricing decrement to be entered, and then presented the resulting \$/MWh pricing for each pricing period based on this decrement. The avoided costs used in Tranche 3 are presented below:

Avoided Costs Threshold for Tranche 3

DEC 20 Year CPRE - Solar Only												
Capacity Pricing (\$/MWH)			Energy Pricing (\$/MWH)									
Summer Months PM	Winter AM	Winter PM	DEC Summer Prem-Peak	DEC Summer PM-Peak	DEC Summer Off Peak	DEC Winter Prem-Peak	DEC Winter AM-Peak	DEC Winter PM-Peak	DEC Winter Off Peak	DEC Shoulder Peak	DEC Shoulder Off Peak	
Distribution	23.81	110.61	35.79	41.8	41.2	35.9	65.9	50.7	52.1	40.2	38.4	29.3
Transmission	23.15	107.57	34.80	40.2	39.8	35.2	63.8	49.3	50.7	39.4	37.6	28.9

DEC 20 Year CPRE - Non-Solar Renewable Generation												
Capacity Pricing (\$/MWH)			Energy Pricing (\$/MWH)									
Summer Months PM	Winter AM	Winter PM	DEC Summer Prem-Peak	DEC Summer PM-Peak	DEC Summer Off Peak	DEC Winter Prem-Peak	DEC Winter AM-Peak	DEC Winter PM-Peak	DEC Winter Off Peak	DEC Shoulder Peak	DEC Shoulder Off Peak	
Distribution	23.81	110.61	35.79	42.9	42.3	37	67	51.8	53.2	41.3	39.5	30.4
Transmission	23.15	107.57	34.80	41.3	40.9	36.3	64.9	50.4	51.8	40.5	38.7	30

VI. Total Costs and Authorized Revenues (R8-71(h)(2)(vi))

During the reporting period, DEC has incurred a total of \$567,542, which includes costs for legal support, outside publishing, internal company labor, and Independent Administrator fees not recovered through

program fees. None of the winning CPRE Tranche 2 projects achieved commercial operation during reporting year, so no purchased power costs or authorized revenues associated with these assets were incurred. One CPRE winning proposal from Tranche 1, a Company-owned project, achieved commercial operation late in December of 2020. Another Company-owned project from Tranche 1 was placed in service in January 2021. Authorized revenues associated with these two assets total \$5,332,175.

VII. Status of Compliance with CPRE Program Requirements (R8-71(h)(2)(vii))

DEC and DEP have procured 1,024 MW and 161 MW, respectively through two Tranches of the CPRE Program. Collectively, DEC and DEP have now issued Tranche 3 to fully comply with the aggregate CPRE Program procurement requirements. As explained above, the Commission's December 20, 2021 Order issued in Docket Nos. E-2, Sub 1159 and E-7, Sub 1156 determined that the CPRE Program procurement target is 1,782 MW, as reduced in accordance with N.C.G.S. § 62-110.8(b)(1), and that the CPRE Tranche 3 procurement target shall be 596 MW. The Companies also note for transparency purposes that the 596 MW Tranche 3 target amount may be reduced as a result the Commission's *Order Granting Petition for Relief* issued in Docket No. SP-13695, Sub 1 on November 2, 2021. On February 8, 2022 Bid A notified the Company that it was declining to pursue a Tranche 1 PPA under the CPRE Program.

VIII. Independent Administrator and Evaluation Costs (R8-71(h)(2)(viii))

The Independent Administrator was selected in January 2018. A copy of the contract between the Companies and the IA in effect for the 2021 reporting period can be found in DEC's 2019 and 2020 CPRE compliance reports filed previously with the Commission. The Companies note that this contract expired at the end of the 45-month CPRE procurement period, and, as such, the Companies and IA are currently in the process of negotiating an updated contract for the remaining CPRE Tranche 3 procurement period. Once the updated contract is executed, the Company will file the contract with the Commission.

During the reporting year, the total costs incurred by the IA to implement the CPRE Program for DEC and DEP were approximately \$391,240.

In Tranche 3 of the RFP, DEC elected to structure the Proposal Fees and Winners' Fees as follows:

- 1) Proposal Fees were required of each proposal submitted on the Independent Administrators website, including Asset Acquisition proposals. This fee was set at \$500/MW, based on the facility's nameplate capacity, up to a maximum of ten thousand dollars (\$10,000).
- 2) In addition, Winners' Fee will be collected on a pro-rata basis from each winning proposal. This fee will be calculated on the amount of the IA costs as well as any Duke costs related to proposal evaluation (i.e., costs incurred in the Step 2 evaluation process as described in the RFP) that was not recovered from the Proposal Fees. The Winners' Fee will be determined upon conclusion of the RFP and upon completion of contracting. Any such Winners' Fees will be allocated among all winning proposals selected by both DEC and DEP on a pro-rata basis on a per MW basis. The total of the Winners' Fees shall not exceed one million five hundred thousand dollars (\$1,500,000).

IX. Independent Administrator Certification (R8-71(h)(2)(ix))

The Independent Administrator certification required by NCUC Rule R8-71(h)(ix) is provided as Appendix A.

X. Grid Upgrade Costs³

There are no grid Upgrade costs to report on for the 2021 reporting year as no new PPAs or utility-owned assets were procured during the reporting year. See DEC's 2019 and 2020 compliance reports for grid Upgrades cost information regarding Tranches 1 and 2.

³ *Order Modifying and Approving Joint CPRE Program*, Docket Nos. E-7, Sub 1156, and E-2, Sub 1159 (Feb. 21, 2018) (directing that “[i]n addition to requiring Duke to address grid upgrade costs, as necessary, in its explanation of the elimination of proposals, Duke shall report on grid upgrade costs on a per-proposal basis in its future CPRE compliance reports”)



CERTIFICATION

TO: Angela Tabor, Duke CPRE Coordinator
 FROM: Harold T. Judd, Independent Administrator
 DATE: February 28, 2022
 RE: CPRE 2021 Process Certification

In January 2018 Accion Group, LLC, was approved by the North Carolina Utilities Commission (“NCUC”) to serve as Independent Administrator (“IA”) for the Duke Energy, Carolinas, LLC and Duke Energy Progress, LLC Competitive Procurement of Renewable Energy (“CPRE”) Program. The CPRE Program was divided into annual “Tranches” as independent solicitations. Tranche 1 was issued in 2018 and completed in July 2019. Tranche 2 was released in August 2019, finalists were selected on July 17, 2020, and PPAs were executed on October 15, 2020.

Tranche 3 began on September 9, 2021, when the IA Website was released for Market Participant registration, and the first Stakeholder session was conducted by the IA on September 17, 2021. The second Stakeholder session was conducted on September 24, 2021, the third Stakeholder session was held on October 14, 2021. The fourth and final Stakeholder sessions 2021 prior to the submission of final documents to the North Carolina Utilities Commission (“NCUC”). The IA also conducted two open comment periods concerning the draft Tranche 3 Request for Proposal (“RFP”) documents through November 22, 2021. The opportunity to submit proposals opened on January 5, 2022. The activities in 2022 will be addressed in a future certification.

The IA participated in the preparation of the Tranche 3 documents, including transitioning the CPRE Program to align with the revised generator interconnection cluster study process requirements. The IA provided the IA Website through which all information about the CPRE Program is available to interested parties. Similar to Tranches 1 and 2, in Tranche 3 all communications with Market Participants were conducted through the IA Website and all Proposals were received on the IA Website. The IA Website also serves as the repository of all Proposals, as well as retaining a record all exchanges with Market Participants for Tranche 3.

In 2021 the IA participated in a series of hearings before NCUC regarding issues arising from Tranche 1, and participated in litigation before the North Carolina Court of Appeals to defend a decision of the NCUC.

Harold T. Judd
 President, Accion Group, LLC

The State of New Hampshire
 County of Merrimack

This instrument was acknowledged before me on the 28th day of February, 2022 by Harold T. Judd

Sheri L. Vincent-Crisp, Notary Public, State of New Hampshire
 My Commission expires April 7, 2026.

