

**DEP Exhibit 1**

**Clean and Redlined Copies of DEP's  
Proposed Purchased Power Schedule PP**

**Docket No. E-100, Sub 175**

PURCHASED POWER SCHEDULE PP-8

AVAILABILITY

Upon Seller's completion and Company's acceptance of a Purchase Power Agreement, this Schedule is available for electrical energy and capacity supplied by Eligible Qualifying Facilities (as defined below) to Company, provided Seller is a Qualifying Facility as defined by the Federal Energy Regulatory Commission's (FERC) Order No. 70 under Docket No. RM79-54 and 18 C.F.R. §§ 292.203, 292.204, and 292.205. This Schedule is not available for electric service supplied by Company to Seller or to Seller who has negotiated rate credits or conditions with Company which are different from those below. This Schedule is not available to a Qualifying Facility owned by a Seller or affiliate or partner of a Seller, who sells power to the Company from another Qualifying Facility of the same energy resource located within one-half mile, as measured from the electrical generating equipment, unless the combined capacity is equal to or less than one (1) megawatt.<sup>1</sup>

Service necessary for the delivery of power from the Seller's generating facilities into Company's system shall be furnished solely to the individual contracting Seller in a single enterprise, located entirely on a single, contiguous premise. Service hereunder shall be restricted to Company's purchase of energy or energy and capacity from the Seller's generating facilities up to the Contract Capacity specified in the Purchase Power Agreement which may be operated in parallel with Company's system. Power delivered to Company under this Schedule shall not offset or be substituted for power contracted for or which may be contracted for under any other schedule of Company. If Seller requires supplemental, back-up, or standby services, Seller shall enter into a separate service agreement with Company in accordance with Company's applicable electric rates, riders, and Service Regulations on file with and authorized by the state regulatory agency having jurisdiction.

All Eligible Qualifying Facilities have the option to sell energy to the Company on an "as available" basis and receive energy credits only calculated for the delivered energy at hourly rates reflecting the marginal cost of producing energy ("Marginal Cost Rates"). The Fixed Long Term Rates on this schedule are available only to Sellers with Eligible Qualifying Facilities that establish a Legally Enforceable Obligation on or before the filing date of proposed rates in the next biennial avoided cost proceeding, as further addressed in the RATE UPDATES section of this Schedule, provided the eligible Seller begins delivery of power no later than thirty (30) months from the date of the order approving avoided cost rates in Docket No. E-100, Sub 175, but may be extended beyond 30 months if construction is nearly complete and the Seller demonstrates that it is making a good faith effort to complete its project in a timely manner. Notwithstanding the foregoing, eligible Sellers establishing a Legally Enforceable Obligation on or before November 15, 2016, and seeking payment under rates approved in Docket No. E-100, Sub 140, shall continue to be eligible for such rates, even if they failed to commence delivering power to the utility on or before September 10, 2018, pursuant to Section 1.(c) of Session Law 2017-192, unless the Seller's nameplate capacity along with the combined nameplate capacity of generation facilities connected or with priority rights under the North Carolina Interconnection Procedures to be connected ahead of Seller to the same general distribution substation transformer exceeds the nameplate capacity of the transformer. If extended, as provided for in Session Law 2017-192, the contract term available to eligible E-100 Sub 140 Sellers shall commence on September 10, 2018 and expire no later than 15 years from that date.

An Eligible Qualifying Facility shall also have the option to sell power to the Company at Variable Rates over the terms of their Purchase Power Agreement with the Company. Eligible Qualifying Facilities committing to sell and deliver power at Variable Rates under a Purchase Power Agreement executed on or after November 1, 2021, are required to commit to at least a two year term, and such Variable Rates would

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<sup>1</sup> Once Purchase Power Agreements are executed with Sellers having a Legally Enforceable Obligation after November 16, 2016 for an aggregate generation capacity of 100 megawatts (MWs), Monthly Rates will only be available thereafter to Sellers establishing a Legally Enforceable Obligation after November 16, 2016 with a Contract Capacity of 100 kW or less.

be subject to change as of the date of the initial filing in the next avoided cost proceeding and each avoided cost proceeding thereafter.

Eligible Qualifying Facilities not qualifying for the Fixed Long-Term Rates remain eligible for the Fixed Long-Term Rates proposed in the next biennial avoided cost proceeding, which will be subject to adjustment if different rates are approved by the North Carolina Utilities Commission in that proceeding.

#### Qualifying Facilities Eligible for Capacity and/or Energy Credits

In order to be an Eligible Qualifying Facility and receive Energy Credits under this Schedule, the Qualifying Facility must be a hydroelectric or a generator fueled by trash or methane derived from landfills, solar, wind, hog or poultry waste-fueled or non-animal biomass-fueled Qualifying Facility with a Contract Capacity of one (1) megawatt or less, based on the nameplate rating of the generator(s) which are interconnected directly with the Company's system and which are Qualifying Facilities as defined by the Federal Energy Regulatory Commission pursuant to Section 210 of the Public Utility Regulatory Policies Act of 1978.

Capacity Credits are limited to Eligible Qualifying Facilities located within Company's service area that are classified as New Capacity in accordance with FERC Order No. 69 under Docket No. RM79-55 and interconnected to Company's transmission or distribution facilities in accordance with the North Carolina Utilities Commission's Order dated September 21, 1981 in Docket No. E-100, Sub 41. Pursuant to N.C.G.S. § 62-156(b)(3), certain Sellers eligible for this tariff may be eligible for a different avoided capacity credit and rate: (i) certain hydroelectric small power producers with a Contract Capacity of up to one (1) MW and a power purchase agreement in effect as of July 27, 2017, which commit to sell and deliver energy and capacity for a fixed contract term prior to terminating the existing power purchase agreement, as set forth in N.C.G.S. § 62-156(b)(3); or (ii) swine waste and poultry waste fueled small power producers if Seller sells the output of its facility, including renewable energy credits, to Company for Company to comply with its Renewable Energy and Energy Efficiency Portfolio Standard ("REPS") requirements set forth in N.C.G.S. § 62-133.8(e) and (f).

Eligible Qualifying Facilities receiving Capacity Credits under this Schedule shall also receive corresponding Energy Credits of like term as set forth in the "MONTHLY RATE" section of this Schedule.

#### APPLICABILITY

This Schedule is applicable to all electric energy and capacity supplied by Eligible Qualifying Facility to Company at one point of delivery through Company's metering facilities.

#### MONTHLY RATE

##### Monthly Payment

Company shall pay Eligible Qualifying Facilities for energy and/or capacity furnished to Company at the Credits set forth below, as applicable, or at the Company's as available rates, which Marginal Cost Rates that vary hourly. Payments shall be reduced by both the Seller Charge and any applicable Interconnection Cost. Payments to Qualifying Facilities with Contract Capacities of 10 kW or less shall only be made on a calendar year basis.

##### Seller Charge

An Eligible Qualifying Facility shall pay to Company a Seller Charge outlined below in accordance with the Contract Capacity specified in the Purchase Power Agreement between Company and Seller:

Monthly Seller Charge \$23.06 for Eligible Qualifying Facilities with capacity greater than 15 kilowatts (AC).

\$ 3.00 for Eligible Qualifying Facilities with capacity of 15 kilowatts (AC) or less.

Energy and Capacity Credits

Eligible Qualifying Facilities for Company’s Fixed Long-Term and/or Variable Energy and Capacity Credits shall be paid based upon the Seller’s interconnection with Company’s distribution or transmission system for all energy delivered to Company's system as registered or computed from Company's metering facilities. The Energy and Capacity Credit will be in accordance with the length of rate term for energy sales so established in the Purchase Power Agreement. Company shall pay a Capacity Credit based on the on-peak kWh supplied by the Eligible Qualifying Facility based upon the season. The Capacity Credit is determined based upon the Seller’s generation resource.

An Eligible Qualifying Facility compensated pursuant to as available rates shall be paid based upon the Eligible Qualifying Facility’s interconnection with Company’s distribution or transmission system for all energy delivered to Company's system as registered or computed from Company's metering facilities. The Energy Credits for such Facilities are based on the Marginal Cost Rates. No Capacity Credit is provided to Eligible Qualifying Facilities on as available rates.

	<u>Interconnected to Distribution</u>		<u>Interconnected to Transmission</u>	
	<u>Variable Rate</u>	<u>Fixed Long-Term Rate (10 years)</u>	<u>Variable Rate</u>	<u>Fixed Long-Term Rate (10 years)</u>

**Energy Credits (¢/kWh)<sup>2</sup>:**

**Credits Applicable to All but Uncontrolled Solar Generation<sup>3</sup>**

On-peak kWh:

a. Summer	4.19	3.87	4.10	3.79
b. Winter				
1. Morning Hours	5.16	4.70	5.08	4.63
2. Evening Hours	5.59	5.14	5.50	5.06
c. Premium Peak				
1. Summer	4.59	4.20	4.49	4.11
2. Winter	7.16	6.19	7.01	6.06
d. Shoulder	4.45	3.96	4.41	3.92

Off-peak kWh:

a. Summer	3.74	3.58	3.70	3.53
b. Winter	4.70	4.22	4.64	4.17
c. Shoulder	3.48	3.11	3.45	3.08

**Credits Applicable to Uncontrolled Solar Generation<sup>4</sup> Only**

On-peak kWh:

a. Summer	3.96	3.64	3.87	3.56
b. Winter				
1. Morning Hours	4.93	4.47	4.85	4.40
2. Evening Hours	5.36	4.91	5.27	4.83
c. Premium Peak				
1. Summer	4.36	3.97	4.26	3.88
2. Winter	6.93	5.96	6.78	5.83
d. Shoulder	4.22	3.73	4.18	3.69

Off-peak kWh:

a. Summer	3.51	3.35	3.47	3.30
b. Winter	4.47	3.99	4.41	3.94
c. Shoulder	3.25	2.88	3.22	2.85

**Capacity Credits (¢/kWh)<sup>5</sup>:**

**Credits Applicable to All but: (i) Swine or Poultry Waste Generation for Which a Need is Established Pursuant to N.C.G.S. § 62-133.8(e) and -(f) and Certain Hydroelectric Generation<sup>6</sup>**

On-peak kWh:

Winter	0.00	7.90	0.00	7.78
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**Credits Applicable to Swine or Poultry Waste Generation for Which a Need is Established Pursuant to N.C.G.S. § 62-133.8(e) and -(f) and to Certain Hydroelectric Generation<sup>6</sup>**

On-peak kWh:

Winter	10.06	10.45	9.91	10.29
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<sup>2</sup> For Energy Credit purposes, Summer months are defined as calendar months June through September, Winter months are defined as calendar months December through February, and Shoulder months are defined as March through May and October through November. Summer on-peak hours shall be Monday through Friday from 1:00 p.m. to 4:00 p.m. and 8:00 p.m. to 9:00 p.m. Winter on-peak hours shall be Monday through Friday with morning hours from 4:00 a.m. to 6:00 a.m. and 9:00 a.m. to 11:00 a.m., plus evening hours from 6:00 p.m. to 10:00 p.m. Shoulder on-peak hours shall be Monday through Friday with morning hours from 5:00 a.m. to 10:00 a.m. plus evening hours from 5:00 p.m. to 11:00 p.m. Summer premium peak hours shall be Monday through Friday from 4:00 p.m. to 8:00 p.m. Winter premium peak hours shall be Monday through Friday from 6:00 a.m. to 9:00 a.m. There are no premium peak hours for Shoulder months. All other hours, plus the following holidays, shall be off-peak: New Year's Day, Good

Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and the day after, and Christmas Day. When a holiday falls on a Saturday, the Friday before the holiday will be considered off-peak; when the holiday falls on a Sunday, the following Monday will be considered off-peak.

- <sup>3</sup> Includes “controlled solar generation” defined as solar generation where the Qualifying Facility demonstrates that its facility is capable of operating, and contractually agrees to operate, in a manner that reduces its average daylight volatility to 6% or less of its average daylight power output. Controlled solar generation must be served under a negotiated Purchase Power Agreement that describes provisions for operating the technology used to reduce average daylight volatility.
- <sup>4</sup> “Uncontrolled Solar Generation” is defined as solar generation where the Qualifying Facility does not demonstrate that its facility is capable of operating, or does not contractually agree to operate, in a manner that reduces its average daylight volatility to 6% or less of its average daylight power output.
- <sup>5</sup> Capacity Credit shall only be applicable to Winter months defined as calendar months of December through March. The on-peak hours shall be all Winter days from 4:00 a.m. to 9:00 a.m. Capacity credits are not applicable in all other months.
- <sup>6</sup> For hydroelectric generation where the Qualifying Facility renews a Purchased Power Agreement that was in effect as of July 27, 2017, under N.C.G.S. § 62-156(b)(3).

#### POWER FACTOR CORRECTION

Unless Seller is required by an Operating Agreement to adjust VAR production to support voltage control, when Seller consumes VARs supplied by the Company or Seller delivers VARs to Company, the monthly bill will be increased by a sum equal to \$0.34 multiplied by the maximum consumed or supplied reactive kilovolt-amperes (kVAr) registered by a demand meter suitable for measuring the demand used during a 15-minute interval. The Company reserves the right to install facilities necessary for the measurement of power factor and to adjust the Interconnection Facilities Charge accordingly, solely at the option of the Company. If a Seller without an Operating Agreement is requested by Company to operate pursuant to a voltage schedule by providing or absorbing VARS, the Seller shall be compensated in the same manner as a Seller with an Operating Agreement.

#### MARGINAL COST RATES

The Marginal Cost Rates vary by hour, are denominated in cents/kWh, and are calculated by the Company for each hour of a calendar month at the end of such month. The Marginal Cost Rates will reflect the joint dispatch of system resources by the Company and Duke Energy Progress, LLC. Such dispatch is based on the following factors, among others:

- incremental variable production cost, including fuel, variable operating and maintenance expenses, emission allowances, and reagents;
- replacement cost of supply resources, including power plants; and
- start-up costs.

Based on the dispatch outcomes that occurred during a calendar month, the Marginal Cost Rates will be calculated for each hour in that month using the incremental cost of production of the next megawatt-hour. The calculations are processed using the PCI Post-Analysis module, a commercially available production cost model used to analyze and assign generation and purchased power costs to load. The Marginal Cost Rates for Uncontrolled Solar Generation will incorporate the same reduction, in cents/kWh, that applies to Uncontrolled Solar Generation receiving the Fixed Long-Term Rates or the Variable Rates.

Eligible Qualifying Facilities compensated through Marginal Cost Rates may request and obtain hourly marginal prices applicable to the Eligible Qualifying Facility’s periods of delivery upon execution of and

ongoing compliance with a non-disclosure agreement with the Company.

#### RATE UPDATES

The Variable Rates, Fixed Long-Term Rates, Credits and Seller Charge of this Schedule will be updated by the Company in November, 2023, or as otherwise directed by the North Carolina Utilities Commission, and every two years thereafter. Sellers who have contracted for the Fixed Long-Term Energy and Capacity Credits will not be affected by updates in the Energy and Capacity Credits until their rate term expires. For all Qualifying Facilities selling to Company pursuant to the Variable Capacity Credit provisions of this schedule, such capacity credits shall be updated and changed in accordance with the Commission's revisions to such credits in Company's biennial avoided cost proceedings. The sale, delivery, and use of electric power hereunder, and all services of whatever type to be rendered or performed in connection therewith, shall in all respects be subject to and in accordance with the Variable, Fixed Long-Term, or Marginal Cost Rates selected by Seller and as set forth in Company's Schedule PP and the Terms and Conditions for the Purchase of Electric Power. Said Rate Schedule and Terms and Conditions for the Purchase of Electric Power are subject to change, revision, alteration or substitution, either in whole or in part, upon order of the Commission or any other regulatory authority having jurisdiction, and any such change, revision, alteration or substitution shall immediately be made a part of the Agreement as though fully written herein, and shall nullify any prior provision in conflict therewith. Any change to the Rate Schedule or Terms and Conditions shall not apply to the Fixed Long-Term Rates themselves, but it shall apply to all other provisions of the Rate Schedule and Terms and Conditions for the Purchase of Electric Power, including but not limited to Variable Rates, Marginal Cost Rates, other types of charges, and all non-rate provisions. For Purchase Power Agreements executed pursuant to the Fixed Long-Term rates approved in Docket No. E-100, Sub 167 or its predecessors, any change to the Schedule shall not apply to the Fixed Long-Term Energy and Capacity Rates during the Contract Period.

#### RENEWABLE ENERGY CREDITS

Unless otherwise specified in Company's agreements with Seller, the sale of power under this schedule does not convey to Company the right to renewable energy credits (RECs) or green tags associated with the energy delivered.

#### CONTRACT CAPACITY

The Contract Capacity shall be as specified in the Purchase Power Agreement between Company and Seller. Only one such Standard Contract shall be permitted for any Qualifying Facility.

#### PAYMENTS

Credit billings to Seller shall be payable to the Seller within fifteen (15) days of the date of the bill. Bills under this Schedule are due and payable on the date of the bill. Bills are past due and delinquent on the fifteenth day after the date of the bill. If any bill is not so paid, the Company has the right to suspend service. In addition, all bills not paid by the twenty-fifth day after the date of the bill shall be subject to a one percent (1%) late payment charge on the unpaid amount. This late payment charge shall be rendered on the following month's bill and it shall become part of and be due and payable with the bill on which it is rendered.

#### CONTRACT PERIOD

Each Seller shall enter into a Purchase Power Agreement which shall specify the Contract Capacity committed for delivery throughout the term of the contract and shall specify the initial term and associated rate.

#### INTERCONNECTION FACILITIES COSTS

For Eligible Qualifying Facilities, the installed costs for all facilities constructed or installed by Company to interconnect and safely operate in parallel with Seller's equipment shall be determined in accordance with Company's Terms and Conditions for the Purchase of Electric Power. When only the installation of Company's meter is required for the purchase of electric power, the \$25 minimum monthly Interconnection Schedule PP-8

Facilities Charge shall not be applicable. Interconnection of Seller's generation to Company's system shall be in accordance with the North Carolina Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Generation Interconnections.

Supersedes Schedule PP-7

Effective for energy and capacity rendered on and after November 1, 2021

NCUC Docket No. E-100, Sub 175



PURCHASED POWER SCHEDULE PP-~~78~~

AVAILABILITY

Upon Seller's completion and Company's acceptance of a Purchase Power Agreement, this Schedule is available for electrical energy and capacity supplied by Eligible Qualifying Facilities (as defined below) to Company, provided Seller is a Qualifying Facility as defined by the Federal Energy Regulatory Commission's (FERC) Order No. 70 under Docket No. RM79-54 and 18 C.F.R. §§ 292.203, 292.204, and 292.205. This Schedule is not available for electric service supplied by Company to Seller or to Seller who has negotiated rate credits or conditions with Company which are different from those below. This Schedule is not available to a Qualifying Facility owned by a Seller or affiliate or partner of a Seller, who sells power to the Company from another Qualifying Facility of the same energy resource located within one-half mile, as measured from the electrical generating equipment, unless the combined capacity is equal to or less than one (1) megawatt.<sup>1</sup>

Service necessary for the delivery of power from the Seller's generating facilities into Company's system shall be furnished solely to the individual contracting Seller in a single enterprise, located entirely on a single, contiguous premise. Service hereunder shall be restricted to Company's purchase of energy or energy and capacity from the Seller's generating facilities up to the Contract Capacity specified in the Purchase Power Agreement which may be operated in parallel with Company's system. Power delivered to Company under this Schedule shall not offset or be substituted for power contracted for or which may be contracted for under any other schedule of Company. If Seller requires supplemental, back-up, or standby services, Seller shall enter into a separate service agreement with Company in accordance with Company's applicable electric rates, riders, and Service Regulations on file with and authorized by the state regulatory agency having jurisdiction.

All ~~Eligible~~ ~~q~~Qualifying ~~f~~Facilities have the option to sell energy to the Company on an "as available" basis and receive energy credits only calculated ~~for the delivered energy at using the Variable Rates hourly rates reflecting the marginal cost of producing energy ("Marginal Cost Rates") identified in this Schedule for the delivered energy. The Variable Energy Credit shall constitute the "as available" avoided cost credit for Non-Eligible Qualifying Facilities.~~ The Fixed Long Term ~~Credit R~~ates on this schedule are available only to ~~Sellers with Eligible Qualifying Facilities otherwise eligible Sellers~~ that establish a Legally Enforceable Obligation on or before the filing date of proposed rates in the next biennial avoided cost proceeding, as further addressed in the RATE UPDATES section of this Schedule, provided ~~the~~ eligible Seller begins delivery of power no later than thirty (30) months from the date of the order approving avoided cost rates in Docket No. E-100, Sub ~~140~~~~175~~, but may be extended beyond 30 months if construction is nearly complete and ~~the~~ Seller demonstrates that it is making a good faith effort to complete its project in a timely manner. Notwithstanding the foregoing, eligible Sellers establishing a Legally Enforceable Obligation on or before November 15, 2016, and seeking payment under rates approved in Docket No. E-100, Sub 140, shall continue to be eligible for such rates, even if they failed to commence delivering power to the utility on or before September 10, 2018, pursuant to Section 1.(c) of Session Law 2017-192, unless the Seller's nameplate capacity along with the combined nameplate capacity of generation facilities connected or with priority rights under the North Carolina Interconnection Procedures to be connected ahead of Seller to the same general distribution substation transformer exceeds the nameplate capacity of the transformer. If extended, as provided for in Session Law 2017-192, the contract term available to eligible E-100 Sub 140 Sellers shall commence on September 10, 2018 and expire no later than 15 years from that date.

An Eligible Qualifying Facility shall also have the option to sell power to the Company at Variable Rates over the terms of their Purchase Power Agreement with the Company. Eligible Qualifying Facilities

<sup>1</sup> Once Purchase Power Agreements are executed with Sellers having a Legally Enforceable Obligation after November 16, 2016 for an aggregate generation capacity of 100 megawatts (MWs), Monthly Rates will only be available thereafter to Sellers establishing a Legally Enforceable Obligation after November 16, 2016 with a Contract Capacity of 100 kW or less.

committing to sell and deliver power at Variable Rates under a Purchase Power Agreement executed on or after November 1, 2021, are required to commit to at least a two year term, and such Variable Rates would be subject to change as of the date of the initial filing in the next avoided cost proceeding and each avoided cost proceeding thereafter.

~~Sellers-Eligible Qualifying Facilities~~ not qualifying for the Fixed Long-Term ~~Credit r~~Rates remain eligible for the ~~Variable Credit rates or the~~ Fixed Long-Term ~~Credit r~~Rates proposed in the next biennial avoided cost proceeding, which will be subject to adjustment if different rates are approved by the North Carolina Utilities Commission in that proceeding.

Qualifying Facilities Eligible for Capacity and/or Energy Credits

In order to be an Eligible Qualifying Facility and receive Energy Credits under this Schedule, the Qualifying Facility must be a hydroelectric or a generator fueled by trash or methane derived from landfills, solar, wind, hog or poultry waste-fueled or non-animal biomass-fueled Qualifying Facility with a Contract Capacity of one (1) megawatt or less, based on the nameplate rating of the generator(s) which are interconnected directly with the Company’s system and which are Qualifying Facilities as defined by the Federal Energy Regulatory Commission pursuant to Section 210 of the Public Utility Regulatory Policies Act of 1978.

Capacity Credits are limited to Eligible Qualifying Facilities located within Company’s service area that are classified as New Capacity in accordance with FERC Order No. 69 under Docket No. RM79-55 and interconnected to Company’s transmission or distribution facilities in accordance with the North Carolina Utilities Commission’s Order dated September 21, 1981 in Docket No. E-100, Sub 41. Pursuant to N.C.G.S. § 62-156(b)(3), certain Sellers eligible for this tariff may be eligible for a different avoided capacity credit and rate: (i) certain hydroelectric small power producers with a Contract Capacity of up to one (1) MW and a power purchase agreement in effect as of July 27, 2017, which commit to sell and deliver energy and capacity for a fixed contract term prior to terminating the existing power purchase agreement, as set forth in N.C.G.S. § 62-156(b)(3); or (ii) swine waste and poultry waste fueled small power producers if Seller sells the output of its facility, including renewable energy credits, to Company for Company to comply with its Renewable Energy and Energy Efficiency Portfolio Standard (“REPS”) requirements set forth in N.C.G.S. § 62-133.8(e) and (f).

Eligible Qualifying Facilities receiving Capacity Credits under this Schedule shall also receive corresponding Energy Credits of like term as set forth in the “MONTHLY RATE” section of this Schedule.

APPLICABILITY

This Schedule is applicable to all electric energy and capacity supplied by Eligible Qualifying Facility to Company at one point of delivery through Company's metering facilities.

MONTHLY RATE

Monthly Payment

Company shall pay Eligible Qualifying Facilities for energy and/or capacity furnished to Company at the Credits set forth below, as applicable, or at the Company’s as available rates, which Marginal Cost Rates that vary hourly. ~~Such p~~Payments shall be reduced by both the Seller Charge and any applicable Interconnection Cost. Payments to Qualifying Facilities with Contract Capacities of 10 kW or less shall only be made on a calendar year basis.

Seller Charge

An Eligible Qualifying Facility shall pay to Company a Seller Charge outlined below in accordance with the Contract Capacity specified in the Purchase Power Agreement between Company and Seller:

Monthly Seller Charge \_\_\_\_\_ \$23.06 for Eligible Qualifying Facilities with capacity greater than 15 kilowatts (AC).

\$ 3.00 for Eligible Qualifying Facilities with capacity of 15 kilowatts (AC) or less.

Energy and Capacity Credits

Eligible Qualifying Facilities for Company’s Fixed Long-Term and/or Variable Energy and Capacity Credits shall be paid based upon the Seller’s interconnection with Company’s distribution or transmission system for all energy delivered to Company’s system as registered or computed from Company’s metering facilities. The Energy and Capacity Credit will be in accordance with the length of rate term for energy sales so established in the Purchase Power Agreement. Company shall pay a Capacity Credit based on the on-peak kWh supplied by the Eligible Qualifying Facility based upon the season. The Capacity Credit is determined based upon the Seller’s generation resource.

An Eligible Qualifying Facility compensated pursuant to as available rates shall be paid based upon the Eligible Qualifying Facility’s interconnection with Company’s distribution or transmission system for all energy delivered to Company’s system as registered or computed from Company’s metering facilities. The Energy Credits for such Facilities are based on the Marginal Cost Rates. No Capacity Credit is provided to Eligible Qualifying Facilities on as available rates.

	<u>Interconnected to Distribution</u>		<u>Interconnected to Transmission</u>	
	<u>Variable Rate</u>	<u>Fixed Long-Term Rate (10 years)</u>	<u>Variable Rate</u>	<u>Fixed Long-Term Rate (10 years)</u>

Energy Credits (¢/kWh)<sup>2</sup>:

Credits Applicable to All but Uncontrolled Solar Generation<sup>3</sup>

On-peak kWh:

a. Summer	<u>3.104.19</u>	<u>3.203.87</u>	<u>3.024.10</u>	<u>3.113.79</u>
b. Winter				
1. Morning Hours	<u>3.185.16</u>	<u>3.544.70</u>	<u>3.125.08</u>	<u>3.474.63</u>
2. Evening Hours	<u>3.565.59</u>	<u>3.935.14</u>	<u>3.485.50</u>	<u>3.855.06</u>
c. Premium Peak				
1. Summer	<u>3.594.59</u>	<u>3.474.20</u>	<u>3.494.49</u>	<u>3.374.11</u>
2. Winter	<u>4.257.16</u>	<u>4.636.19</u>	<u>4.147.01</u>	<u>4.506.06</u>
d. Shoulder	<u>3.034.45</u>	<u>3.173.96</u>	<u>2.994.41</u>	<u>3.123.92</u>

Off-peak kWh:

a. Summer	<u>2.823.74</u>	<u>3.023.58</u>	<u>2.783.70</u>	<u>2.973.53</u>
b. Winter	<u>2.944.70</u>	<u>3.254.22</u>	<u>2.904.64</u>	<u>3.204.17</u>
c. Shoulder	<u>2.513.48</u>	<u>2.583.11</u>	<u>2.483.45</u>	<u>2.553.08</u>

**Credits Applicable to Uncontrolled Solar Generation<sup>4</sup> Only**

On-peak kWh:

a. Summer	<u>2.863.96</u>	<u>2.963.64</u>	<u>2.783.87</u>	<u>2.873.56</u>
b. Winter				
1. Morning Hours	<u>2.944.93</u>	<u>3.304.47</u>	<u>2.884.85</u>	<u>3.234.40</u>
2. Evening Hours	<u>3.325.36</u>	<u>3.694.91</u>	<u>3.245.27</u>	<u>3.614.83</u>
c. Premium Peak				
1. Summer	<u>3.354.36</u>	<u>3.233.97</u>	<u>3.254.26</u>	<u>3.133.88</u>
2. Winter	<u>4.016.93</u>	<u>4.395.96</u>	<u>3.906.78</u>	<u>4.265.83</u>
d. Shoulder	<u>2.794.22</u>	<u>2.933.73</u>	<u>2.754.18</u>	<u>2.883.69</u>

Off-peak kWh:

a. Summer	<u>2.583.51</u>	<u>2.783.35</u>	<u>2.543.47</u>	<u>2.733.30</u>
b. Winter	<u>2.704.47</u>	<u>3.013.99</u>	<u>2.664.41</u>	<u>2.963.94</u>
c. Shoulder	<u>2.273.25</u>	<u>2.342.88</u>	<u>2.243.22</u>	<u>2.312.85</u>

**Capacity Credits (¢/kWh)<sup>5</sup>:**

**Credits Applicable to All but: (i) Swine or Poultry Waste Generation for Which a Need is Established Pursuant to N.C.G.S. § 62-133.8(e) and -(f) and Certain Hydroelectric Generation<sup>6</sup> without Storage**

On-peak kWh:

<del>a. Summer</del>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<del>b. Winter</del>	<u>0.00</u>	<u>7.90</u>	<u>0.00</u>	<u>7.78</u>
<del>1. Morning Hours</del>	<u>0.00</u>	<u>9.29</u>	<u>0.00</u>	<u>9.09</u>
<del>2. Evening Hours</del>	<u>0.00</u>	<u>3.98</u>	<u>0.00</u>	<u>3.90</u>

**Credits Applicable to Swine or Poultry Waste Generation for Which a Need is Established Pursuant to N.C.G.S. § 62-133.8(e) and -(f) and to Certain Hydroelectric Generation<sup>6</sup>**

On-peak kWh:

<del>a. Summer</del>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<del>b. Winter</del>	<u>10.06</u>	<u>10.45</u>	<u>9.91</u>	<u>10.29</u>
<del>1. Morning Hours</del>	<u>14.01</u>	<u>14.49</u>	<u>13.71</u>	<u>14.18</u>

2.—Evening Hours	6.00	6.21	5.87	6.08
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**Credits Applicable to Certain Hydroelectric Generation without Storage<sup>6</sup> Only**

On-peak kWh

a.—Summer	0.00	0.00	0.00	0.00
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b.—Winter

1.—Morning Hours	26.43	27.34	25.86	26.75
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2.—Evening Hours	11.33	11.72	11.08	11.46
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**Credits Applicable to All Other Hydroelectric Generation without Storage<sup>7</sup> Only**

On-peak kWh

a.—Summer	0.00	0.00	0.00	0.00
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b.—Winter

1.—Morning Hours	0.00	17.53	0.00	17.15
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2.—Evening Hours	0.00	7.51	0.00	7.35
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- <sup>2</sup> For Energy Credit purposes, Summer months are defined as calendar months June through September, Winter months are defined as calendar months December through February, and Shoulder months are defined as March through May and October through November. Summer on-peak hours shall be Monday through Friday from 1:00 p.m. to 4:00 p.m. and 8:00 p.m. to 9:00 p.m. Winter on-peak hours shall be Monday through Friday with morning hours from 4:00 a.m. to 6:00 a.m. and 9:00 a.m. to 11:00 a.m., plus evening hours from 6:00 p.m. to 10:00 p.m. Shoulder on-peak hours shall be Monday through Friday with morning hours from 5:00 a.m. to 10:00 a.m. plus evening hours from 5:00 p.m. to 11:00 p.m. Summer premium peak hours shall be Monday through Friday from 4:00 p.m. to 8:00 p.m. Winter premium peak hours shall be Monday through Friday from 6:00 a.m. to 9:00 a.m. There are no premium peak hours for Shoulder months. All other hours, plus the following holidays, shall be off-peak: New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and the day after, and Christmas Day. When a holiday falls on a Saturday, the Friday before the holiday will be considered off-peak; when the holiday falls on a Sunday, the following Monday will be considered off-peak.
- <sup>3</sup> Includes "controlled solar generation" defined as solar generation where the Qualifying Facility demonstrates that its facility is capable of operating, and contractually agrees to operate, in a manner that reduces its average daylight volatility to 6% or less of its average daylight power output. Controlled solar generation must be served under a negotiated Purchase Power Agreement that describes provisions for operating the technology used to reduce average daylight volatility.
- <sup>4</sup> "Uncontrolled Solar Generation" is defined as solar generation where the Qualifying Facility does not demonstrate that its facility is capable of operating, or does not contractually agree to operate, in a manner that reduces its average daylight volatility to 6% or less of its average daylight power output.
- <sup>5</sup> Capacity Credit shall only be applicable ~~to in Summer months defined as the calendar months of July and August and~~ Winter months defined as calendar months of December through March. ~~Summer on-peak hours shall be 4:00 p.m. to 8:00 p.m. during all Summer days. During Winter months, the morning on-peak hours shall be all Winter days from 6:00 a.m. to 9:00 a.m. and evening on-peak hours shall be all Winter days from 6:00 p.m. to 9:00 p.m.~~ Capacity credits are not applicable in all other months.
- <sup>6</sup> For hydroelectric generation ~~(without storage)~~ where the Qualifying Facility renews a Purchased Power Agreement that was in effect as of July 27, 2017, under N.C.G.S. § 62-156(b)(3).
- <sup>7</sup> ~~For all other hydroelectric generation without storage.~~

## POWER FACTOR CORRECTION

Unless Seller is required by an Operating Agreement to adjust VAR production to support voltage control, when Seller consumes VARs supplied by the Company or Seller delivers VARs to Company, the monthly bill will be increased by a sum equal to \$0.34 multiplied by the maximum consumed or supplied reactive kilovolt-amperes (kVAr) registered by a demand meter suitable for measuring the demand used during a 15-minute interval. The Company reserves the right to install facilities necessary for the measurement of power factor and to adjust the Interconnection Facilities Charge accordingly, solely at the option of the Company. If a Seller without an Operating Agreement is requested by Company to operate pursuant to a voltage schedule by providing or absorbing VARS, the Seller shall be compensated in the same manner as a Seller with an Operating Agreement.

## MARGINAL COST RATES

The Marginal Cost Rates vary by hour, are denominated in cents/kWh, and are calculated by the Company for each hour of a calendar month at the end of such month. The Marginal Cost Rates will reflect the joint dispatch of system resources by the Company and Duke Energy Progress, LLC. Such dispatch is based on the following factors, among others:

- incremental variable production cost, including fuel, variable operating and maintenance expenses, emission allowances, and reagents;
- replacement cost of supply resources, including power plants; and
- start-up costs.

Based on the dispatch outcomes that occurred during a calendar month, the Marginal Cost Rates will be calculated for each hour in that month using the incremental cost of production of the next megawatt-hour. The calculations are processed using the PCI Post-Analysis module, a commercially available production cost model used to analyze and assign generation and purchased power costs to load. The Marginal Cost Rates for Uncontrolled Solar Generation will incorporate the same reduction, in cents/kWh, that applies to Uncontrolled Solar Generation receiving the Fixed Long-Term Rates or the Variable Rates.

Eligible Qualifying Facilities compensated through Marginal Cost Rates may request and obtain hourly marginal prices applicable to the Eligible Qualifying Facility's periods of delivery upon execution of and ongoing compliance with a non-disclosure agreement with the Company.

## RATE UPDATES

The Variable Rates, Fixed Long-Term Rates, Credits and Seller Charge of this Schedule will be updated by the Company in November, 2023~~4~~, or as otherwise directed by the North Carolina Utilities Commission, and every two years thereafter. Sellers who have contracted for the Fixed Long-Term Energy and Capacity Credits will not be affected by updates in the Energy and Capacity Credits until their rate term expires. For all Qualifying Facilities selling to Company pursuant to the Variable Capacity Credit provisions of this schedule, such capacity credits shall be updated and changed in accordance with the Commission's revisions to such credits in Company's biennial avoided cost proceedings. The sale, delivery, and use of electric power hereunder, and all services of whatever type to be rendered or performed in connection therewith, shall in all respects be subject to and in accordance with the Variable, ~~or Fixed Long-Term, or Marginal Cost~~ ~~¶~~Rates selected by Seller and as set forth in Company's Schedule PP and the Terms and Conditions for the Purchase of Electric Power. Said Rate Schedule and Terms and Conditions for the Purchase of Electric Power are subject to change, revision, alteration or substitution, either in whole or in part, upon order of the Commission or any other regulatory authority having jurisdiction, and any such change, revision, alteration or substitution shall immediately be made a part of the Agreement as though fully written herein, and shall nullify any prior provision in conflict therewith. Any change to the Rate Schedule or Terms and Conditions shall not apply to the Fixed Long-Term Rates themselves, but it shall apply to all other provisions of the Rate Schedule and Terms and Conditions for the Purchase of Electric Power, including but not limited to Variable Rates, Marginal Cost Rates, other types of charges, and all non-rate provisions. For Purchase Power Agreements executed pursuant to the Fixed Long-Term rates approved in Docket No. E-100, Sub 167 or its predecessors, any change to the Schedule shall not apply to the Fixed Long-Term Energy and Capacity Rates during the Contract Period.

## RENEWABLE ENERGY CREDITS

Unless otherwise specified in Company's agreements with Seller, the sale of power under this schedule does not convey to Company the right to renewable energy credits (RECs) or green tags associated with the energy delivered.

## CONTRACT CAPACITY

The Contract Capacity shall be as specified in the Purchase Power Agreement between Company and Seller. Only one such Standard Contract shall be permitted for any Qualifying Facility.

## PAYMENTS

Credit billings to Seller shall be payable to the Seller within fifteen (15) days of the date of the bill. Bills under this Schedule are due and payable on the date of the bill. Bills are past due and delinquent on the fifteenth day after the date of the bill. If any bill is not so paid, the Company has the right to suspend service. In addition, all bills not paid by the twenty-fifth day after the date of the bill shall be subject to a one percent (1%) late payment charge on the unpaid amount. This late payment charge shall be rendered on the following month's bill and it shall become part of and be due and payable with the bill on which it is rendered.

## CONTRACT PERIOD

Each Seller shall enter into a Purchase Power Agreement which shall specify the Contract Capacity committed for delivery throughout the term of the contract and shall specify the initial term and associated rate.

## INTERCONNECTION FACILITIES COSTS

For Eligible Qualifying Facilities, the installed costs for all facilities constructed or installed by Company to interconnect and safely operate in parallel with Seller's equipment shall be determined in accordance with Company's Terms and Conditions for the Purchase of Electric Power. When only the installation of Company's meter is required for the purchase of electric power, the \$25 minimum monthly Interconnection



Facilities Charge shall not be applicable. Interconnection of Seller's generation to Company's system shall be in accordance with the North Carolina Interconnection Procedures, Forms, and Agreements for State-Jurisdictional Generation Interconnections.

Supersedes Schedule ~~PP-75 (NC)~~

Effective for energy and capacity rendered on and after November 1, 202~~10~~

NCUC Docket No. E-100, Sub ~~175167~~

**DEP Public Redacted Exhibit 2**

**Supporting Calculations for Avoided Capacity and  
Energy Cost Rates**

**Docket No. E-100, Sub 175**

**DUKE ENERGY PROGRESS, LLC**  
**Energy Credits**  
**Uncontrolled Solar Generation**

Distribution  
Based on 2022-2023 Costs (Variable Rate)  
Cents per KWH

	DEP Summer Prem-Peak (Cents/KWH)	DEP Summer PM-Peak (Cents/KWH)	DEP Summer Off Peak (Cents/KWH)	DEP Winter Prem-Peak (Cents/KWH)	DEP Winter AM-Peak (Cents/KWH)	DEP Winter PM-Peak (Cents/KWH)	DEP Winter Off Peak (Cents/KWH)	DEP Shoulder Peak (Cents/KWH)	DEP Shoulder Off Peak (Cents/KWH)
1. Avoided Energy Cost (Note 1)	4.42	4.04	3.64	6.89	5.00	5.41	4.57	4.34	3.39
2. Working Capital Factor (Note 2)	1.0147	1.015	1.015	1.015	1.015	1.015	1.015	1.015	1.015
3. Marginal Loss Factor (Note 3)	1.0242	1.023	1.013	1.023	1.017	1.018	1.013	1.012	1.009
4. Unadjusted Energy Credits (L1*L2*L3)	4.59	4.19	3.74	7.16	5.16	5.59	4.70	4.45	3.48
5. Integration Services Charge (Note 4)	-0.226	-0.226	-0.226	-0.226	-0.226	-0.226	-0.226	-0.226	-0.226
6. Energy Credits (L4 + L5)	4.36	3.96	3.51	6.93	4.93	5.36	4.47	4.22	3.25

Distribution  
Based on 2022-2031 Costs (10 Year Fixed)  
Cents per KWH

	DEP Summer Prem-Peak (Cents/KWH)	DEP Summer PM-Peak (Cents/KWH)	DEP Summer Off Peak (Cents/KWH)	DEP Winter Prem-Peak (Cents/KWH)	DEP Winter AM-Peak (Cents/KWH)	DEP Winter PM-Peak (Cents/KWH)	DEP Winter Off Peak (Cents/KWH)	DEP Shoulder Peak (Cents/KWH)	DEP Shoulder Off Peak (Cents/KWH)
1. Avoided Energy Cost (Note 1)	4.04	3.73	3.48	5.97	4.56	4.98	4.11	3.86	3.04
2. Working Capital Factor (Note 2)	1.015	1.015	1.015	1.015	1.015	1.015	1.015	1.015	1.015
3. Marginal Loss Factor (Note 3)	1.024	1.023	1.013	1.023	1.017	1.018	1.013	1.012	1.009
4. Unadjusted Energy Credits (L1*L2*L3)	4.20	3.87	3.58	6.19	4.70	5.14	4.22	3.96	3.11
5. Integration Services Charge (Note 4)	-0.226	-0.226	-0.226	-0.226	-0.226	-0.226	-0.226	-0.226	-0.226
6. Energy Credits (L4 + L5)	3.97	3.64	3.35	5.96	4.47	4.91	3.99	3.73	2.88

**Notes**

- From Page 5
- From Page 13
- Marginal Loss Factor = 1 / (1 - % loss/100)

Based on marginal % losses of:	Transmission Losses (Incl Step Up and Step down Transformer)	Step Up Transformer Losses
Applies to:	Distribution level Interconnections	Transmission level Interconnections
DEP Summer Prem-Peak	2.361%	0.169%
DEP Summer PM-Peak	2.270%	0.163%
DEP Summer OffPeak	1.328%	0.095%
DEP Winter Prem-Peak	2.278%	0.163%
DEP Winter AM-Peak	1.654%	0.119%
DEP Winter PM-Peak	1.786%	0.128%
DEP Winter OffPeak	1.259%	0.090%
DEP Shoulder Peak	1.165%	0.084%
DEP Shoulder OffPeak	0.889%	0.064%

- Solar Integration Services Charge of \$2.26/MWH for DEP

**DUKE ENERGY PROGRESS, LLC**  
**Energy Credits**  
**Uncontrolled Solar Generation**

Transmission  
Based on 2022-2023 Costs (Variable Rate)  
Cents per KWH

	DEP Summer Prem-Peak (Cents/KWH)	DEP Summer PM-Peak (Cents/KWH)	DEP Summer Off Peak (Cents/KWH)	DEP Winter Prem-Peak (Cents/KWH)	DEP Winter AM-Peak (Cents/KWH)	DEP Winter PM-Peak (Cents/KWH)	DEP Winter Off Peak (Cents/KWH)	DEP Shoulder Peak (Cents/KWH)	DEP Shoulder Off Peak (Cents/KWH)
1. Avoided Energy Cost (Note 1)	4.42	4.04	3.64	6.89	5.00	5.41	4.57	4.34	3.39
2. Working Capital Factor (Note 2)	1.0147	1.015	1.015	1.015	1.015	1.015	1.015	1.015	1.015
3. Marginal Loss Factor (Note 3)	1.002	1.002	1.001	1.002	1.001	1.001	1.001	1.001	1.001
4. Unadjusted Energy Credits (L1*L2*L3)	4.49	4.10	3.70	7.01	5.08	5.50	4.64	4.41	3.45
5. Integration Services Charge (Note 4)	-0.226	-0.226	-0.226	-0.226	-0.226	-0.226	-0.226	-0.226	-0.226
6. Energy Credits (L4 + L5)	4.26	3.87	3.47	6.78	4.85	5.27	4.41	4.18	3.22

Transmission  
Based on 2022-2031 Costs (10 Year Fixed)  
Cents per KWH

	DEP Summer Prem-Peak (Cents/KWH)	DEP Summer PM-Peak (Cents/KWH)	DEP Summer Off Peak (Cents/KWH)	DEP Winter Prem-Peak (Cents/KWH)	DEP Winter AM-Peak (Cents/KWH)	DEP Winter PM-Peak (Cents/KWH)	DEP Winter Off Peak (Cents/KWH)	DEP Shoulder Peak (Cents/KWH)	DEP Shoulder Off Peak (Cents/KWH)
1. Avoided Energy Cost (Note 1)	4.04	3.73	3.48	5.97	4.56	4.98	4.11	3.86	3.04
2. Working Capital Factor (Note 2)	1.015	1.015	1.015	1.015	1.015	1.015	1.015	1.015	1.015
3. Marginal Loss Factor (Note 3)	1.002	1.002	1.001	1.002	1.001	1.001	1.001	1.001	1.001
4. Unadjusted Energy Credits (L1*L2*L3)	4.11	3.79	3.53	6.06	4.63	5.06	4.17	3.92	3.08
5. Integration Services Charge (Note 4)	-0.226	-0.226	-0.226	-0.226	-0.226	-0.226	-0.226	-0.226	-0.226
6. Energy Credits (L4 + L5)	3.88	3.56	3.30	5.83	4.40	4.83	3.94	3.69	2.85

Notes

- From Page 5
- From Page 13
- Marginal Loss Factor = 1 / (1 - % loss/100)

	Transmission Losses	
Based on marginal % losses of:	(Incl Step Up and Step down Transformer)	Step Up Transformer Losses
Applies to:	Distribution level Interconnections	Transmission level Interconnections
DEP_Summer_Prem-Peak	2.361%	0.169%
DEP_Summer_PM-Peak	2.270%	0.163%
DEP_Summer_OffPeak	1.328%	0.095%
DEP_Winter_Prem-Peak	2.278%	0.163%
DEP_Winter_AM-Peak	1.654%	0.119%
DEP_Winter_PM-Peak	1.786%	0.128%
DEP_Winter_OffPeak	1.259%	0.090%
DEP_Shoulder_Peak	1.165%	0.084%
DEP_Shoulder_OffPeak	0.889%	0.064%
4. Solar Integration Services Charge of \$2.26/MWH for DEP		

**DUKE ENERGY PROGRESS, LLC**  
**Energy Credits**  
**All but Uncontrolled Solar Generation**

**Distribution**  
Based on 2022-2023 Costs (Variable Rate)  
Cents per KWH

	DEP Summer Prem-Peak	DEP Summer PM-Peak	DEP Summer Off Peak	DEP Winter Prem-Peak	DEP Winter AM-Peak	DEP Winter PM-Peak	DEP Winter Off Peak	DEP Shoulder Peak	DEP Shoulder Off Peak
	(Cents/KWH)	(Cents/KWH)	(Cents/KWH)	(Cents/KWH)	(Cents/KWH)	(Cents/KWH)	(Cents/KWH)	(Cents/KWH)	(Cents/KWH)
1. Avoided Energy Cost (Note 1)	4.42	4.04	3.64	6.89	5.00	5.41	4.57	4.34	3.39
2. Working Capital Factor (Note 2)	1.015	1.015	1.015	1.015	1.015	1.015	1.015	1.015	1.015
3. Marginal Loss Factor (Note 3)	1.024	1.023	1.013	1.023	1.017	1.018	1.013	1.012	1.009
4. Energy Credits (L1*L2*L3)	4.59	4.19	3.74	7.16	5.16	5.59	4.70	4.45	3.48

**Distribution**  
Based on 2022-2031 Costs (10 Year Fixed)  
Cents per KWH

	DEP Summer Prem-Peak	DEP Summer PM-Peak	DEP Summer Off Peak	DEP Winter Prem-Peak	DEP Winter AM-Peak	DEP Winter PM-Peak	DEP Winter Off Peak	DEP Shoulder Peak	DEP Shoulder Off Peak
	(Cents/KWH)	(Cents/KWH)	(Cents/KWH)	(Cents/KWH)	(Cents/KWH)	(Cents/KWH)	(Cents/KWH)	(Cents/KWH)	(Cents/KWH)
1. Avoided Energy Cost (Note 1)	4.04	3.73	3.48	5.97	4.56	4.98	4.11	3.86	3.04
2. Working Capital Factor (Note 2)	1.015	1.015	1.015	1.015	1.015	1.015	1.015	1.015	1.015
3. Marginal Loss Factor (Note 3)	1.024	1.023	1.013	1.023	1.017	1.018	1.013	1.012	1.009
4. Energy Credits (L1*L2*L3)	4.20	3.87	3.58	6.19	4.70	5.14	4.22	3.96	3.11

**Notes**

- From Page 5
- From Page 13
- Marginal Loss Factor = 1 / (1 - %)

Based on marginal % losses of: Applies to:	Transmission Losses (Incl Step Up and Step down Transformer) Distribution level Interconnections	Step Up Transformer Losses Transmission level Interconnections
	DEP_Summer_Prem-Peak	2.361%
DEP_Summer_PM-Peak	2.270%	0.163%
DEP_Summer_OffPeak	1.328%	0.095%
DEP_Winter_Prem-Peak	2.278%	0.163%
DEP_Winter_AM-Peak	1.654%	0.119%
DEP_Winter_PM-Peak	1.786%	0.128%
DEP_Winter_OffPeak	1.259%	0.090%
DEP_Shoulder_Peak	1.165%	0.084%
DEP_Shoulder_OffPeak	0.889%	0.064%

**DUKE ENERGY PROGRESS, LLC**  
**Energy Credits**  
**All but Uncontrolled Solar Generation**

**Transmission**  
Based on 2022-2023 Costs (Variable Rate)  
Cents per KWH

	DEP Summer Prem-Peak (Cents/KWH)	DEP Summer PM-Peak (Cents/KWH)	DEP Summer Off Peak (Cents/KWH)	DEP Winter Prem-Peak (Cents/KWH)	DEP Winter AM-Peak (Cents/KWH)	DEP Winter PM-Peak (Cents/KWH)	DEP Winter Off Peak (Cents/KWH)	DEP Shoulder Peak (Cents/KWH)	DEP Shoulder Off Peak (Cents/KWH)
1. Avoided Energy Cost (Note 1)	4.42	4.04	3.64	6.89	5.00	5.41	4.57	4.34	3.39
2. Working Capital Factor (Note 2)	1.015	1.015	1.015	1.015	1.015	1.015	1.015	1.015	1.015
3. Marginal Loss Factor (Note 3)	1.002	1.002	1.001	1.002	1.001	1.001	1.001	1.001	1.001
4. Energy Credits (L1*L2*L3)	4.49	4.10	3.70	7.01	5.08	5.50	4.64	4.41	3.45

**Transmission**  
Based on 2022-2031 Costs (10 Year Fixed)  
Cents per KWH

	DEP Summer Prem-Peak (Cents/KWH)	DEP Summer PM-Peak (Cents/KWH)	DEP Summer Off Peak (Cents/KWH)	DEP Winter Prem-Peak (Cents/KWH)	DEP Winter AM-Peak (Cents/KWH)	DEP Winter PM-Peak (Cents/KWH)	DEP Winter Off Peak (Cents/KWH)	DEP Shoulder Peak (Cents/KWH)	DEP Shoulder Off Peak (Cents/KWH)
1. Avoided Energy Cost (Note 1)	4.04	3.73	3.48	5.97	4.56	4.98	4.11	3.86	3.04
2. Working Capital Factor (Note 2)	1.015	1.015	1.015	1.015	1.015	1.015	1.015	1.015	1.015
3. Marginal Loss Factor (Note 3)	1.002	1.002	1.001	1.002	1.001	1.001	1.001	1.001	1.001
4. Energy Credits (L1*L2*L3)	4.11	3.79	3.53	6.06	4.63	5.06	4.17	3.92	3.08

Notes

- From Page 5
- From Page 13
- Marginal Loss Factor = 1 / (1 - % loss/100)

Based on marginal % losses of: Applies to:	Transmission Losses (Incl Step Up and Step down Transformer) Distribution level Interconnections		Step Up Transformer Losses Transmission level Interconnections	
	DEP_Summer_Prem-Peak	2.361%		0.169%
DEP_Summer_PM-Peak	2.270%		0.163%	
DEP_Summer_OffPeak	1.328%		0.095%	
DEP_Winter_Prem-Peak	2.278%		0.163%	
DEP_Winter_AM-Peak	1.654%		0.119%	
DEP_Winter_PM-Peak	1.786%		0.128%	
DEP_Winter_OffPeak	1.259%		0.090%	
DEP_Shoulder_Peak	1.165%		0.084%	
DEP_Shoulder_OffPeak	0.889%		0.064%	

DUKE ENERGY PROGRESS, LLC

Avoided Energy Costs

DEP Summer Prem-Peak	DEP Summer PM-Peak	DEP Summer Off Peak	DEP Winter Prem-Peak	DEP Winter AM-Peak	DEP Winter PM-Peak	DEP Winter Off Peak	DEP Shoulder Peak	DEP Shoulder Off Peak
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Year	(Cents/KWH)	(Cents/KWH)	(Cents/KWH)	(Cents/KWH)	(Cents/KWH)	(Cents/KWH)	(Cents/KWH)	(Cents/KWH)	(Cents/KWH)
2022									
2023									
2024									
2025									
2026									
2027									
2028									
2029									
2030									
2031									
Fuel Hedge	0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.002

DEP Summer Prem-Peak	DEP Summer PM-Peak	DEP Summer Off Peak	DEP Winter Prem-Peak	DEP Winter AM-Peak	DEP Winter PM-Peak	DEP Winter Off Peak	DEP Shoulder Peak	DEP Shoulder Off Peak
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Adjusted for Fuel Hedge	(Cents/KWH)	(Cents/KWH)	(Cents/KWH)	(Cents/KWH)	(Cents/KWH)	(Cents/KWH)	(Cents/KWH)	(Cents/KWH)	(Cents/KWH)
2022									
2023									
2024									
2025									
2026									
2027									
2028									
2029									
2030									
2031									
2 Year Present Value	8.04	7.35	6.63	12.55	9.11	9.85	8.33	7.90	6.18
Levelized Value	4.42	4.04	3.64	6.89	5.00	5.41	4.57	4.34	3.39
10 Year Present Value	29.06	26.78	25.01	42.89	32.76	35.80	29.54	27.74	21.82
Levelized Value	4.04	3.73	3.48	5.97	4.56	4.98	4.11	3.86	3.04

Notes:

- Present values and levelized values are derived using a discount rate of 6.50%
- Energy costs include emission costs and fuel hedge value 0.02/MWH
- Energy Hour definition:

(Period definitions are stated in terms of hour-ending)

Stipulated Energy	DEC				DEP					
	Months	AM Period Peak	Premium Peak	PM Period Peak	Premium Peak	Months	AM Period Peak	Premium Peak	PM Period Peak	Premium Peak
Summer Weekdays	Jun - Sept			13-16, 21-22	17-20	Jun - Sept			14-16, 21	17-20
Winter Weekdays	Dec - Feb	6, 10	7-9	18-22		Dec - Feb	5-6, 10-11	7-9	19-22	
Shoulder Weekdays	Mar - May, Oct - Nov	7-10		17-23		Mar - May, Oct - Nov	6-10		18-23	

Off-Peak energy hours are all weekend hours, and all weekday hours not designated as On Peak and Premium Peak by season.

**DUKE ENERGY PROGRESS, LLC**  
**All Generation**  
Capacity Cost for Determination  
of Capacity Credits

(2021 \$000s)

	Distribution		Transmission	
	CT Cost	FOM (6)	CT Cost	FOM (6)
1. Installed Combustion Turbine Cost (Note 1)				
2. Combustion Turbine Fixed Charge Rate (Note 2)	7.75%		7.75%	
3. Annual Combustion Turbine Carrying Cost (L1*L2)				
4. General Plant Factor (Note 3)	2.74%		2.74%	
5. Adjusted Annual Combustion Turbine Carrying Cost (L3 + (L3*L4))				
6. Combustion Turbine Fixed O&M Expenses				
7. Working Capital Factor (Note 4)		1.0487		1.0487
8. Subtotal (L5+(L6*L7))				
9. Performance Adjustment Factor (Note 5)	1.04	1.04	1.04	1.04
10. Marginal Loss Factor (Note 7)	1.0166	1.0166	1.0012	1.0012
11. Annual Capacity Cost (L8*L9*L10)				

Notes

1. Cost for new combustion turbine based on EIA data in EOY 2021\$
2. Real levelized carrying charge rates applicable to new combustion turbine installed cost
3. From Page 14
4. From Page 13
5. Applicable to all generation
6. FOM split out to apply O&M escalation rate
7. Distribution:
  - Based on marginal % loss of:
 

On Peak	1.636%	Loss factor = (1/(1 - On Peak loss%))
---------	--------	---------------------------------------
  - Transmission:
 

Step-Up Transformer Loss:	0.117%	Loss factor = (1/(1 - Step up loss%))
---------------------------	--------	---------------------------------------



**DUKE ENERGY PROGRESS, LLC**  
**All but Swine or Poultry Waste and Certain Hydroelectric Generation**  
Annual Avoided Capacity Costs

Year		Distribution				Transmission			
		CT Cost		FOM		CT Cost		FOM	
		Annual Capacity (CT) Cost (1)		Annual Capacity (FOM) Cost(1)		Annual Capacity (CT) Cost (1)		Annual Capacity (FOM) Cost(1)	
		(2021 \$000s)	(Nominal \$000s)	(2021 \$000s)	(Nominal \$000s)	(2021 \$000s)	(Nominal \$000s)	(2021 \$000s)	(Nominal \$000s)
2022	1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2023	2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2024	3	[REDACTED]							
2025	4								
2026	5								
2027	6								
2028	7								
2029	8								
2030	9								
2031	10								

	Distribution			Transmission		
	Capacity (CT)	Capacity (FOM)	Capacity Cost	Capacity (CT)	Capacity (FOM)	Capacity Cost
2 Year Present Value (Note 2)	\$0	\$0	\$0	\$0	\$0	\$0
10 Year Present Value (Note 2)	\$77,402	\$6,454	\$83,856	\$76,224,711	\$6,356	\$82,580

Notes

- Annual Capacity Cost (Nominal \$) = Annual Capacity Cost ('21 \$) escalated at an annual rate of  
 Annual CT cost portion of Capacity Cost from Page 6 escalated at an annual rate of 0.96%  
 Annual FOM portion of Capacity Cost from Page 6 escalated at an annual rate of 2.50%  
 Annual escalation starts in 2022
- Present values are derived using a discount rate of 6.50%
- Capacity value is included starting with the first year of capacity need

**DUKE ENERGY PROGRESS, LLC**  
All but Swine or Poultry Waste and Certain Hydroelectric Generation  
 Capacity Credits  
 Variable Rate  
 Based on 2022-2023 Costs

	<u>Distribution</u> (Note 6)	<u>Transmission</u> (Note 6)
1. Avoided Capacity Cost Present Value of 2022-2023 (Note 1)	\$0	\$0
2. Monthly Avoided Capacity Cost L1 x (A/P) (Note 2)	\$0	\$0
3. Annual Avoided Capacity Cost L2 x 12 months	\$0	\$0
 <u>SEASONAL CREDITS</u> (Note 3)		
	<u>Winter</u> <u>Months</u> <u>AM</u>	<u>Winter</u> <u>Months</u> <u>AM</u>
4. Seasonal Allocation (Note 4)	100%	100%
5. Seasonal Allocation of annual capacity cost L3 x L4	\$0	\$0
6. Rating -MW (Note 5)	237	237
7. Seasonal Capacity Credit (\$/KW) L5/L6	\$0.00	\$0.00
8. Seasonal Peak Hours	605	605
9. Seasonal Capacity Credits (cents/KWH) L7/L8 * 100	<u>0.00</u>	<u>0.00</u>

Notes

1. From Page 7

2. Ordinary annuity factor where  $i =$  ( 1.0650  $^{(1/12)-1} * 100 =$  0.5259%  
and  $n =$  24 months

3. Capacity Hour Definition:

DEP	Summer		Winter	
	AM	PM	AM	PM
Dec-Mar			5-9	

4. Based on Loss of Load Risk

5. Rating for new combustion turbine

6. \$ in 000s except as noted

**DUKE ENERGY PROGRESS, LLC**  
All but Swine or Poultry Waste and Certain Hydroelectric Generation  
 Capacity Credits  
 10 Year Fixed  
 Based on 2022-2031 Costs

	<u>Distribution</u> (Note 6)	<u>Transmission</u> (Note 6)
1. Avoided Capacity Cost Present Value of 2022-2031 (Note 1)	\$83,856	\$82,580
2. Monthly Avoided Capacity Cost L1 x (A/P) (Note 2)	\$944	\$930
3. Annual Avoided Capacity Cost L2 x 12 months	\$11,330	\$11,157
<u>SEASONAL CREDITS</u> (Note 3)	<u>Winter</u> <u>Months</u> <u>AM</u>	<u>Winter</u> <u>Months</u> <u>AM</u>
4. Seasonal Allocation (Note 4)	100%	100%
5. Seasonal Allocation of annual capacity cost L3 x L4	\$11,330	\$11,157
6. Rating -MW (Note 5)	237	237
7. Seasonal Capacity Credit (\$/KW) L5/L6	\$47.80	\$47.08
8. Seasonal Peak Hours	605	605
9. Seasonal Capacity Credits (cents/KWH) L7/L8 * 100	<u>7.90</u>	<u>7.78</u>

Notes

- From Page 7
- Ordinary annuity factor where  $i =$  ( 1.0650  $^{(1/12)-1} * 100 =$  0.5259%  
and  $n =$  120 months
- Capacity Hour Definition:

DEP	Summer		Winter	
	AM	PM	AM	PM
Dec-Mar			5-9	

- Based on Loss of Load Risk
- Rating for new combustion turbine
- \$ in 000s except as noted

**DUKE ENERGY PROGRESS, LLC**  
**Swine or Poultry Waste and Certain Hydroelectric Generation**  
Annual Avoided Capacity Costs

Year		Distribution				Transmission			
		CT Cost Annual Capacity (CT) Cost (1) (2021 \$000s)	(Nominal \$000s)	FOM Annual Capacity (FOM) Cost(1) (2021 \$000s)	(Nominal \$000s)	CT Cost Annual Capacity (CT) Cost (1) (2021 \$000s)	(Nominal \$000s)	FOM Annual Capacity (FOM) Cost(1) (2021 \$000s)	(Nominal \$000s)
2022	1								
2023	2								
2024	3								
2025	4								
2026	5								
2027	6								
2028	7								
2029	8								
2030	9								
2031	10								

	Distribution			Transmission		
	Capacity (CT)	Capacity (FOM)	Capacity Cost	Capacity (CT)	Capacity (FOM)	Capacity Cost
2 Year Present Value (Note 2)	\$25,090	\$1,946	\$27,036	\$24,708	\$1,917	\$26,625
10 Year Present Value (Note 2)	\$102,492	\$8,400	\$110,892	\$100,933	\$8,273	\$109,206

Notes

- Annual Capacity Cost (Nominal \$) = Annual Capacity Cost ("21 \$) escalated at an annual rate of  
 Annual CT cost portion of Capacity Cost from Page 6 escalated at an annual rate of 0.96%  
 Annual FOM portion of Capacity Cost from Page 6 escalated at an annual rate of 2.50%  
 Annual escalation starts in 2022
- Present values are derived using a discount rate of 6.50%
- Capacity value is included starting with the first year

**DUKE ENERGY PROGRESS, LLC**  
**Swine or Poultry Waste and Certain Hydroelectric Generation**  
 Capacity Credits  
 Variable Rate  
 Based on 2022-2023 Costs

	<u>Distribution</u> (Note 6)	<u>Transmission</u> (Note 6)
1. Avoided Capacity Cost Present Value of 2022-2023 (Note 1)	\$27,036	\$26,625
2. Monthly Avoided Capacity Cost L1 x (A/P) (Note 2)	\$1,202	\$1,184
3. Annual Avoided Capacity Cost L2 x 12 months	\$14,425	\$14,205
 <u>SEASONAL CREDITS</u> (Note 3)	 <u>Winter</u> <u>Months</u> <u>AM</u>	 <u>Winter</u> <u>Months</u> <u>AM</u>
4. Seasonal Allocation (Note 4)	100%	100%
5. Seasonal Allocation of annual capacity cost L3 x L4	\$14,425	\$14,205
6. Rating -MW (Note 5)	237	237
7. Seasonal Capacity Credit (\$/KW) L5/L6	\$60.86	\$59.94
8. Seasonal Peak Hours	605	605
9. Seasonal Capacity Credits (cents/KWH) L7/L8 * 100	<u>10.06</u>	<u>9.91</u>

Notes

- From Page 10
- Ordinary annuity factor where  $i =$  ( 1.0650  $^{(1/12)-1} \cdot 100 =$  0.5259%  
and  $n =$  24 months
- Capacity Hour Definition:

DEP	Summer		Winter	
	AM	PM	AM	PM
Dec-Mar			5-9	

- Based on Loss of Load Risk
- Rating for new combustion turbine
- \$ in 000s except as noted

**DUKE ENERGY PROGRESS, LLC**  
**Swine or Poultry Waste and Certain Hydroelectric Generation**  
 Capacity Credits  
 10 Year Fixed  
 Based on 2022-2031 Costs

	<u>Distribution</u> (Note 6)	<u>Transmission</u> (Note 6)
1. Avoided Capacity Cost Present Value of 2022-2031 (Note 1)	\$110,892	\$109,206
2. Monthly Avoided Capacity Cost L1 x (A/P) (Note 2)	\$1,249	\$1,230
3. Annual Avoided Capacity Cost L2 x 12 months	\$14,982	\$14,754
 <u>SEASONAL CREDITS</u> (Note 3)	 <u>Winter</u> <u>Months</u> <u>AM</u>	 <u>Winter</u> <u>Months</u> <u>AM</u>
4. Seasonal Allocation (Note 4)	100%	100%
5. Seasonal Allocation of annual capacity cost L3 x L4	\$14,982	\$14,754
6. Rating -MW (Note 5)	237	237
7. Seasonal Capacity Credit (\$/KW) L5/L6	\$63.22	\$62.26
8. Seasonal Peak Hours	605	605
9. Seasonal Capacity Credits (cents/KWH) L7/L8 * 100	<u>10.45</u>	<u>10.29</u>

Notes

1. From Page 10

2. Ordinary annuity factor where  $i =$  ( 1.0650  $^{(1/12)-1} * 100 =$  0.5259%  
and  $n =$  120 months

3. Capacity Hour Definition:

DEP	Summer		Winter	
	AM	PM	AM	PM
Dec-Mar			5-9	

4. Based on Loss of Load Risk

5. Rating for new combustion turbine

6. \$ in 000s except as noted

**DUKE ENERGY PROGRESS, LLC**

Allowance For Working Capital  
(\$ 000)

	2016	2017	2018	2019	2020	Source (Note 4)
1. Materials & Supplies (Production)	\$677,587	\$628,022	\$233,460	\$170,991	\$407,482	P 227, L7
2. Fuel Stock	\$262,287	\$242,761	\$220,024	\$247,793	\$237,266	P 227, L1
3. Production O&M	\$2,691,453	\$2,400,718	\$2,676,688	\$2,755,291	\$2,410,007	P 320-323, L80
4. Burned Fuel Cost And PP (Note 1)	1,774,979	1,787,420	2,122,220	1,848,268	\$1,610,624	pg 320-323, L5,25,45, 63, 76
5. Nonfuel Production O&M (L3-L4)	\$916,474	\$613,298	\$554,468	\$907,023	\$799,383	
6. Nonfuel Related Allowance For Working Capital L1 x 8.45% (Note 2)	\$57,261	\$53,073	\$19,729	\$14,450	\$34,435	
7. Allowance For Working Capital As a % Of Nonfuel Production O&M L6/L5	6.25%	8.65%	3.56%	1.59%	4.31%	
8. 5 Year Average For Working Capital as a % of Nonfuel Production O&M						4.87%
9. Fuel Related Allowance for Working Capital L2x 8.45% (Note 2)	\$22,165	\$20,515	\$18,594	\$20,940	\$20,051	
10. Allowance For Working Capital As a % Of Burned Fuel L9/L4	1.25%	1.15%	0.88%	1.13%	1.24%	
11. 5 Year Average For Working Capital as a % of Burned Fuel					1.13%	
12. Weighted Average For Working Capital For Fuel and O&M (Note 3)						1.47%

Notes:

1. Steam Fuel + Nuclear Fuel + Other Fuel + Purchased Power
2. Pre-Tax Rate of Return on Capital
3. Weights Based on Average Breakdown of Avoided Cost Between Fuel and Variable O&M
  - Fuel: 91%
  - Variable O&M: 9%
- Weighted Average = (Average Line 8 \* Variable O&M Weight) + (Average Line 11 \* Fuel Weight)
4. Data From FERC Form 1, Annual Issues

**DUKE ENERGY PROGRESS, LLC**

General / Intangible Plant Loading Factor  
(\$ 000)

<u>Description</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Source (Note 2)</u>
1. Electric Plant in Service (Note 1)	\$26,123,596	\$27,243,900	\$28,901,006	\$32,725,008	\$33,280,633	P 206-7, L 104-ARO
2. General Plant	\$626,322	\$668,008	\$641,694	\$695,951	\$765,294	P 206-7, L 99
3. Intangible Plant	\$408,346	\$498,613	\$527,370	\$628,365	\$649,047	P 204-5, L 5
4. Plant in Service Adj for Gen/ Int Plant	\$25,088,928	\$26,077,279	\$27,731,942	\$31,400,692	\$31,866,292	

Functionalized Plant Balances

5. Production Demand (Note 1)	\$16,719,992	\$17,221,495	\$18,022,454	\$20,912,899	\$20,363,521	P 206-7, L 46
6. Transmission	\$2,482,661	\$2,619,582	\$2,764,724	\$2,990,450	\$3,241,231	P 206-7, L 58
7. Distribution	\$5,886,275	\$6,236,202	\$6,944,764	\$7,497,343	\$8,261,540	P 206-7, L 75

Unit Cost Functionalization: General      Intangible  
Production Demand                      26%                      61%                      Unit Cost Analysis for 2020 COS

<u>Gen / Int Plant Adder (Note 3)</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Average</u>
Production Demand	2.49%	2.80%	2.73%	2.72%	2.95%	2.74%

Notes

- Values are net of ARO-related balances FF1 pg 206-7 (Lines 15,24,34,44,57,74,98)
- Data From FERC Form 1, Annual Issues
- Formula:  

$$\frac{(\text{General Plant} \times \text{General Plant Unit Cost Functionalization \%})}{\text{Functionalized Plant Balance}} + \frac{(\text{Intangible Plant} \times \text{Intangible Plant Unit Cost Functionalization \%})}{\text{Functionalized Plant Balance}}$$



**DEP Exhibit 3**

**Clean and Redline Copies of DEP's Proposed  
Standard Offer  
Power Purchase Agreement**

**Docket No. E-100, Sub 175**

**PURCHASE POWER AGREEMENT**

between

**DUKE ENERGY PROGRESS, LLC**

and

**SELLER NAME**

**“Facility Name” Project**

**Initial Delivery Date:** \_\_\_\_\_

**PURCHASE POWER AGREEMENT BY A  
QUALIFYING COGENERATOR OR SMALL POWER PRODUCER**

1 THIS PURCHASE POWER AGREEMENT (“Agreement”) is made this \_\_\_\_\_ day  
2 of \_\_\_\_\_, 20 \_\_\_\_, by and between

3  
4 DUKE ENERGY PROGRESS, LLC (“Company”),

5  
6 and

7  
8  
9 \_\_\_\_\_,  
10  
11 a(n) [insert place of formation \_\_\_\_\_] [insert entity type \_\_\_\_\_] (“Seller”), for the

12  
13 “ \_\_\_\_\_,” Project  
14

15 Seller hereby certifies that the Facility, as defined below, (is/is not) "new capacity," as defined by the  
16 Federal Energy Regulatory Commission (FERC), and that construction of the Facility (was/was not)  
17 commenced on or after November 9, 1978 and that the Facility is a qualifying facility as defined by the  
18 Federal Energy Regulatory Commission (“FERC”) pursuant to Section 210 of the Public Utility  
19 Regulatory Policies Act of 1978 **[and which is a small power producer as defined in G.S. 62-3(27a) - (if  
20 applicable)]**. The Facility as defined herein (the “Facility”) shall consist of that certain [insert description  
21 of the Facility including fuel type and Nameplate Capacity rating in AC and DC] [where applicable,  
22 identify any Storage Resource connected to or incorporated into the Facility along with the Storage  
23 Resource’s capacity (MW and MWh)] which is located at [insert facility address].  
24

25 (Hereinafter, the parties are also referred to individually as a “Party” and collectively as the “Parties”).  
26

27 In consideration of the mutual covenants herein contained, the Parties hereto, for themselves, their  
28 successors and assigns, do hereby agree to the following:  
29

30 **1. Service Requirements**

31 1.1 Seller shall sell and deliver exclusively to Company all of the electric power generated by the  
32 Facility, net of the Facility’s own auxiliary electrical requirements, and Company shall purchase,  
33 receive, use and pay for the same, subject to the conditions contained in this Agreement. Upon the  
34 completion of the installation, by Company, of its system upgrades and interconnection facilities at  
35 the point of delivery of Seller's and Company's conductors, Seller shall become responsible for the  
36 payment to Company of any and all charges that may apply, whether or not Seller actually delivers  
37 any electricity to Company. If Seller requests standby, back-up and/or maintenance power for the  
38 Facility’s auxiliary electrical requirements from Company, such power shall be provided to Supplier  
39 pursuant to a separate electric service agreement under Company’s rate tariffs appropriate for such  
40 service.  
41

42 1.2 Electricity supplied by Seller shall be [single (1)/three (3)] phase, alternating at a frequency of  
43 approximately sixty (60) cycles, and at a delivery voltage of approximately \_\_\_\_\_ volts,  
44 \_\_\_\_\_wires at a sufficient power factor to maintain system operating parameters as specified by  
45 Company.  
46

47 1.3 Delivery of said Seller’s power shall be at a point of delivery described as follows:  
 48 \_\_\_\_\_.  
 49 1.4 The Contract Capacity of the Facility, as defined in the Terms and Conditions for the Purchase of  
 50 Electric Power is \_\_\_\_\_-AC kW/MW. The estimated annual energy production of the Facility is  
 51 \_\_\_\_\_kWh.  
 52

53 **2. Rate Schedule**

54 The sale, delivery, and use of electric power hereunder, and all services of whatever type to be  
 55 rendered or performed in connection therewith, shall in all respects be subject to and in accordance  
 56 with Company’s Purchased Power Schedule PP-\_\_ [*Variable Rate*] [*10-year Fixed Long-Term*  
 57 *Rate*] for *Distribution Interconnection* (“Rate Schedule”) and the Terms and Conditions for the  
 58 Purchase of Electric Power, both of which are now on file with the North Carolina Utilities  
 59 Commission (“Commission”), and are hereby incorporated by reference and made a part hereof as  
 60 though fully set forth herein. Said Rate Schedule and Terms and Conditions for the Purchase of  
 61 Electric Power are subject to change, revision, alteration or substitution, either in whole or in part,  
 62 upon order of said Commission or any other regulatory authority having jurisdiction, and any such  
 63 change, revision, alteration or substitution shall immediately be made a part hereof as though fully  
 64 written herein, and shall nullify any prior provision in conflict therewith.  
 65

66 The language above beginning with “Said Rate Schedule” shall not apply to the Fixed Long-Term  
 67 Rates themselves, but it shall apply to all other provisions of the Rate Schedule and Terms and  
 68 Conditions for the Purchase of Electric Power, including but not limited to Variable Rates, Marginal  
 69 Cost Rates, other types of charges (e.g., administrative charges), and all non-rate provisions.  
 70

71 **3. Initial Delivery Date**

72 The term of this Agreement shall be a minimum of 5 years when contracting for capacity payments  
 73 and shall begin upon the first date when energy is generated by the Facility and delivered to  
 74 Company and continuing for the term specified in the Rate Schedule paragraph above and shall  
 75 automatically extend thereafter unless terminated by either party by giving not less than thirty (30)  
 76 days prior written notice. Any automatic extension of this Agreement will be at the as available  
 77 rates in effect at the time of extension. The term shall begin no earlier than the date Company’s  
 78 Interconnection Facilities are installed and are ready to accept electricity from Seller which is  
 79 requested to be \_\_\_\_\_, 20\_\_\_. Company at its sole discretion may terminate this  
 80 Agreement on \_\_\_\_\_, 20\_\_\_ (30 months following the date of the order initially  
 81 approving the rates selection shown above which may be extended beyond 30 months if construction  
 82 is nearly complete and the Seller demonstrates that it is making a good faith effort to complete its  
 83 project in a timely manner<sup>1</sup>) if Seller is unable to provide generation capacity and energy production  
 84 consistent with the energy production levels specified in Provision No. 1.4 above.  
 85

86 **4. Interconnection Facilities**

87 Unless otherwise required by Company, an Interconnection Agreement pursuant to the North  
 88 Carolina Interconnection Procedures, Forms, And Agreements For State-Jurisdictional Generator  
 89 Interconnections (Interconnection Standard) shall be executed by Seller, including payments of all  
 90 charges and fees associated with the interconnection, before Company will accept this Agreement.

---

<sup>1</sup> Eligible Sellers establishing a Legally Enforceable Obligation on or before November 15, 2016, and seeking payment under rates approved in Docket No. E-100, Sub 140, shall continue to be eligible for such rates, even if they fail to commence delivering power to the utility on or before September 10, 2018, pursuant to Section 1.(c) of Session Law 2017-192, unless the Seller’s nameplate capacity along with the combined nameplate capacity of generation facilities connected or with priority rights under the North Carolina Interconnection Procedures to be connected ahead of Seller to the same general distribution substation transformer exceeds the nameplate capacity of the transformer, as determined by Company. The term for these extended Agreements available to eligible E-100 Sub 140 Sellers shall commence on September 10, 2018 and expire no later than 15 years from that date.

91 (Either sentence (a) or (b) as follows is inserted into the agreement as appropriate) (a) The  
92 Interconnection Facilities Charge shall be specified in the Interconnection Agreement, or (b) The  
93 Interconnection Facilities Charge shall be 1.0 % of the installed cost of metering and other  
94 equipment and is \$\_\_\_\_\_ per month.  
95

96 **5. Energy Storage**

97 If the Facility is to be equipped with battery storage or other energy storage device (the “Storage  
98 Resource”), the Storage Resource shall be identified in this Agreement. In all cases the Storage  
99 Resource must be charged solely by the Facility and the use of any Storage Resource shall be  
100 operated and equipped in accordance with the system operator’s Energy Storage Protocol, a copy of  
101 which is attached hereto as Exhibit A, as may be modified from time to time by the system operator  
102 (the “Energy Storage Protocol”).  
103

104 Upon the execution by Company and Seller in the block provided below, this Agreement together with  
105 attachments shall become an agreement for Seller to deliver and sell to Company and for Company to  
106 receive and purchase from Seller the electricity generated and delivered to Company by Seller from the  
107 above described qualifying generating facility at the rates, in the quantities, for the term, and upon the  
108 terms and conditions set forth herein.

**Witness as to Seller:**

\_\_\_\_\_, Seller  
Printed: \_\_\_\_\_  
By \_\_\_\_\_  
Printed: \_\_\_\_\_  
Title \_\_\_\_\_  
This \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

**ACCEPTED: DUKE ENERGY PROGRESS, LLC**

**Mail Payment/Bill to:**

By \_\_\_\_\_  
Title \_\_\_\_\_  
This \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT A**  
**ENERGY STORAGE PROTOCOL**

1. The Storage Resource must be on the DC side of the inverter and charged exclusively by the Facility.
2. The Storage Resource will be controlled by the Seller, within operational limitations described below.
3. The maximum output of the Facility, including any storage capability, at any given time shall be limited to the Facility's Contract Capacity as specified in the Agreement.
4. The discharge of stored energy is not permitted while the Facility has received or is subject to a curtailment instruction (i.e., system operator instruction) from the system operator if such discharge would cause the total output of the Facility to exceed the level permitted by the system operator instruction.
5. Ramp rates for Storage Resource shall not exceed 10 percent of the Storage Resource's capacity (MW) on a per minute basis, up or down, at any time that the facility is not generating, unless the system operator has waived this ramping limitation.
6. Scheduling for capturing peak pricing periods and other storage limitations:
  - a. For all months/days with discrete capacity rate hour window periods ("Capacity Hour Window"), the Seller shall distribute any intended energy storage discharge of the storage device in a manner that levelizes (holds constant), on an expected basis, the total output of the Facility at the highest practical level over the duration of each specific Capacity Hour Window selected by the Seller for energy storage discharge of such calendar day, except as limited by ramp rate criteria, inverter capability, availability, state of charge and the Facility's Contract Capacity as specified in the Agreement. For clarity, total output of the Facility is not required to be held at the same level across separate Capacity Hour Windows occurring on a single calendar day, if any. Where a calendar day has more than one set of Capacity Hour Windows, the Seller may, at its discretion, elect to discharge storage across either or both of the Capacity Hour Windows, provided that the intended energy storage discharge for each Capacity Hour Window is distributed in a way that holds total Facility output constant across the respective Capacity Hour Window.
  - b. For any storage discharge occurring on weekends and holidays where only Off-Peak energy rates apply, the Seller shall be permitted to distribute discharge (if any) of the storage device across hours selected by Seller, except as limited by ramp rate criteria, inverter capability, availability, state of charge and the Facility's Contract Capacity as specified in the Agreement.
  - c. For the months without Capacity Hour windows, the Seller shall be permitted to distribute discharge (if any) of the storage device across hours selected by Seller, except as limited by ramp rate criteria, inverter capability, availability, state of charge and the Facility's Contract Capacity as specified in the Agreement.

7. Company reserves the right to add or modify operating restrictions specified in these Energy Storage Protocols to the extent necessary to comply with NERC Standards as such standards may be modified from time to time during the Term. Any such modification shall be implemented by Company in a Commercially Reasonable Manner and shall be applied to the Facility and Company's own generating assets on a non-discriminatory basis. If Seller can make a commercially reasonable demonstration to Company, which is approved by Company in its reasonable discretion, that the Facility does not contribute to potential NERC compliance violations for which the modifications have been implemented, then such modifications shall not apply to the Facility.
8. If identification of Capacity Hours changes over the course of the term of the Agreement, Seller will make commercially reasonable efforts to work with Company to adjust the hours of charging/discharging to coincide with these updated hours. However, Seller shall not be obligated to do so in a way that compromises their original economic value contemplated for storage resource.
9. Seller will only be compensated for Energy and Capacity actually provided to Buyer in accordance with the terms of the Agreement.

**Notes:**

- a) Other capitalized terms used in this Exhibit which have not been defined herein shall have the meaning ascribed to such terms in the Agreement to which this exhibit is attached.

**PURCHASE POWER AGREEMENT**

between

**DUKE ENERGY PROGRESS, LLC**

and

**SELLER NAME**

**“Facility Name” Project**

**Initial Delivery Date:** \_\_\_\_\_



**PURCHASE POWER AGREEMENT BY A  
QUALIFYING COGENERATOR OR SMALL POWER PRODUCER**

1 THIS PURCHASE POWER AGREEMENT ("Agreement") is made this \_\_\_\_\_ day  
2 of \_\_\_\_\_, 20 \_\_\_\_, by and between

3  
4 DUKE ENERGY PROGRESS, LLC ("Company"),

5  
6 and

7  
8 \_\_\_\_\_,  
9  
10 a(n) [insert place of formation \_\_\_\_\_] [insert entity type \_\_\_\_\_] ("Seller"), for the

11  
12  
13 " \_\_\_\_\_," Project  
14

15 Seller hereby certifies that the Facility, as defined below, (is/is not) "new capacity," as defined by the  
16 Federal Energy Regulatory Commission (FERC), and that construction of the Facility (was/was not)  
17 commenced on or after November 9, 1978 and that the Facility is a qualifying facility as defined by the  
18 Federal Energy Regulatory Commission ("FERC") pursuant to Section 210 of the Public Utility  
19 Regulatory Policies Act of 1978 [and which is a small power producer as defined in G.S. 62-3(27a) - (if  
20 applicable)]. The Facility as defined herein (the "Facility") shall consist of that certain [insert description  
21 of the Facility including fuel type and Nameplate Capacity rating in AC and DC] [where applicable,  
22 identify any Storage Resource connected to or incorporated into the Facility along with the Storage  
23 Resource's capacity (MW and MWh)] which is located at [insert facility address].  
24

25 (Hereinafter, the parties are also referred to individually as a "Party" and collectively as the "Parties").  
26

27 In consideration of the mutual covenants herein contained, the Parties hereto, for themselves, their  
28 successors and assigns, do hereby agree to the following:  
29

30 **1. Service Requirements**

31 1.1 Seller shall sell and deliver exclusively to Company all of the electric power generated by the  
32 Facility, net of the Facility's own auxiliary electrical requirements, and Company shall purchase,  
33 receive, use and pay for the same, subject to the conditions contained in this Agreement. Upon the  
34 completion of the installation, by Company, of its system upgrades and interconnection facilities at  
35 the point of delivery of Seller's and Company's conductors, Seller shall become responsible for the  
36 payment to Company of any and all charges that may apply, whether or not Seller actually delivers  
37 any electricity to Company. If Seller requests standby, back-up and/or maintenance power for the  
38 Facility's auxiliary electrical requirements from Company, such power shall be provided to Supplier  
39 pursuant to a separate electric service agreement under Company's rate tariffs appropriate for such  
40 service.  
41

42 1.2 Electricity supplied by Seller shall be [single (1)/three (3)] phase, alternating at a frequency of  
43 approximately sixty (60) cycles, and at a delivery voltage of approximately \_\_\_\_\_ volts,  
44 \_\_\_\_\_wires at a sufficient power factor to maintain system operating parameters as specified by  
45 Company.  
46

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Approved: Effective \_\_\_\_\_ ~~November 1, 2020~~ in Docket No. E-100, Sub ~~167175~~ by Order dated ~~August 13,~~  
~~2021~~ \_\_\_\_\_

47 1.3 Delivery of said Seller’s power shall be at a point of delivery described as follows:  
 48 \_\_\_\_\_.  
 49 1.4 The Contract Capacity of the Facility, as defined in the Terms and Conditions for the Purchase of  
 50 Electric Power is \_\_\_\_\_-AC kW/MW. The estimated annual energy production of the Facility is  
 51 \_\_\_\_\_kWh.  
 52

53 **2. Rate Schedule**

54 The sale, delivery, and use of electric power hereunder, and all services of whatever type to be  
 55 rendered or performed in connection therewith, shall in all respects be subject to and in accordance  
 56 with Company’s Purchased Power Schedule PP-\_\_ [*Variable Rate*] [*10-year Fixed Long-Term*  
 57 *Rate*] for ~~†Distribution†~~ ~~†Transmission†~~ Interconnection (“Rate Schedule”) and the Terms and  
 58 Conditions for the Purchase of Electric Power, both of which are now on file with the North Carolina  
 59 Utilities Commission (“Commission”), and are hereby incorporated by reference and made a part  
 60 hereof as though fully set forth herein. Said Rate Schedule and Terms and Conditions for the  
 61 Purchase of Electric Power are subject to change, revision, alteration or substitution, either in whole  
 62 or in part, upon order of said Commission or any other regulatory authority having jurisdiction, and  
 63 any such change, revision, alteration or substitution shall immediately be made a part hereof as  
 64 though fully written herein, and shall nullify any prior provision in conflict therewith.  
 65

66 The language above beginning with “Said Rate Schedule” shall not apply to the Fixed Long-Term  
 67 Rates themselves, but it shall apply to all other provisions of the Rate Schedule and Terms and  
 68 Conditions for the Purchase of Electric Power, including but not limited to Variable Rates, Marginal  
 69 Cost Rates, other types of charges (e.g., administrative charges), and all non-rate provisions.  
 70

71 **3. Initial Delivery Date**

72 The term of this Agreement shall be a minimum of 5 years when contracting for capacity payments  
 73 and shall begin upon the first date when energy is generated by the Facility and delivered to  
 74 Company and continuing for the term specified in the Rate Schedule paragraph above and shall  
 75 automatically extend thereafter unless terminated by either party by giving not less than thirty (30)  
 76 days prior written notice. Any automatic extension of this Agreement will be at the as available  
 77 rates ~~Variable Rates~~ in effect at the time of extension. The term shall begin no earlier than the date  
 78 Company’s Interconnection Facilities are installed and are ready to accept electricity from Seller  
 79 which is requested to be \_\_\_\_\_, 20\_\_ . Company at its sole discretion may terminate  
 80 this Agreement on \_\_\_\_\_, 20\_\_ (30 months following the date of the order initially  
 81 approving the rates selection shown above which may be extended beyond 30 months if construction  
 82 is nearly complete and the Seller demonstrates that it is making a good faith effort to complete its  
 83 project in a timely manner<sup>1</sup>) if Seller is unable to provide generation capacity and energy production  
 84 consistent with the energy production levels specified in Provision No. 1.4 above.  
 85

86 **4. Interconnection Facilities**

87 Unless otherwise required by Company, an Interconnection Agreement pursuant to the North  
 88 Carolina Interconnection Procedures, Forms, And Agreements For State-Jurisdictional Generator  
 89 Interconnections (Interconnection Standard) shall be executed by Seller, including payments of all

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<sup>1</sup> Eligible Sellers establishing a Legally Enforceable Obligation on or before November 15, 2016, and seeking payment under rates approved in Docket No. E-100, Sub 140, shall continue to be eligible for such rates, even if they fail to commence delivering power to the utility on or before September 10, 2018, pursuant to Section 1.(c) of Session Law 2017-192, unless the Seller’s nameplate capacity along with the combined nameplate capacity of generation facilities connected or with priority rights under the North Carolina Interconnection Procedures to be connected ahead of Seller to the same general distribution substation transformer exceeds the nameplate capacity of the transformer, as determined by Company. The term for these extended Agreements available to eligible E-100 Sub 140 Sellers shall commence on September 10, 2018 and expire no later than 15 years from that date.

90 charges and fees associated with the interconnection, before Company will accept this Agreement.  
91 (Either sentence (a) or (b) as follows is inserted into the agreement as appropriate) (a) The  
92 Interconnection Facilities Charge shall be specified in the Interconnection Agreement, or (b) The  
93 Interconnection Facilities Charge shall be 1.0 % of the installed cost of metering and other  
94 equipment and is \$ \_\_\_\_\_ per month.  
95

96 **5. Energy Storage**

97 If the Facility is to be equipped with battery storage or other energy storage device (the “Storage  
98 Resource”), the Storage Resource shall be identified in this Agreement. In all cases the Storage  
99 Resource must be charged solely by the Facility and the use of any Storage Resource shall be  
100 operated and equipped in accordance with the system operator’s Energy Storage Protocol, a copy of  
101 which is attached hereto as Exhibit A, as may be modified from time to time by the system operator  
102 (the “Energy Storage Protocol”).  
103

104 **6. Reporting Requirements**

105 ~~Upon request, facilities larger than 1,000 kW may be required to provide prior notice of annual,~~  
106 ~~monthly, and day ahead forecast of hourly production, as specified by the Company. If the Seller~~  
107 ~~is required to notify the Company of planned or unplanned outages, notification should be made as~~  
108 ~~soon as known. Seller shall include the start time, the time for return to service, the amount of~~  
109 ~~unavailable capacity, and the reason for the outage.~~  
110

111 Upon the execution by Company and Seller in the block provided below, this Agreement together with  
112 attachments shall become an agreement for Seller to deliver and sell to Company and for Company to  
113 receive and purchase from Seller the electricity generated and delivered to Company by Seller from the  
114 above described qualifying generating facility at the rates, in the quantities, for the term, and upon the  
115 terms and conditions set forth herein.

**Witness as to Seller:**

\_\_\_\_\_, Seller  
Printed: \_\_\_\_\_  
By \_\_\_\_\_  
Printed: \_\_\_\_\_  
Title \_\_\_\_\_  
This \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

**ACCEPTED: DUKE ENERGY PROGRESS, LLC**

**Mail Payment/Bill to:**

By \_\_\_\_\_  
Title \_\_\_\_\_  
This \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

~~Exhibit A~~ EXHIBIT A  
~~Energy Storage Protocol~~

ENERGY STORAGE PROTOCOL

1. The Storage Resource must be on the DC side of the inverter and charged exclusively by the Facility.
2. The Storage Resource will be controlled by the Seller, within operational limitations described below.
3. The maximum output of the Facility, including any storage capability, at any given time shall be limited to the Facility's Contract Capacity as specified in the Agreement.
4. The discharge of stored energy is not permitted while the Facility has received or is subject to a curtailment instruction (i.e., system operator instruction) from the system operator if such discharge would cause the total output of the Facility to exceed the level permitted by the system operator instruction.
5. Ramp rates for Storage Resource shall not exceed 10 percent of the Storage Resource's capacity (MW) on a per minute basis, up or down, at any time that the facility is not generating, unless the system operator has waived this ramping limitation.
6. Scheduling for capturing peak pricing periods and other storage limitations:
  - a. For all ~~(winter and summer)~~ months/days with discrete capacity rate hour window periods ("Capacity Hour Window"), the Seller shall distribute any intended energy storage discharge of the storage device in a manner that levelizes (holds constant), on an expected basis, the total output of the Facility at the highest practical level over the duration of each specific Capacity Hour Window selected by the Seller for energy storage discharge of such calendar day, except as limited by ramp rate criteria, inverter capability, availability, state of charge and the Facility's Contract Capacity as specified in the Agreement. For clarity, total output of the Facility is not required to be held at the same level across ~~both morning and evening~~ separate Capacity Hour Windows ~~during winter months. The occurring on a single calendar day, if any. Where a calendar day has more than one set of Capacity Hour Windows, the~~ Seller may, at its discretion, elect to discharge storage across either or both ~~winter morning and evening of the~~ Capacity Hour Windows, provided that the intended energy storage discharge for each Capacity Hour Window is distributed in a way that holds total Facility output constant across the respective Capacity Hour Window.
  - b. For any storage discharge occurring on weekends and holidays where only Off-Peak energy rates apply, the Seller shall be permitted to distribute discharge (if any) of the storage device across hours selected by Seller, except as limited by ramp rate criteria, inverter capability, availability, state of charge and the Facility's Contract Capacity as specified in the Agreement.
  - c. For the ~~remaining (shoulder)~~ months without Capacity Hour windows, the Seller shall be permitted to distribute discharge (if any) of the storage device across hours selected by Seller, except as limited by ramp rate criteria, inverter capability, availability, state of charge and the Facility's Contract Capacity as specified in the Agreement.
7. Company reserves the right to add or modify operating restrictions specified in these Energy Storage Protocols to the extent necessary to comply with NERC Standards as such standards

may be modified from time to time during the Term. Any such modification shall be implemented by Company in a Commercially Reasonable Manner and shall be applied to the Facility and Company's own generating assets on a non-discriminatory basis. If Seller can make a commercially reasonable demonstration to Company, which is approved by Company in its reasonable discretion, that the Facility does not contribute to potential NERC compliance violations for which the modifications have been implemented, then such modifications shall not apply to the Facility.

8. If identification of Capacity Hours changes over the course of the term of the Agreement, Seller will make commercially reasonable efforts to work with Company to adjust the hours of charging/discharging to coincide with these updated hours. However, Seller shall not be obligated to do so in a way that compromises their original economic value contemplated for storage resource.
9. Seller will only be compensated for Energy and Capacity actually provided to Buyer in accordance with the terms of the Agreement.

**Notes:**

- a) Other capitalized terms used in this Exhibit which have not been defined herein shall have the meaning ascribed to such terms in the Agreement to which this exhibit is attached.

## **DEP Exhibit 4**

# **Clean and Redline Copies of DEP's Proposed Terms and Conditions for the Purchase of Electric Power**

**Docket No. E-100, Sub 175**

## TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

### 1. PURCHASE POWER AGREEMENT

These "Terms and Conditions" provide a mechanism through which Duke Energy Progress, LLC, hereafter called "Company," will agree to purchase energy or capacity or both from an Eligible Qualifying Facility as defined in the Purchased Power Schedule PP. This Purchase Power Agreement is solely for the purchase of electricity produced by Seller's generation, net of generator auxiliary requirement, and does not provide for the sale of any electric service by Company to Seller.

- (a) Description - The Purchase Power Agreement (hereinafter sometimes termed "Agreement") shall consist of (1) Company's form of Purchase Power Agreement when signed by Seller and accepted by Company, (2) the applicable Schedule for the purchase of electricity as specified in the Purchase Power Agreement, and (3) these Terms and Conditions for the Purchase of Electric Power (hereinafter referred to as "Terms and Conditions"), and all changes, revisions, alterations therein, or substitutions therefor lawfully made.
- (b) Application of Terms and Conditions and Schedules - All Purchase Agreements in effect at the effective date of this tariff or that may be entered into in the future, are made expressly subject to these Terms and Conditions, and subject to all applicable Schedules as specified in the Purchase Power Agreement, and any changes therein, substitutions thereof, or additions thereto lawfully made, provided no change may be made in rates or in essential terms and conditions of this contract except by agreement of the parties to this contract or by order of the state regulatory authority having jurisdiction (hereinafter "Commission").
- (c) Conflicts - In case of conflict between any provision of a Schedule and of these Terms and Conditions, the provision of the Schedule shall prevail.
- (d) Waiver - The failure of either Party to enforce or insist upon compliance with any of the terms or conditions of this Agreement shall not constitute a waiver or relinquishment of any such terms or conditions, but the same shall be and remain at all times in full force and effect.
- (e) Assignment of Agreement - A Purchase Power Agreement between Company and Seller may not be transferred and assigned by Seller to any person, firm, or corporation purchasing or leasing and intending to continue the operation of the plant or business which is interconnected under such Agreement, without the prior written approval of Company. A Purchase Power Agreement shall not be transferred and assigned by Seller to any person, firm, or corporation that is party to any other purchase agreement under which a party sells or seeks to sell power to the Company from another Qualifying Facility that is located within one-half mile, as measured from the electrical generating equipment. Company will not unreasonably withhold consent provided that such assignment does not require any amendment to the terms and conditions of this Agreement, other than the notice provision thereof. Any assignment that Company has not approved in writing shall be null and void and not effective for all purposes. However, before such rights and obligations are assigned, the assignee must first obtain necessary approval from all regulatory bodies including, but not limited to, the Commission.
- (f) Notification of Assignment, Transfer or Sale - In the event of an assignment of the rights and obligations accruing to Seller under this Agreement, or in the event of any contemplated sale, transfer or assignment of the Facility or the Certificate of Public Convenience and Necessity, the Seller shall, in addition to obtaining the approvals hereof, provide a minimum of 30 days prior written notice advising Company and the Commission of any plans for such an assignment, sale or transfer, or of any accompanying significant changes in the information required by Commission Rule R8-64, R9-65 or R8-66 which are incorporated by reference herein.

- (g) Suspension of Sales Under Agreement at Seller's Request - If Seller is temporarily unable to produce the electricity contracted for due to physical destruction of, or damage to, his premises, Company will, upon written request of Seller, and for a period Company deems as reasonably required to replace or repair such premises, suspend billing under the Agreement, exclusive of any Monthly Facilities Charges, effective with the beginning of the next sales period.
- (h) Termination of Agreement at Seller's Request - If Seller desires to terminate the Agreement, Company will agree to such termination if all bills for services previously rendered to Seller including any termination or other charges applicable under any Interconnection Agreement, plus any applicable termination charges, have been paid. Termination charges shall consist of any applicable termination charges for premature termination of capacity as set forth in paragraphs 4 and 6 of these Terms and Conditions. Company may waive the foregoing provision if Company has secured or expects to secure from a new occupant or operator of the premises an Agreement satisfactory to Company for the delivery of electricity to Company for a term not less than the unexpired portion of Seller's Agreement.
- (i) Company's Right to Terminate or Suspend Agreement - Company, in addition to all other legal remedies, may either terminate the Agreement or suspend purchases of electricity from Seller based on any of the following: (1) any default or breach of the Agreement by Seller, (2) any fraudulent or unauthorized use of Company's meter, (3) failure to pay any applicable bills when due and payable, (4) any Material Alteration to the Facility without the Company's consent or otherwise delivering energy in excess of the Contract Capacity specified under this Agreement, (5) any condition on Seller's side of the point of delivery actually known by Company to be, or which Company reasonably anticipates may be, dangerous to life or property or (6) Seller fails to deliver energy to Company for six (6) consecutive months. Termination of the Agreement shall be at Company's sole option and is only appropriate when Seller either cannot or will not cure its default.

No such termination or suspension, however, will be made by Company without written notice delivered to Seller, personally or by mail, stating what in particular in the Agreement has been violated, except that no notice need to be given in instances set forth in 1(i)(2) or 1(i)(5) above. Company shall give Seller thirty (30) calendar days prior written notice before suspending or terminating the Agreement pursuant to provisions 1(i)(1) and 1(i)(3)-(4). Company shall give Seller five (5) calendar days prior written notice before suspending or terminating the Agreement pursuant to provision 1(i)(6).

Failure of Company to terminate the Agreement or to suspend the purchase of electricity at any time after the occurrence of grounds therefor, or to resort to any other legal remedy or to exercise any one or more of such alternative remedies, shall not waive or in any manner affect Company's right later to resort to any one or more of such rights or remedies on account of any such ground then existing or which may subsequently occur.

Any suspension of the purchase of electricity by Company or termination of the Agreement upon any authorized grounds shall in no way operate to relieve Seller of Seller's liability to compensate Company for services and/or facilities supplied, nor shall it relieve Seller (1) of Seller's liability for the payment of minimum monthly charges during the period of suspension, nor (2) of Seller's liability for damages, if the Agreement has been terminated, in the amount of (a) the minimum monthly charges which would have been payable during the unexpired term of the Agreement plus (b) the Early Contract Termination charge as set forth in these Terms and Conditions.

## 2. CONDITIONS OF SERVICE

- (a) Company is not obligated to purchase electricity from Seller unless and until: (1) Company's form of Purchase Power Agreement is executed by Seller and accepted by Company; (2) in cases where it is necessary to cross private property to accept delivery of electricity from Seller, Seller conveys or causes to be conveyed to Company, without cost to Company, a right-of-way easement, satisfactory to Company, across such private property which will provide for the construction,



maintenance, and operation of Company's lines and facilities, necessary to receive electricity from Seller; provided, however, in the absence of a formal conveyance, Company nevertheless, shall be vested with an easement over Seller's premises authorizing it to do all things necessary including the construction, maintenance, and operation of its lines and facilities for such purpose; and (3) any inspection certificates or permits that may be required by law in the local area are furnished to Company. Where not required by law, an inspection by a Company-approved inspector shall be made at Seller's expense. In the event Seller is unable to secure such necessary rights of way, Seller shall reimburse Company for all costs Company may incur for the securing of such rights of way.

The obligation of Company in regard to service under the Agreement are dependent upon Company securing and retaining all necessary rights-of-way, privileges, franchises, and permits, for such service. Company shall not be liable to any Seller in the event Company is delayed or prevented from purchasing power by Company failure to secure and retain such rights-of-way, privileges, franchises, and permits.

- (b) Seller shall operate its Facility in compliance with all: (i) System Operator Instructions provided by Company, including any Energy Storage Protocols provided if applicable; (ii) applicable operating guidelines established by the North American Electric Reliability Corporation ("NERC"); and (iii) the SERC Reliability Corporation ("SERC") or any successor thereto.
- (c) Seller shall submit an Interconnection Request as set forth in the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Generation Interconnections. Company shall not be required to install facilities to support interconnection of Seller's generation or execute the Purchase Power Agreement until Seller has signed an Interconnection Agreement as set forth in the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Generation Interconnections, as may be required by Company.
- (d) If electricity is received through lines which cross the lands of the United States of America, a state, or any agency or subdivision of the United States of America or of a state, Company shall have the right, upon 30 days' written notice, to discontinue receiving electricity from any Seller or Sellers interconnected to such lines, if and when (1) Company is required by governmental authority to incur expenses in the relocation or the reconstruction underground of any portion of said lines, unless Company is reimbursed for such expense by Sellers or customers connected thereto, or (2) the right of Company to maintain and operate said lines is terminated, revoked, or denied by governmental authority for any reason.

### 3. DEFINITIONS

- (a) Auxiliary Load: The term "Auxiliary Load" shall mean power used to operate auxiliary equipment in the Facility necessary for power generation (such as pumps, blowers, fuel preparation machinery, and exciters).
- (b) "Company's conductors" shall mean Company's wires extending from the point of connection with Company's existing electric system to the point of delivery.
- (c) "Energy Storage Protocol" shall have the meaning specified in Purchase Power Agreement.
- (d) "Facility" shall have the meaning specified in the Purchase Power Agreement.
- (e) "interconnection" shall mean the connection of Company's conductors to Seller's conductors.
- (f) "Material Alteration" as used in this Agreement shall mean a modification to the Facility which renders the Facility description specified in this Agreement inaccurate in any material sense as determined by Company in a commercially reasonable manner including, without limitation, (i) the addition of a Storage Resource; (ii) a modification which results in an increase to the Contract Capacity, Nameplate Capacity (in AC or DC), generating capacity (or similar term used in the Agreement) or the estimated annual energy production of the Facility (the "Existing Capacity"), or

(iii) a modification which results in a decrease to the Existing Capacity by more than five (5) percent. Notwithstanding the foregoing, the repair or replacement of equipment at the Facility (including solar panels) with like-kind equipment, which does not increase Existing Capacity or decrease the Existing Capacity by more than five percent (5%) shall not be considered a Material Alteration.

- (g) Nameplate Capacity: The term “Nameplate Capacity” shall mean the manufacturer’s kW<sub>AC</sub> nameplate rated output capability of the Facility as measured at the delivery point specified in AC. For multi-unit generator facilities, the “Nameplate Capacity” of the Facility shall be the sum of the individual manufacturer’s kW<sub>AC</sub> nameplate rated output capabilities of the generators. The Nameplate Capacity shall also include the DC rating of the Facility. For inverted-based generating facilities, the “Nameplate Capacity” shall be the manufacturer’s rated kW<sub>AC</sub> output on the inverters.
- (h) “Prudent Utility Practice” means those practices, methods, equipment, specifications, standards of safety, and performance, as the same may change from time to time, as are commonly used in the construction, interconnection, operation, and maintenance of electric power facilities, inclusive of delivery, transmission, and generation facilities and ancillaries, which in the exercise of good judgment and in light of the facts known at the time of the decision being made and activity being performed are considered: (i) good, safe, and prudent practices; (ii) are in accordance with generally accepted standards of safety, performance, dependability, efficiency, and economy in the United States; (iii) are in accordance with generally accepted standards of professional care, skill, diligence, and competence in the United States; and, (iv) are in compliance with applicable regulatory requirements and/or reliability standards. Prudent Utility Practices are not intended to be limited to the optimum practices, methods or acts to the exclusion of others, but rather are intended to include acceptable practices, methods and acts generally accepted in the energy generation and utility industry.
- (i) "purchase" or "purchase of electricity" shall be construed to refer to the electricity supplied to Company by Seller from the Facility.
- (j) “Seller's conductors" shall mean Seller's wires extending from the point of delivery to the switch box or other point where Seller's circuits connect for the purpose of supplying the electricity produced by Seller.
- (k) “Storage Resource” means battery storage or other energy storage device installed at or connected behind the meter of the Facility.
- (l) “System Operator Instruction” means any order, action, requirement, demand, or direction, from the system operator in accordance with Prudent Utility Practice, and delivered to Seller in a non-discriminatory manner, to operate, manage, and/or otherwise maintain safe and reliable operations of the system, including, without limitation, an order to suspend or interrupt any operational activity due to an emergency condition or force majeure event; provided however, a System Operator Instruction in response to an emergency condition, force majeure event, or operational condition relating specifically to or created by the Facility shall not be deemed or considered discriminatory.

#### 4. CONTRACT CAPACITY

- (a) The Contract Capacity shall be as specified in the Purchase Power Agreement and shall not exceed the capacity specified in the Seller’s Interconnection Agreement. This term shall mean the maximum continuous electrical output capability expressed on an alternating current basis of the generator(s) at any time, at a power factor of approximately unity, without consuming VARs supplied by Company, as measured at the Point of Delivery and shall be the maximum kW delivered to Company during any billing period. Seller shall not exceed the existing Contract Capacity unless and until the increase has been agreed to in an amendment executed by Company and Seller and Seller’s facilities have been upgraded to accept the actual or requested increase as may be required by Company in its commercially reasonable discretion.

- (b) Seller shall not change the Contract Capacity or contracted estimated annual energy production without adequate notice to Company, and without receiving Company's prior written consent, and if such unauthorized increase causes loss of or damage to Company's facilities, the cost of making good such loss or repairing such damage shall be paid by Seller.
- (c) Company may require that a new Contract Capacity be determined when it reasonably appears that the capacity of Seller's generating facility or annual energy production will deviate from contracted or established levels for any reason, including, but not limited to, a change in water flow, steam supply, or fuel supply.
- (d) Seller may apply to Company to increase the Contract Capacity during the Contract Period and, upon approval by Company, and an amendment to implement the change has been executed by Company and Seller, future Monthly delivered capacities shall not exceed the revised Contract Capacity. If such increase in Contract Capacity results in additional costs associated with redesign or a resizing of Company's facilities, such additional costs to Seller shall be determined in accordance with the Interconnection Agreement.
- (e) Any Material Alteration to the Facility, including without limitation, an increase in the Existing Capacity, a decrease in the Existing Capacity by more than five (5) percent or the addition of energy storage capability shall require the prior written consent of Company, which may be withheld in Company's sole discretion, and shall not be effective until memorialized in an amendment executed by Company and Seller.

#### 5. ESTIMATED ANNUAL ENERGY PRODUCTION

The estimated annual energy production from the Facility specified in the Purchase Power Agreement shall be the estimated total annual kilowatt-hours registered or computed by or from Company's metering facilities for each time period during a continuous 12-month interval.

#### 6. EARLY CONTRACT TERMINATION

Early Contract Termination - If Seller terminates the Agreement or if the Agreement is terminated by Company as permitted in Section 1(i) prior to the expiration of the initial (or extended) term of the Purchase Power Agreement Seller shall pay to Company the total Energy and/or Capacity credits received in excess of the sum of what would have been received under: (i) for the period on or prior to October 31, 2021, the Variable Rate for Energy and/or Capacity Credits applicable at the initial term of the contract period and as updated every two years, plus interest; and (ii) for the period on or after November 1, 2021, the Marginal Cost Rate for energy as calculated by the Company at the end of each calendar month, plus interest. In no circumstance will the early termination calculation result in a payment to the Seller. The interest should be the weighted average rate for new debt issued by the Company in the calendar year previous to that in which the Agreement was commenced.

#### 7. CONTRACT RENEWAL

This Agreement shall be subject to renewal for subsequent term(s) at the option of Company on substantially the same terms and provisions and at a rate either (1) mutually agreed upon by the parties negotiating in good faith and taking into consideration the Company's then avoided cost rates and other relevant factors, or (2) set by arbitration.

#### 8. QUALITY OF ENERGY RECEIVED

- (a) Seller has full responsibility for the routine maintenance of its generating and protective equipment to insure that reliable, utility grade electric energy is being delivered to Company.
- (b) The Facility shall be operated in such a manner as to generate reactive power as may be reasonably necessary to maintain voltage levels and reactive area support as specified by Company. Any operating requirement is subject to modification or revision if warranted by future changes in the distribution or transmission circuit conditions.

- (c) Seller may operate direct current generators in parallel with Company through a synchronous inverter. The inverter installation shall be designed such that a utility system interruption will result in the removal of the inverter infeed into the Company's system. Harmonics generated by a DC generator-inverter combination must not adversely affect Company's supply of electric service to, or the use of electric service by Company's other customers, and any correction thereof is the full responsibility of Seller.
- (d) In the event Company determines, based on calculations, studies, analyses, monitoring, measurement or observation, that the output of the Facility will cause or is causing the Company to be unable to provide proper voltage levels to its customers, Seller shall be required to comply with a voltage schedule and/or reactive power output schedule as prescribed by Company.
- (e) All Material Alterations to the Facility shall require the prior written consent from Company, and Seller shall provide Company written notification of any requested changes to the Facility, support equipment such as inverters, or interconnection facilities as soon as reasonably possible to allow Company adequate time to review such requested changes to ensure continued safe interconnection prior to implementation.
- (f) Failure of Seller to comply with either (a), (b), (c), (d) or (e) above will constitute grounds for Company to cease parallel operation with Seller's generation equipment and constitute grounds for termination or suspension of the Agreement as set forth under paragraph 1, above.

## 9. BILLING

- (a) Meters will be read and bills rendered monthly. Readings are taken each month at intervals of approximately thirty (30) days.
- (b) If Company is unable to read its purchase meter for any reason, Seller's production may be estimated by Company on the basis of Seller's production during the most recent preceding billing period for which readings were obtained, unless some unusual condition is known to exist. A bill or payment rendered on the basis of such estimate shall be as valid as if made from actual meter readings.
- (c) The term "Month" or "Monthly", as used in Company's Schedules and Riders, refers to the period of time between the regular meter readings by the Company, except that if the period covered by an initial or final bill, or due to rerouting of the meter reading schedule, is more than 33 or less than 27 days, the bill will be prorated based on a 30-day billing month.
- (d) Payments for capacity and/or energy will be made to Seller based on the rate schedule stated in the Purchase Power Agreement.
- (e) Company reserves the right to set off against any amounts due from the Company to Seller, any amounts which are due from Seller to Company, including, but not limited to, unpaid charges pursuant to the Interconnection Agreement or past due balances on any accounts Seller has with Company for other services.

## 10. RECORDS

In addition to the regular meter readings to be taken monthly for billing purposes, Company may require additional meter readings, records, transfer of information, etc. as may be agreed upon by the Parties. Company reserves the right to provide to the Commission or the FERC or any other regulatory body, upon request, information pertaining to this Agreement, including but not limited to: records of the Facility's generation output and Company's purchases thereof (including copies of monthly statements of power purchases and data from load recorders and telemetering installed at the Facility); copies of this Agreement. The Company will not provide any information developed solely by Seller and designated by Seller in writing to be "proprietary" unless required to do so by order of the Commission

or the FERC or any other regulatory body or court, in which event, the Company will notify Seller prior to supplying the proprietary information.

Seller shall provide to Company, on a monthly basis within ten (10) days of the meter reading date and in form to be mutually agreed upon by the Parties, information on the Facility's fuel costs (coal, oil natural gas, supplemental firing, etc.), if any, for the power delivered to Company during the preceding month's billing period.

#### 11. METER STOPPAGE OR ERROR

In the event a meter fails to register accurately within the allowable limits established by the state regulatory body having jurisdiction, Company will adjust the measured energy for the period of time the meter was shown to be in error, and shall, as provided in the rules and regulations of the state regulatory body having jurisdiction, pay to Seller, or Seller shall refund to Company, the difference between the amount billed and the estimated amount which would have been billed had the meter accurately registered the kilowatt hours provided by Seller. No part of any minimum service charge shall be refunded.

#### 12. POINT OF DELIVERY

The point of delivery is the point where Company's conductors are, or are to be, connected to Seller's conductors. Seller shall do all things necessary to bring its conductors to such point of delivery for connection to Company's conductors, and shall maintain said conductors in good order at all times. If Seller chooses to deliver power to Company through a point of delivery where Seller presently receives power from Company, then the point of delivery for the purchase of generation shall be the same point as the point of delivery for electric service.

#### 13. INTERCONNECTION FACILITIES

If Seller is not subject to the terms and conditions of the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Interconnection, as approved by the Commission in Docket No. E-100, Sub 101, the following conditions shall apply to Interconnection Facilities necessary to deliver Seller's electricity to Company. Otherwise, the terms and conditions of the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Interconnection, as approved by the Commission in Docket No. E-100, Sub 101 govern.

- (a) By Company: Company shall install, own, operate, maintain, and otherwise furnish all lines and equipment located on its side of the point of delivery to permit parallel operation of the Seller's facilities with the Company's system. It shall also install and own the necessary metering equipment, and meter transformers, where necessary, for measuring the electricity delivered to Company, though such meter may be located on Seller's side of the point of delivery. Interconnection facilities, installed by either Company or Seller, solely for such purpose, include, but are not limited to connection, line extension, transformation, switching equipment, protective relaying, metering, telemetering, communications, and appropriate safety equipment.

Any interconnection facilities installed by Company necessary to receive power from Seller shall be considered extra facilities and shall be provided, if Company finds it practicable, under the following conditions:

- (1) The facilities will be of a kind and type normally used by or acceptable to Company and will be installed at a place and in a manner satisfactory to Company.
- (2) Seller will pay to Company a Monthly Interconnection Facilities Charge of 1.0 percent of the estimated original installed cost and rearrangement cost of all facilities, including metering, required to accept interconnection, but not less than \$25 per month. The monthly charge for the Interconnection Facilities to be provided under this Agreement is subject to the rates, Service Regulations and conditions of the Company as the same are now on file

with the Commission and may be changed or modified from time to time upon approval by the Commission. Any such changes or modifications, including those which may result in increased charges for the Interconnection Facilities to be provided by the Company, shall be made a part of this Agreement to the same effect as if fully set forth herein.

- (3) If Company increases its investment, other than replacement of existing equipment with equipment of equal capacity and kind, in interconnection facilities or other special facilities required by Seller (including conversion of the Company's primary voltage to a higher voltage), the Monthly Interconnection Facilities Charge for providing the interconnection facilities will be adjusted at that time. Seller may terminate the interconnection facilities in accordance with the applicable termination paragraph 1 above, or continue the interconnection facilities under the changed conditions.
  - (4) In lieu of the Monthly Interconnection Facilities Charge of 1.0 percent, Seller may elect to make a contribution equal to the total interconnection facilities investment, plus associated tax gross-ups. After such payment, the Monthly Interconnection Facilities Charge for the interconnection facilities will be 0.3 percent of said payment.
  - (5) The Monthly Interconnection Facilities Charge as determined shall continue regardless of the term of the Agreement until Seller no longer has need for such facilities. In the event Seller's interconnection facilities should be discontinued or terminated in whole or in part, such discontinuation or termination should be calculated in accordance with 1, above.
  - (6) Seller's wiring and appurtenant structures shall provide for the location, connection, and installation of Company's standard metering equipment or other equipment deemed necessary by Company for the metering of Seller's electrical output. Company shall, at its expense, be permitted to install, in Seller's wiring or equipment, any special metering devices or equipment as deemed necessary for experimental or monitoring purposes.
  - (7) Company shall furnish and install the Interconnection Facilities no later than the date requested by Seller for such installation. Seller's obligation to pay the Interconnection Facilities charges shall begin upon the earlier of (1) completion of the installation but no earlier than the requested in-service date specified in the Interconnection Agreement or (2) the first date when energy is generated and delivered to the Company and such charges shall apply at all times thereafter during the term of this Agreement, whether or not Seller is actually supplying electric power to Company.
- (b) By Seller: Seller shall install, own, operate, and maintain all lines, and equipment, exclusive of Company's meter and meter transformers, on Seller's side of the point of delivery. Seller will be the owner and have the exclusive control of, and responsibility for, all electricity on Seller's side of the point of delivery. Seller must conform to the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Generation Interconnections. Seller's wiring shall be arranged such that all electricity generated for sale can be supplied to one point of delivery and measured by a single meter. Company's meter may be located on Seller's side of the point of delivery, and when it is to be so located, Seller must make suitable provisions in Seller's wiring, at a place suitable to Company, for the convenient installation of the type of meter Company will use. All of Seller's conductors installed on the Company's side of the meter and not installed in conduit must be readily visible.

Seller shall install and maintain devices adequate to protect Seller's equipment against irregularities on Company's system, including devices to protect against single-phasing. Seller shall also install and maintain such devices as may be necessary to automatically disconnect Seller's generating equipment, which is operated in parallel with Company, when service provided by Seller is affected by electrical disturbances on Company's or Seller's systems, or at any time when Company's system is de-energized from its prime source.

- (c) Access to Premises: The duly authorized agents of Company shall have the right of ingress and egress to the premises of Seller at all reasonable hours for the purpose of reading meters, inspecting Company's wiring and apparatus, changing, exchanging, or repairing Company's property on the premises of Seller, or removing such property at the time of or at any time after suspension of purchases or termination of this Agreement.
- (d) Protection: Seller shall protect Company's wiring and apparatus on Seller's premises and shall permit no one but Company's agents to handle same. In the event of any loss of or damage to such property of Company caused by or arising out of carelessness, neglect, or misuse by Seller or Seller's employees or agents, the cost of making good such loss or repairing such damage shall be paid by Seller. In cases where Company's service facilities on Seller's premises require abnormal maintenance due to Seller's operation, Seller shall reimburse Company for such abnormal maintenance cost.

#### 14. CONTINUANCE OF PURCHASES AND LIABILITY THEREFOR

The Parties do not guarantee continuous service but shall use reasonable diligence at all times to provide for uninterrupted acceptance and supply of electricity. Each party shall at all times use reasonable diligence to provide satisfactory service for the acceptance or supply of electricity, and to remove the cause or causes in the event of failure, interruption, reduction or suspension of service for the acceptance or supply of electricity, but neither Party shall be liable for any loss or damage resulting from such failure, interruption, reduction or suspension of service, nor shall same be a default hereunder, when any interruption of service for the acceptance or supply of electricity is due to any of the following:

- (a) An emergency condition or action due to an adverse condition, event, and/or disturbance on Company's system, or on any other system directly or indirectly interconnected with it, which requires automatic or manual interruption of the supply of electricity to some customers or areas or automatic or manual interruption, reduction, or cessation of the acceptance of electricity into Company's electrical system in order to limit the occurrence of or extent or damage of the adverse condition or disturbance to Company's system or capability to reliably provide service in compliance and accordance with prudent practices, regulatory requirements, and/or reliability standards, or to prevent damage to generating or transmission facilities, or to expedite restoration of service, or to effect a reduction in service to compensate for an emergency condition on an interconnected system. An emergency condition or action shall include any circumstance that requires action by the Company to comply with any electric reliability organization or NERC/SERC regulations or standards, including without limitation actions to respond to, prevent, limit, or manage loss or damage to Seller's Facility, reliability impairment, loss or damage to the Company's system, disruption of generation by the Seller, disruption of reliability or service on the Company's system, an abnormal condition on the system, and/or endangerment to human life or safety.
- (b) An event or condition of force majeure, as described below.
- (c) Making necessary adjustments to, changes in, or repairs on Company lines, substations, and facilities, and in cases where, in its opinion, the continuance of service from Seller's premises would endanger persons or property.

Seller shall be responsible for promptly taking all actions requested or required by Company to avoid, prevent, or recover from the occurrence and/or imminent occurrence of any emergency condition and in response to any emergency condition or condition of force majeure, including without limitation installing and operating any equipment necessary to take such actions.

Seller shall be responsible for insuring the safe operation of his equipment at all times, and will install and maintain, to Company's satisfaction, the necessary automatic equipment to prevent the back feed

of power into, or damage to Company's de-energized system, and shall be subject to immediate disconnection of its equipment from Company's system if Company determines that such equipment is unsafe or adversely affects Company's transmission/distribution system or service to its other customers.

Seller assumes responsibility for and shall indemnify, defend, and save Company harmless against all liability, claims, judgments, losses, costs, and expenses for injury, loss, or damage to persons or property including personal injury or property damage to Seller or Seller's employees on account of defective construction, wiring, or equipment, or improper or careless use of electricity, on Seller's side of the point of delivery.

#### 15. FORCE MAJEURE

Circumstances beyond the reasonable control of a Party which solely cause that Party to experience delay or failure in delivering or receiving electricity or in providing continuous service hereunder, including: acts of God; unusually severe weather conditions; earthquake; strikes or other labor difficulties; war; riots; fire; requirements shall be deemed to be "events or conditions of force majeure". It also includes actions or failures to act on the part of governmental authorities (including the adoption or change in any rule or regulation or environmental constraints lawfully imposed by federal, state or local government bodies), but only if such requirements, actions or failures to act prevent or delay performance; or transportation delays or accidents. Events or conditions of force majeure do not include such circumstances which merely affect the cost of operating the Facility.

Neither Party shall be responsible nor liable for any delay or failure in its performance hereunder due solely to events or conditions of force majeure, provided that:

- (a) The affected Party gives the other Party written notice describing the particulars of the event or condition of force majeure, such notice to be provided within forty-eight (48) hours of the determination by the affected Party that an event or condition of force majeure has occurred, but in no event later than thirty (30) days from the date of the occurrence of the event or condition of force majeure;
- (b) The delay or failure of performance is of no longer duration and of no greater scope than is required by the event or condition of force majeure, provided that in no event shall such delay or failure of performance extend beyond a period of twelve (12) months;
- (c) The affected Party uses its best efforts to remedy its inability to perform;
- (d) When the affected Party is able to resume performance of its obligations under this Agreement, that Party shall give the other Party prompt written notice to that effect; and,
- (e) The event or condition of force majeure was not caused by or connected with any negligent or intentional acts, errors, or omissions, or failure to comply with any law, rule, regulation, order or ordinance, or any breach or default of this Agreement.

#### 16. INSURANCE

Seller shall obtain and retain, for as long as the generation is interconnected with Company's system, either the applicable home owners insurance policy with liability coverage of at least \$100,000 per occurrence or the applicable comprehensive general liability insurance policy with liability coverage in the amount of at least \$300,000 per occurrence, which protects Seller from claims for bodily injury and/or property damage. This insurance shall be primary for all purposes. Seller shall provide certificates evidencing this coverage as required by Company. Company reserves the right to refuse to establish, or continue the interconnection of Seller's generation with Company's system, if such insurance is not in effect.



## 17. GOVERNMENTAL RESTRICTIONS

This Agreement is subject to the jurisdiction of those governmental agencies having control over either party or over this Agreement. This Agreement shall not become effective until all required governmental authorizations are obtained. Certification of receipt of all permits and authorizations shall be furnished by Seller to Company upon Company's request. This Agreement shall not become effective unless it and all provisions thereof are authorized and permitted by such governmental agencies without change or conditions.

This Agreement shall at all times be subject to changes by such governmental agencies, and the parties shall be subject to conditions and obligations, as such governmental agencies may, from time to time, direct in the exercise of their jurisdiction, provided no change may be made in rates or in essential terms and conditions of this contract except by agreement of the parties to this contract. Both parties agree to exert their best efforts to comply with all of the applicable rules and regulations of all governmental agencies having control over either party or this Agreement. The parties shall take all reasonable action necessary to secure all required governmental approval of this Agreement in its entirety and without change.

The delivery date, quantity, and type of electricity to be accepted for purchase by Company, from Seller, are subject to changes, restrictions, curtailments, or complete suspensions by Company as may be deemed by it to be necessary or advisable (a) on account of any lawful order or regulation of any municipal, State, or Federal government or agency thereof, or order of any court of competent jurisdiction, or (b) on account of any emergency due to war, or catastrophe, all without liability on the part of the Company therefor.

Supersedes: June 1, 2021  
Effective: November 1, 2021  
NCUC Docket No. E-100, Sub 175

## TERMS AND CONDITIONS FOR THE PURCHASE OF ELECTRIC POWER

### 1. PURCHASE POWER AGREEMENT

These "Terms and Conditions" provide a mechanism through which Duke Energy Progress, LLC, hereafter called "Company," will agree to purchase energy or capacity or both from an Eligible Qualifying Facility as defined in the Purchased Power Schedule PP. This Purchase Power Agreement is solely for the purchase of electricity produced by Seller's generation, net of generator auxiliary requirement, and does not provide for the sale of any electric service by Company to Seller.

- (a) Description - The Purchase Power Agreement (hereinafter sometimes termed "Agreement") shall consist of (1) Company's form of Purchase Power Agreement when signed by Seller and accepted by Company, (2) the applicable Schedule for the purchase of electricity as specified in the Purchase Power Agreement, and (3) these Terms and Conditions for the Purchase of Electric Power (hereinafter referred to as "Terms and Conditions"), and all changes, revisions, alterations therein, or substitutions therefor lawfully made.
- (b) Application of Terms and Conditions and Schedules - All Purchase Agreements in effect at the effective date of this tariff or that may be entered into in the future, are made expressly subject to these Terms and Conditions, and subject to all applicable Schedules as specified in the Purchase Power Agreement, and any changes therein, substitutions thereof, or additions thereto lawfully made, provided no change may be made in rates or in essential terms and conditions of this contract except by agreement of the parties to this contract or by order of the state regulatory authority having jurisdiction (hereinafter "Commission").
- (c) Conflicts - In case of conflict between any provision of a Schedule and of these Terms and Conditions, the provision of the Schedule shall prevail.
- (d) Waiver - The failure of either Party to enforce or insist upon compliance with any of the terms or conditions of this Agreement shall not constitute a waiver or relinquishment of any such terms or conditions, but the same shall be and remain at all times in full force and effect.
- (e) Assignment of Agreement - A Purchase Power Agreement between Company and Seller may not be transferred and assigned by Seller to any person, firm, or corporation purchasing or leasing and intending to continue the operation of the plant or business which is interconnected under such Agreement, without the prior written approval of Company. A Purchase Power Agreement shall not be transferred and assigned by Seller to any person, firm, or corporation that is party to any other purchase agreement under which a party sells or seeks to sell power to the Company from another Qualifying Facility that is located within one-half mile, as measured from the electrical generating equipment. Company will not unreasonably withhold consent provided that such assignment does not require any amendment to the terms and conditions of this Agreement, other than the notice provision thereof. Any assignment that Company has not approved in writing shall be null and void and not effective for all purposes. However, before such rights and obligations are assigned, the assignee must first obtain necessary approval from all regulatory bodies including, but not limited to, the Commission.
- (f) Notification of Assignment, Transfer or Sale - In the event of an assignment of the rights and obligations accruing to Seller under this Agreement, or in the event of any contemplated sale, transfer or assignment of the Facility or the Certificate of Public Convenience and Necessity, the Seller shall, in addition to obtaining the approvals hereof, provide a minimum of 30 days prior written notice advising Company and the Commission of any plans for such an assignment, sale or transfer, or of any accompanying significant changes in the information required by Commission Rule R8-64, R9-65 or R8-66 which are incorporated by reference herein.

- (g) Suspension of Sales Under Agreement at Seller's Request - If Seller is temporarily unable to produce the electricity contracted for due to physical destruction of, or damage to, his premises, Company will, upon written request of Seller, and for a period Company deems as reasonably required to replace or repair such premises, suspend billing under the Agreement, exclusive of any Monthly Facilities Charges, effective with the beginning of the next sales period.
- (h) Termination of Agreement at Seller's Request - If Seller desires to terminate the Agreement, Company will agree to such termination if all bills for services previously rendered to Seller including any termination or other charges applicable under any Interconnection Agreement, plus any applicable termination charges, have been paid. Termination charges shall consist of any applicable termination charges for premature termination of capacity as set forth in paragraphs 4 and 6 of these Terms and Conditions. Company may waive the foregoing provision if Company has secured or expects to secure from a new occupant or operator of the premises an Agreement satisfactory to Company for the delivery of electricity to Company for a term not less than the unexpired portion of Seller's Agreement.
- (i) Company's Right to Terminate or Suspend Agreement - Company, in addition to all other legal remedies, may either terminate the Agreement or suspend purchases of electricity from Seller based on any of the following: (1) any default or breach of the Agreement by Seller, (2) any fraudulent or unauthorized use of Company's meter, (3) failure to pay any applicable bills when due and payable, (4) any Material Alteration to the Facility without the Company's consent or otherwise delivering energy in excess of the Contract Capacity specified under this Agreement, (5) any condition on Seller's side of the point of delivery actually known by Company to be, or which Company reasonably anticipates may be, dangerous to life or property or (6) Seller fails to deliver energy to Company for six (6) consecutive months. Termination of the Agreement shall be at Company's sole option and is only appropriate when Seller either cannot or will not cure its default.

No such termination or suspension, however, will be made by Company without written notice delivered to Seller, personally or by mail, stating what in particular in the Agreement has been violated, except that no notice need to be given in instances set forth in 1(i)(2) or 1(i)(5) above. Company shall give Seller thirty (30) calendar days prior written notice before suspending or terminating the Agreement pursuant to provisions 1(i)(1) and 1(i)(3)-(4). Company shall give Seller five (5) calendar days prior written notice before suspending or terminating the Agreement pursuant to provision 1(i)(6).

Failure of Company to terminate the Agreement or to suspend the purchase of electricity at any time after the occurrence of grounds therefor, or to resort to any other legal remedy or to exercise any one or more of such alternative remedies, shall not waive or in any manner affect Company's right later to resort to any one or more of such rights or remedies on account of any such ground then existing or which may subsequently occur.

Any suspension of the purchase of electricity by Company or termination of the Agreement upon any authorized grounds shall in no way operate to relieve Seller of Seller's liability to compensate Company for services and/or facilities supplied, nor shall it relieve Seller (1) of Seller's liability for the payment of minimum monthly charges during the period of suspension, nor (2) of Seller's liability for damages, if the Agreement has been terminated, in the amount of (a) the minimum monthly charges which would have been payable during the unexpired term of the Agreement plus (b) the Early Contract Termination charge as set forth in these Terms and Conditions.

## 2. CONDITIONS OF SERVICE

- (a) Company is not obligated to purchase electricity from Seller unless and until: (1) Company's form of Purchase Power Agreement is executed by Seller and accepted by Company; (2) in cases where it is necessary to cross private property to accept delivery of electricity from Seller, Seller conveys or causes to be conveyed to Company, without cost to Company, a right-of-way easement, satisfactory to Company, across such private property which will provide for the construction,

maintenance, and operation of Company's lines and facilities, necessary to receive electricity from Seller; provided, however, in the absence of a formal conveyance, Company nevertheless, shall be vested with an easement over Seller's premises authorizing it to do all things necessary including the construction, maintenance, and operation of its lines and facilities for such purpose; and (3) any inspection certificates or permits that may be required by law in the local area are furnished to Company. Where not required by law, an inspection by a Company-approved inspector shall be made at Seller's expense. In the event Seller is unable to secure such necessary rights of way, Seller shall reimburse Company for all costs Company may incur for the securing of such rights of way.

The obligation of Company in regard to service under the Agreement are dependent upon Company securing and retaining all necessary rights-of-way, privileges, franchises, and permits, for such service. Company shall not be liable to any Seller in the event Company is delayed or prevented from purchasing power by Company failure to secure and retain such rights-of-way, privileges, franchises, and permits.

- (b) Seller shall operate its Facility in compliance with all: (i) System Operator Instructions provided by Company, including any Energy Storage Protocols provided if applicable; (ii) applicable operating guidelines established by the North American Electric Reliability Corporation (“NERC”); and (iii) the SERC Reliability Corporation (“SERC”) or any successor thereto.
- (c) Seller shall submit an Interconnection Request as set forth in the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Generation Interconnections. Company shall not be required to install facilities to support interconnection of Seller’s generation or execute the Purchase Power Agreement until Seller has signed an Interconnection Agreement as set forth in the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Generation Interconnections, as may be required by Company.
- (d) If electricity is received through lines which cross the lands of the United States of America, a state, or any agency or subdivision of the United States of America or of a state, Company shall have the right, upon 30 days' written notice, to discontinue receiving electricity from any Seller or Sellers interconnected to such lines, if and when (1) Company is required by governmental authority to incur expenses in the relocation or the reconstruction underground of any portion of said lines, unless Company is reimbursed for such expense by Sellers or customers connected thereto, or (2) the right of Company to maintain and operate said lines is terminated, revoked, or denied by governmental authority for any reason.

### 3. DEFINITIONS

- (a) Auxiliary Load: The term “Auxiliary Load” shall mean power used to operate auxiliary equipment in the Facility necessary for power generation (such as pumps, blowers, fuel preparation machinery, and exciters).
- (b) “Company's conductors” shall mean Company's wires extending from the point of connection with Company’s existing electric system to the point of delivery.
- (c) “Energy Storage Protocol” shall have the meaning specified in Purchase Power Agreement.
- (d) “Facility” shall have the meaning specified in the Purchase Power Agreement.
- (e) “interconnection” shall mean the connection of Company’s conductors to Seller's conductors.
- (f) “Material Alteration” as used in this Agreement shall mean a modification to the Facility which renders the Facility description specified in this Agreement inaccurate in any material sense as determined by Company in a commercially reasonable manner including, without limitation, (i) the addition of a Storage Resource; (ii) a modification which results in an increase to the Contract Capacity, Nameplate Capacity (in AC or DC), generating capacity (or similar term used in the Agreement) or the estimated annual energy production of the Facility (the “Existing Capacity”), or

(iii) a modification which results in a decrease to the Existing Capacity by more than five (5) percent. Notwithstanding the foregoing, the repair or replacement of equipment at the Facility (including solar panels) with like-kind equipment, which does not increase Existing Capacity or decrease the Existing Capacity by more than five percent (5%) shall not be considered a Material Alteration.

- (g) Nameplate Capacity: The term “Nameplate Capacity” shall mean the manufacturer’s kW<sub>AC</sub> nameplate rated output capability of the Facility as measured at the delivery point specified in AC. For multi-unit generator facilities, the “Nameplate Capacity” of the Facility shall be the sum of the individual manufacturer’s kW<sub>AC</sub> nameplate rated output capabilities of the generators. The Nameplate Capacity shall also include the DC rating of the Facility. For inverted-based generating facilities, the “Nameplate Capacity” shall be the manufacturer’s rated kW<sub>AC</sub> output on the inverters.
- (h) “Prudent Utility Practice” means those practices, methods, equipment, specifications, standards of safety, and performance, as the same may change from time to time, as are commonly used in the construction, interconnection, operation, and maintenance of electric power facilities, inclusive of delivery, transmission, and generation facilities and ancillaries, which in the exercise of good judgment and in light of the facts known at the time of the decision being made and activity being performed are considered: (i) good, safe, and prudent practices; (ii) are in accordance with generally accepted standards of safety, performance, dependability, efficiency, and economy in the United States; (iii) are in accordance with generally accepted standards of professional care, skill, diligence, and competence in the United States; and, (iv) are in compliance with applicable regulatory requirements and/or reliability standards. Prudent Utility Practices are not intended to be limited to the optimum practices, methods or acts to the exclusion of others, but rather are intended to include acceptable practices, methods and acts generally accepted in the energy generation and utility industry.
- (i) "purchase" or "purchase of electricity" shall be construed to refer to the electricity supplied to Company by Seller from the Facility.
- (j) “Seller's conductors" shall mean Seller's wires extending from the point of delivery to the switch box or other point where Seller's circuits connect for the purpose of supplying the electricity produced by Seller.
- (k) “Storage Resource” means battery storage or other energy storage device installed at or connected behind the meter of the Facility.
- (l) “System Operator Instruction” means any order, action, requirement, demand, or direction, from the system operator in accordance with Prudent Utility Practice, and delivered to Seller in a non-discriminatory manner, to operate, manage, and/or otherwise maintain safe and reliable operations of the system, including, without limitation, an order to suspend or interrupt any operational activity due to an emergency condition or force majeure event; provided however, a System Operator Instruction in response to an emergency condition, force majeure event, or operational condition relating specifically to or created by the Facility shall not be deemed or considered discriminatory.

#### 4. CONTRACT CAPACITY

- (a) The Contract Capacity shall be as specified in the Purchase Power Agreement and shall not exceed the capacity specified in the Seller’s Interconnection Agreement. This term shall mean the maximum continuous electrical output capability expressed on an alternating current basis of the generator(s) at any time, at a power factor of approximately unity, without consuming VARs supplied by Company, as measured at the Point of Delivery and shall be the maximum kW delivered to Company during any billing period. Seller shall not exceed the existing Contract Capacity unless and until the increase has been agreed to in an amendment executed by Company and Seller and Seller’s facilities have been upgraded to accept the actual or requested increase as may be required by Company in its commercially reasonable discretion.

- (b) Seller shall not change the Contract Capacity or contracted estimated annual energy production without adequate notice to Company, and without receiving Company's prior written consent, and if such unauthorized increase causes loss of or damage to Company's facilities, the cost of making good such loss or repairing such damage shall be paid by Seller.
- (c) Company may require that a new Contract Capacity be determined when it reasonably appears that the capacity of Seller's generating facility or annual energy production will deviate from contracted or established levels for any reason, including, but not limited to, a change in water flow, steam supply, or fuel supply.
- (d) Seller may apply to Company to increase the Contract Capacity during the Contract Period and, upon approval by Company, and an amendment to implement the change has been executed by Company and Seller, future Monthly delivered capacities shall not exceed the revised Contract Capacity. If such increase in Contract Capacity results in additional costs associated with redesign or a resizing of Company's facilities, such additional costs to Seller shall be determined in accordance with the Interconnection Agreement.
- (e) Any Material Alteration to the Facility, including without limitation, an increase in the Existing Capacity, a decrease in the Existing Capacity by more than five (5) percent or the addition of energy storage capability shall require the prior written consent of Company, which may be withheld in Company's sole discretion, and shall not be effective until memorialized in an amendment executed by Company and Seller.

#### 5. ESTIMATED ANNUAL ENERGY PRODUCTION

The estimated annual energy production from the Facility specified in the Purchase Power Agreement shall be the estimated total annual kilowatt-hours registered or computed by or from Company's metering facilities for each time period during a continuous 12-month interval.

#### 6. EARLY CONTRACT TERMINATION

Early Contract Termination - If Seller terminates the Agreement or if the Agreement is terminated by Company as permitted in Section 1(i) prior to the expiration of the initial (or extended) term of the Purchase Power Agreement Seller shall pay to Company the total Energy and/or Capacity credits received in excess of the sum of what would have been received under: (i) for the period on or prior to October 31, 2021, the Variable Rate for Energy and/or Capacity Credits applicable at the initial term of the contract period and as updated every two years, plus interest; and (ii) for the period on or after November 1, 2021, the Marginal Cost Rate for energy as calculated by the Company at the end of each calendar month, plus interest. In no circumstance will the early termination calculation result in a payment to the Seller. The interest should be the weighted average rate for new debt issued by the Company in the calendar year previous to that in which the Agreement was commenced.

#### 7. CONTRACT RENEWAL

This Agreement shall be subject to renewal for subsequent term(s) at the option of Company on substantially the same terms and provisions and at a rate either (1) mutually agreed upon by the parties negotiating in good faith and taking into consideration the Company's then avoided cost rates and other relevant factors, or (2) set by arbitration.

#### 8. QUALITY OF ENERGY RECEIVED

- (a) Seller has full responsibility for the routine maintenance of its generating and protective equipment to insure that reliable, utility grade electric energy is being delivered to Company.
- (b) The Facility shall be operated in such a manner as to generate reactive power as may be reasonably necessary to maintain voltage levels and reactive area support as specified by Company. Any operating requirement is subject to modification or revision if warranted by future changes in the distribution or transmission circuit conditions.

- (c) Seller may operate direct current generators in parallel with Company through a synchronous inverter. The inverter installation shall be designed such that a utility system interruption will result in the removal of the inverter infeed into the Company's system. Harmonics generated by a DC generator-inverter combination must not adversely affect Company's supply of electric service to, or the use of electric service by Company's other customers, and any correction thereof is the full responsibility of Seller.
- (d) In the event Company determines, based on calculations, studies, analyses, monitoring, measurement or observation, that the output of the Facility will cause or is causing the Company to be unable to provide proper voltage levels to its customers, Seller shall be required to comply with a voltage schedule and/or reactive power output schedule as prescribed by Company.
- (e) All Material Alterations to the Facility shall require the prior written consent from Company, and Seller shall provide Company written notification of any requested changes to the Facility, support equipment such as inverters, or interconnection facilities as soon as reasonably possible to allow Company adequate time to review such requested changes to ensure continued safe interconnection prior to implementation.
- (f) Failure of Seller to comply with either (a), (b), (c), (d) or (e) above will constitute grounds for Company to cease parallel operation with Seller's generation equipment and constitute grounds for termination or suspension of the Agreement as set forth under paragraph 1, above.

## 9. BILLING

- (a) Meters will be read and bills rendered monthly. Readings are taken each month at intervals of approximately thirty (30) days.
- (b) If Company is unable to read its purchase meter for any reason, Seller's production may be estimated by Company on the basis of Seller's production during the most recent preceding billing period for which readings were obtained, unless some unusual condition is known to exist. A bill or payment rendered on the basis of such estimate shall be as valid as if made from actual meter readings.
- (c) The term "Month" or "Monthly", as used in Company's Schedules and Riders, refers to the period of time between the regular meter readings by the Company, except that if the period covered by an initial or final bill, or due to rerouting of the meter reading schedule, is more than 33 or less than 27 days, the bill will be prorated based on a 30-day billing month.
- (d) Payments for capacity and/or energy will be made to Seller based on the rate schedule stated in the Purchase Power Agreement.
- (e) Company reserves the right to set off against any amounts due from the Company to Seller, any amounts which are due from Seller to Company, including, but not limited to, unpaid charges pursuant to the Interconnection Agreement or past due balances on any accounts Seller has with Company for other services.

## 10. RECORDS

In addition to the regular meter readings to be taken monthly for billing purposes, Company may require additional meter readings, records, transfer of information, etc. as may be agreed upon by the Parties. Company reserves the right to provide to the Commission or the FERC or any other regulatory body, upon request, information pertaining to this Agreement, including but not limited to: records of the Facility's generation output and Company's purchases thereof (including copies of monthly statements of power purchases and data from load recorders and telemetering installed at the Facility); copies of this Agreement. The Company will not provide any information developed solely by Seller and designated by Seller in writing to be "proprietary" unless required to do so by order of the Commission

or the FERC or any other regulatory body or court, in which event, the Company will notify Seller prior to supplying the proprietary information.

Seller shall provide to Company, on a monthly basis within ten (10) days of the meter reading date and in form to be mutually agreed upon by the Parties, information on the Facility's fuel costs (coal, oil natural gas, supplemental firing, etc.), if any, for the power delivered to Company during the preceding month's billing period.

#### 11. METER STOPPAGE OR ERROR

In the event a meter fails to register accurately within the allowable limits established by the state regulatory body having jurisdiction, Company will adjust the measured energy for the period of time the meter was shown to be in error, and shall, as provided in the rules and regulations of the state regulatory body having jurisdiction, pay to Seller, or Seller shall refund to Company, the difference between the amount billed and the estimated amount which would have been billed had the meter accurately registered the kilowatt hours provided by Seller. No part of any minimum service charge shall be refunded.

#### 12. POINT OF DELIVERY

The point of delivery is the point where Company's conductors are, or are to be, connected to Seller's conductors. Seller shall do all things necessary to bring its conductors to such point of delivery for connection to Company's conductors, and shall maintain said conductors in good order at all times. If Seller chooses to deliver power to Company through a point of delivery where Seller presently receives power from Company, then the point of delivery for the purchase of generation shall be the same point as the point of delivery for electric service.

#### 13. INTERCONNECTION FACILITIES

If Seller is not subject to the terms and conditions of the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Interconnection, as approved by the Commission in Docket No. E-100, Sub 101, the following conditions shall apply to Interconnection Facilities necessary to deliver Seller's electricity to Company. Otherwise, the terms and conditions of the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Interconnection, as approved by the Commission in Docket No. E-100, Sub 101 govern.

- (a) By Company: Company shall install, own, operate, maintain, and otherwise furnish all lines and equipment located on its side of the point of delivery to permit parallel operation of the Seller's facilities with the Company's system. It shall also install and own the necessary metering equipment, and meter transformers, where necessary, for measuring the electricity delivered to Company, though such meter may be located on Seller's side of the point of delivery. Interconnection facilities, installed by either Company or Seller, solely for such purpose, include, but are not limited to connection, line extension, transformation, switching equipment, protective relaying, metering, telemetering, communications, and appropriate safety equipment.

Any interconnection facilities installed by Company necessary to receive power from Seller shall be considered extra facilities and shall be provided, if Company finds it practicable, under the following conditions:

- (1) The facilities will be of a kind and type normally used by or acceptable to Company and will be installed at a place and in a manner satisfactory to Company.
- (2) Seller will pay to Company a Monthly Interconnection Facilities Charge of 1.0 percent of the estimated original installed cost and rearrangement cost of all facilities, including metering, required to accept interconnection, but not less than \$25 per month. The monthly charge for the Interconnection Facilities to be provided under this Agreement is subject to the rates, Service Regulations and conditions of the Company as the same are now on file



with the Commission and may be changed or modified from time to time upon approval by the Commission. Any such changes or modifications, including those which may result in increased charges for the Interconnection Facilities to be provided by the Company, shall be made a part of this Agreement to the same effect as if fully set forth herein.

- (3) If Company increases its investment, other than replacement of existing equipment with equipment of equal capacity and kind, in interconnection facilities or other special facilities required by Seller (including conversion of the Company's primary voltage to a higher voltage), the Monthly Interconnection Facilities Charge for providing the interconnection facilities will be adjusted at that time. Seller may terminate the interconnection facilities in accordance with the applicable termination paragraph 1 above, or continue the interconnection facilities under the changed conditions.
  - (4) In lieu of the Monthly Interconnection Facilities Charge of 1.0 percent, Seller may elect to make a contribution equal to the total interconnection facilities investment, plus associated tax gross-ups. After such payment, the Monthly Interconnection Facilities Charge for the interconnection facilities will be 0.3 percent of said payment.
  - (5) The Monthly Interconnection Facilities Charge as determined shall continue regardless of the term of the Agreement until Seller no longer has need for such facilities. In the event Seller's interconnection facilities should be discontinued or terminated in whole or in part, such discontinuation or termination should be calculated in accordance with 1, above.
  - (6) Seller's wiring and appurtenant structures shall provide for the location, connection, and installation of Company's standard metering equipment or other equipment deemed necessary by Company for the metering of Seller's electrical output. Company shall, at its expense, be permitted to install, in Seller's wiring or equipment, any special metering devices or equipment as deemed necessary for experimental or monitoring purposes.
  - (7) Company shall furnish and install the Interconnection Facilities no later than the date requested by Seller for such installation. Seller's obligation to pay the Interconnection Facilities charges shall begin upon the earlier of (1) completion of the installation but no earlier than the requested in-service date specified in the Interconnection Agreement or (2) the first date when energy is generated and delivered to the Company and such charges shall apply at all times thereafter during the term of this Agreement, whether or not Seller is actually supplying electric power to Company.
- (b) By Seller: Seller shall install, own, operate, and maintain all lines, and equipment, exclusive of Company's meter and meter transformers, on Seller's side of the point of delivery. Seller will be the owner and have the exclusive control of, and responsibility for, all electricity on Seller's side of the point of delivery. Seller must conform to the North Carolina Interconnection Procedures, Forms and Agreements for State-Jurisdictional Generation Interconnections. Seller's wiring shall be arranged such that all electricity generated for sale can be supplied to one point of delivery and measured by a single meter. Company's meter may be located on Seller's side of the point of delivery, and when it is to be so located, Seller must make suitable provisions in Seller's wiring, at a place suitable to Company, for the convenient installation of the type of meter Company will use. All of Seller's conductors installed on the Company's side of the meter and not installed in conduit must be readily visible.

Seller shall install and maintain devices adequate to protect Seller's equipment against irregularities on Company's system, including devices to protect against single-phasing. Seller shall also install and maintain such devices as may be necessary to automatically disconnect Seller's generating equipment, which is operated in parallel with Company, when service provided by Seller is affected by electrical disturbances on Company's or Seller's systems, or at any time when Company's system is de-energized from its prime source.

- (c) Access to Premises: The duly authorized agents of Company shall have the right of ingress and egress to the premises of Seller at all reasonable hours for the purpose of reading meters, inspecting Company's wiring and apparatus, changing, exchanging, or repairing Company's property on the premises of Seller, or removing such property at the time of or at any time after suspension of purchases or termination of this Agreement.
- (d) Protection: Seller shall protect Company's wiring and apparatus on Seller's premises and shall permit no one but Company's agents to handle same. In the event of any loss of or damage to such property of Company caused by or arising out of carelessness, neglect, or misuse by Seller or Seller's employees or agents, the cost of making good such loss or repairing such damage shall be paid by Seller. In cases where Company's service facilities on Seller's premises require abnormal maintenance due to Seller's operation, Seller shall reimburse Company for such abnormal maintenance cost.

#### 14. CONTINUANCE OF PURCHASES AND LIABILITY THEREFOR

The Parties do not guarantee continuous service but shall use reasonable diligence at all times to provide for uninterrupted acceptance and supply of electricity. Each party shall at all times use reasonable diligence to provide satisfactory service for the acceptance or supply of electricity, and to remove the cause or causes in the event of failure, interruption, reduction or suspension of service for the acceptance or supply of electricity, but neither Party shall be liable for any loss or damage resulting from such failure, interruption, reduction or suspension of service, nor shall same be a default hereunder, when any interruption of service for the acceptance or supply of electricity is due to any of the following:

- (a) An emergency condition or action due to an adverse condition, event, and/or disturbance on Company's system, or on any other system directly or indirectly interconnected with it, which requires automatic or manual interruption of the supply of electricity to some customers or areas or automatic or manual interruption, reduction, or cessation of the acceptance of electricity into Company's electrical system in order to limit the occurrence of or extent or damage of the adverse condition or disturbance to Company's system or capability to reliably provide service in compliance and accordance with prudent practices, regulatory requirements, and/or reliability standards, or to prevent damage to generating or transmission facilities, or to expedite restoration of service, or to effect a reduction in service to compensate for an emergency condition on an interconnected system. An emergency condition or action shall include any circumstance that requires action by the Company to comply with any electric reliability organization or NERC/SERC regulations or standards, including without limitation actions to respond to, prevent, limit, or manage loss or damage to Seller's Facility, reliability impairment, loss or damage to the Company's system, disruption of generation by the Seller, disruption of reliability or service on the Company's system, an abnormal condition on the system, and/or endangerment to human life or safety.
- (b) An event or condition of force majeure, as described below.
- (c) Making necessary adjustments to, changes in, or repairs on Company lines, substations, and facilities, and in cases where, in its opinion, the continuance of service from Seller's premises would endanger persons or property.

Seller shall be responsible for promptly taking all actions requested or required by Company to avoid, prevent, or recover from the occurrence and/or imminent occurrence of any emergency condition and in response to any emergency condition or condition of force majeure, including without limitation installing and operating any equipment necessary to take such actions.

Seller shall be responsible for insuring the safe operation of his equipment at all times, and will install and maintain, to Company's satisfaction, the necessary automatic equipment to prevent the back feed

of power into, or damage to Company's de-energized system, and shall be subject to immediate disconnection of its equipment from Company's system if Company determines that such equipment is unsafe or adversely affects Company's transmission/distribution system or service to its other customers.

Seller assumes responsibility for and shall indemnify, defend, and save Company harmless against all liability, claims, judgments, losses, costs, and expenses for injury, loss, or damage to persons or property including personal injury or property damage to Seller or Seller's employees on account of defective construction, wiring, or equipment, or improper or careless use of electricity, on Seller's side of the point of delivery.

#### 15. FORCE MAJEURE

Circumstances beyond the reasonable control of a Party which solely cause that Party to experience delay or failure in delivering or receiving electricity or in providing continuous service hereunder, including: acts of God; unusually severe weather conditions; earthquake; strikes or other labor difficulties; war; riots; fire; requirements shall be deemed to be "events or conditions of force majeure". It also includes actions or failures to act on the part of governmental authorities (including the adoption or change in any rule or regulation or environmental constraints lawfully imposed by federal, state or local government bodies), but only if such requirements, actions or failures to act prevent or delay performance; or transportation delays or accidents. Events or conditions of force majeure do not include such circumstances which merely affect the cost of operating the Facility.

Neither Party shall be responsible nor liable for any delay or failure in its performance hereunder due solely to events or conditions of force majeure, provided that:

- (a) The affected Party gives the other Party written notice describing the particulars of the event or condition of force majeure, such notice to be provided within forty-eight (48) hours of the determination by the affected Party that an event or condition of force majeure has occurred, but in no event later than thirty (30) days from the date of the occurrence of the event or condition of force majeure;
- (b) The delay or failure of performance is of no longer duration and of no greater scope than is required by the event or condition of force majeure, provided that in no event shall such delay or failure of performance extend beyond a period of twelve (12) months;
- (c) The affected Party uses its best efforts to remedy its inability to perform;
- (d) When the affected Party is able to resume performance of its obligations under this Agreement, that Party shall give the other Party prompt written notice to that effect; and,
- (e) The event or condition of force majeure was not caused by or connected with any negligent or intentional acts, errors, or omissions, or failure to comply with any law, rule, regulation, order or ordinance, or any breach or default of this Agreement.

#### 16. INSURANCE

Seller shall obtain and retain, for as long as the generation is interconnected with Company's system, either the applicable home owners insurance policy with liability coverage of at least \$100,000 per occurrence or the applicable comprehensive general liability insurance policy with liability coverage in the amount of at least \$300,000 per occurrence, which protects Seller from claims for bodily injury and/or property damage. This insurance shall be primary for all purposes. Seller shall provide certificates evidencing this coverage as required by Company. Company reserves the right to refuse to establish, or continue the interconnection of Seller's generation with Company's system, if such insurance is not in effect.

## 17. GOVERNMENTAL RESTRICTIONS

This Agreement is subject to the jurisdiction of those governmental agencies having control over either party or over this Agreement. This Agreement shall not become effective until all required governmental authorizations are obtained. Certification of receipt of all permits and authorizations shall be furnished by Seller to Company upon Company's request. This Agreement shall not become effective unless it and all provisions thereof are authorized and permitted by such governmental agencies without change or conditions.

This Agreement shall at all times be subject to changes by such governmental agencies, and the parties shall be subject to conditions and obligations, as such governmental agencies may, from time to time, direct in the exercise of their jurisdiction, provided no change may be made in rates or in essential terms and conditions of this contract except by agreement of the parties to this contract. Both parties agree to exert their best efforts to comply with all of the applicable rules and regulations of all governmental agencies having control over either party or this Agreement. The parties shall take all reasonable action necessary to secure all required governmental approval of this Agreement in its entirety and without change.

The delivery date, quantity, and type of electricity to be accepted for purchase by Company, from Seller, are subject to changes, restrictions, curtailments, or complete suspensions by Company as may be deemed by it to be necessary or advisable (a) on account of any lawful order or regulation of any municipal, State, or Federal government or agency thereof, or order of any court of competent jurisdiction, or (b) on account of any emergency due to war, or catastrophe, all without liability on the part of the Company therefor.

Supersedes: ~~November 16, 2019~~June 1, 2021  
Effective: ~~June 1, 2021~~November 1, 2021  
NCUC Docket No. ~~E-2, Sub 1219~~E-100, Sub 175

**DEP Exhibit 5**

**DEP's Annualized Rates**

**Docket No. E-100, Sub 175**

**DUKE ENERGY PROGRESS, LLC  
Proposed Rates (Annualized)  
Uncontrolled Solar Generation**

Performance Adjustment Factor: 1.04

**INTERCONNECTED TO: DISTRIBUTION SYSTEM**

Line No.	Description		Variable	Fixed	
			Rate	Long-Term Rates 10 Years	
			Cents per KWH	Cents per KWH	
1	Energy Credit	Summer Premium Peak	4.36	3.97	(a)1
2	Energy Credit	Summer PM Peak	3.96	3.64	(a)2
3	Energy Credit	Summer Off Peak	3.51	3.35	(a)3
4	Energy Credit	Winter Premium Peak	6.93	5.96	(a)4
5	Energy Credit	Winter AM Peak	4.93	4.47	(a)5
6	Energy Credit	Winter PM Peak	5.36	4.91	(a)6
7	Energy Credit	Winter Off Peak	4.47	3.99	(a)7
8	Energy Credit	Shoulder Peak	4.22	3.73	(a)8
9	Energy Credit	Shoulder Off Peak	3.25	2.88	(a)9
10					
11					
12	Capacity Credit	Winter AM	0.00	7.90	(b)1
13					
14					
15	Annualized Energy		3.91	3.54	
16	Annualized Capacity		0.00	0.55	
17	Annualized Total		3.91	4.09	

**INTERCONNECTED TO: TRANSMISSION SYSTEM**

Line No.	Description		Variable	Fixed	
			Rate	Long-Term Rates 10 Years	
			Cents per KWH	Cents per KWH	
18	Energy Credit	Summer Premium Peak	4.26	3.88	(a)1
19	Energy Credit	Summer PM Peak	3.87	3.56	(a)2
20	Energy Credit	Summer Off Peak	3.47	3.30	(a)3
21	Energy Credit	Winter Premium Peak	6.78	5.83	(a)4
22	Energy Credit	Winter AM Peak	4.85	4.40	(a)5
23	Energy Credit	Winter PM Peak	5.27	4.83	(a)6
24	Energy Credit	Winter Off Peak	4.41	3.94	(a)7
25	Energy Credit	Shoulder Peak	4.18	3.69	(a)8
26	Energy Credit	Shoulder Off Peak	3.22	2.85	(a)9
27					
28					
29	Capacity Credit	Winter AM	0.00	7.78	(b)1
30					
31					
32	Annualized Energy		3.86	3.50	
33	Annualized Capacity		0.00	0.54	
34	Annualized Total		3.86	4.04	

**NOTE:** Calculation of Annualized Numbers

Annualized Energy  $((a1 * c1) + (a2 * c2) + (a3 * c3) + (a4 * c4) + (a5 * c5) + (a6 * c6) + (a7 * c7) + (a8 * c8) + (a9 * c9)) / (e)$

Annualized Capacity  $(b1 * d1) / (e)$

Annualized Total (Annualized Energy + Annualized capacity)

	Energy Hours		Capacity Hours	
Summer Premium Peak	341	(c) 1		
Summer PM Peak	341	(c) 2		
Summer Off Peak	2,247	(c) 3		
Winter Premium Peak	187	(c) 4		
Winter AM Peak	249	(c) 5		
Winter PM Peak	249	(c) 6		
Winter Off Peak	1,475	(c) 7		
Shoulder Peak	1,158	(c) 8		
Shoulder Off Peak	2,514	(c) 9		
	8,760	(e)		
			605	(d)1

**DUKE ENERGY PROGRESS, LLC**  
**Proposed Rates (Annualized)**  
**Swine or Poultry Waste and Certain Hydroelectric Generation**

Performance Adjustment Factor: 1.04

**INTERCONNECTED TO: DISTRIBUTION SYSTEM**

Line No.	Description		Variable	Fixed	
			Rate	Long-Term Rates	
			Cents per KWH	10 Years	
1	Energy Credit	Summer Premium Peak	4.59	4.20	(a)1
2	Energy Credit	Summer PM Peak	4.19	3.87	(a)2
3	Energy Credit	Summer Off Peak	3.74	3.58	(a)3
4	Energy Credit	Winter Premium Peak	7.16	6.19	(a)4
5	Energy Credit	Winter AM Peak	5.16	4.70	(a)5
6	Energy Credit	Winter PM Peak	5.59	5.14	(a)6
7	Energy Credit	Winter Off Peak	4.70	4.22	(a)7
8	Energy Credit	Shoulder Peak	4.45	3.96	(a)8
9	Energy Credit	Shoulder Off Peak	3.48	3.11	(a)9
10					
11					
12	Capacity Credit	Winter AM	10.06	10.45	(b)1
13					
14					
15	Annualized Energy		4.14	3.77	
16	Annualized Capacity		0.69	0.72	
17	Annualized Total		4.83	4.49	

**INTERCONNECTED TO: TRANSMISSION SYSTEM**

Line No.	Description		Variable	Fixed	
			Rate	Long-Term Rates	
			Cents per KWH	10 Years	
18	Energy Credit	Summer Premium Peak	4.49	4.11	(a)1
19	Energy Credit	Summer PM Peak	4.10	3.79	(a)2
20	Energy Credit	Summer Off Peak	3.70	3.53	(a)3
21	Energy Credit	Winter Premium Peak	7.01	6.06	(a)4
22	Energy Credit	Winter AM Peak	5.08	4.63	(a)5
23	Energy Credit	Winter PM Peak	5.50	5.06	(a)6
24	Energy Credit	Winter Off Peak	4.64	4.17	(a)7
25	Energy Credit	Shoulder Peak	4.41	3.92	(a)8
26	Energy Credit	Shoulder Off Peak	3.45	3.08	(a)9
27					
28					
29	Capacity Credit	Winter AM	9.91	10.29	(b)1
30					
31					
32	Annualized Energy		4.09	3.72	
33	Annualized Capacity		0.68	0.71	
34	Annualized Total		4.77	4.43	

**NOTE:** Calculation of Annualized Numbers

Annualized Energy  $((a1 * c1) + (a2 * c2) + (a3 * c3) + (a4 * c4) + (a5 * c5) + (a6 * c6) + (a7 * c7) + (a8 * c8) + (a9 * c9)) / (e)$

Annualized Capacity  $(b1 * d1) / (e)$

Annualized Total (Annualized Energy + Annualized capacity)

	Energy Hours		Capacity Hours	
Summer Premium Peak	341	(c) 1		
Summer PM Peak	341	(c) 2		
Summer Off Peak	2,247	(c) 3	605	(d)1
Winter Premium Peak	187	(c) 4		
Winter AM Peak	249	(c) 5		
Winter PM Peak	249	(c) 6		
Winter Off Peak	1,475	(c) 7		
Shoulder Peak	1,158	(c) 8		
Shoulder Off Peak	2,514	(c) 9		
	8,760	(e)		

**DUKE ENERGY PROGRESS, LLC  
Proposed Rates (Annualized)**

**All but Swine or Poultry Waste, Certain Hydroelectric, and Uncontrolled Solar Generation**

Performance Adjustment Factor: 1.04

**INTERCONNECTED TO: DISTRIBUTION SYSTEM**

Line No.	Description		Variable	Fixed	
			Rate	Long-Term Rates	
			Cents per KWH	10 Years	
1	Energy Credit	Summer Premium Peak	4.59	4.20	(a)1
2	Energy Credit	Summer PM Peak	4.19	3.87	(a)2
3	Energy Credit	Summer Off Peak	3.74	3.58	(a)3
4	Energy Credit	Winter Premium Peak	7.16	6.19	(a)4
5	Energy Credit	Winter AM Peak	5.16	4.70	(a)5
6	Energy Credit	Winter PM Peak	5.59	5.14	(a)6
7	Energy Credit	Winter Off Peak	4.70	4.22	(a)7
8	Energy Credit	Shoulder Peak	4.45	3.96	(a)8
9	Energy Credit	Shoulder Off Peak	3.48	3.11	(a)9
10					
11					
12	Capacity Credit	Winter AM	0.00	7.90	(b)1
13					
14					
15	Annualized Energy		4.14	3.77	
16	Annualized Capacity		0.00	0.55	
17	Annualized Total		4.14	4.32	

**INTERCONNECTED TO: TRANSMISSION SYSTEM**

Line No.	Description		Variable	Fixed	
			Rate	Long-Term Rates	
			Cents per KWH	10 Years	
18	Energy Credit	Summer Premium Peak	4.49	4.11	(a)1
19	Energy Credit	Summer PM Peak	4.10	3.79	(a)2
20	Energy Credit	Summer Off Peak	3.70	3.53	(a)3
21	Energy Credit	Winter Premium Peak	7.01	6.06	(a)4
22	Energy Credit	Winter AM Peak	5.08	4.63	(a)5
23	Energy Credit	Winter PM Peak	5.50	5.06	(a)6
24	Energy Credit	Winter Off Peak	4.64	4.17	(a)7
25	Energy Credit	Shoulder Peak	4.41	3.92	(a)8
26	Energy Credit	Shoulder Off Peak	3.45	3.08	(a)9
27					
28					
29	Capacity Credit	Winter AM	0.00	7.78	(b)1
30					
31					
32	Annualized Energy		4.09	3.72	
33	Annualized Capacity		0.00	0.54	
34	Annualized Total		4.09	4.26	

**NOTE:** Calculation of Annualized Numbers

Annualized Energy  $((a1 * c1) + (a2 * c2) + (a3 * c3) + (a4 * c4) + (a5 * c5) + (a6 * c6) + (a7 * c7) + (a8 * c8) + (a9 * c9)) / (e)$

Annualized Capacity  $(b1 * d1) / (e)$

Annualized Total (Annualized Energy + Annualized capacity)

	Energy Hours		Capacity Hours	
Summer Premium Peak	341	(c) 1		
Summer PM Peak	341	(c) 2		
Summer Off Peak	2,247	(c) 3	605	(d)1
Winter Premium Peak	187	(c) 4		
Winter AM Peak	249	(c) 5		
Winter PM Peak	249	(c) 6		
Winter Off Peak	1,475	(c) 7		
Shoulder Peak	1,158	(c) 8		
Shoulder Off Peak	2,514	(c) 9		
	8,760	(e)		