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February 28, 2023

**VIA ELECTRONIC FILING**

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

**RE: Duke Energy Carolinas, LLC's CPRE Cost Recovery Rider and 2022  
CPRE Compliance Report – Public Redacted  
Docket No. E-7, Sub 1281**

Dear Ms. Dunston:

Enclosed for filing with the North Carolina Utilities Commission ("NCUC" or the "Commission") is the Application of Duke Energy Carolinas, LLC ("DEC") for Approval of CPRE Cost Recovery Rider and 2022 CPRE Compliance Report pursuant to N.C. Gen. Stat. § 62-110.8 and Commission Rule R8-71, together with the testimony and exhibits of Ms. Christy J. Walker and Ms. Angela M. Tabor. As clarified with your office via email on February 21, 2023, eight (8) paper copies of this filing will be delivered to the Clerk's Office by close of business on March 1, 2023.

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

Thank you for your attention to this matter. Sincerely, If you have any questions, please let me know.

Ladawn S. Toon

cc: Parties of Record

**STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH**

DOCKET NO. E-7, SUB 1281

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of	)	
	)	
Application of Duke Energy Carolinas, LLC	)	<b>APPLICATION FOR</b>
Pursuant to G.S. 62-110.8 and Commission	)	<b>APPROVAL OF CPRE COST</b>
Rule R8-71 Relating to CPRE Compliance	)	<b>RECOVERY RIDER AND 2022</b>
Report and CPRE Cost Recovery Rider	)	<b>CPRE COMPLIANCE REPORT</b>

Duke Energy Carolinas, LLC (“DEC,” “Company,” or “Applicant”), pursuant to North Carolina General Statutes (“N.C. Gen. Stat.”) § 62-110.8(g) and North Carolina Utilities Commission (“NCUC” or the “Commission”) Rule R8-71(j), hereby submits this Application requesting approval of (1) a Rider CPRE to recover the costs incurred to implement the Competitive Procurement of Renewable Energy (“CPRE”) Program and comply with N.C. Gen. Stat. § 62-110.8 and (2) approval of its CPRE Compliance Report for calendar year 2022. In support thereof, the Applicant respectfully shows the Commission the following:

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

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

2. The name and address of Applicant's attorneys are:

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

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

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

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

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

6. N.C. Gen. Stat. § 62-110.8(h) provides that the Commission shall adopt rules to implement the requirements of the competitive procurement of renewable energy program. The Commission adopted and subsequently authorized amendments to Rule R8-71 to implement N.C. Gen. Stat. § 62-110.8, by orders issued November 6, 2017 and April 9, 2018, in Docket No. E-100, Sub 150.<sup>1</sup>

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

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

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

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

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

10. DEC and DEP are reasonably and prudently implementing the CPRE Program requirements. DEC and DEP procured 1,185 MW through the Tranche 1 and Tranche 2 solicitations completed in 2018 and 2020, and DEC procured an additional 155 MW of new CPRE Program capacity through the currently on-going Tranche 3 solicitation. As further explained in the CPRE Program Plan, DEC and DEP are seeking to procure 441 MW of unawarded CPRE Program MW through the 2022 Solar Procurement, to fulfill the

remaining capacity requirements of N.C. Gen. Stat. § 62-110.8.<sup>2</sup> Notably, the Commission has determined that regardless of whether the Companies procure the total 441 MW of unawarded CPRE Program MW through the 2022 Solar Procurement, the CPRE Program will be closed out upon the conclusion of the 2022 Solar Procurement.<sup>3</sup> Further details regarding Tranche 3 and the 2022 Solar Procurement Program are described in the direct testimony of DEC witness Angela M. Tabor.

11. Pursuant N.C. Gen. Stat. § 62-110.8(g) and Commission Rule R8-71(j), DEC hereby requests Commission approval of the Rider CPRE to recover the Company's reasonable and prudently incurred costs to comply with the CPRE Program. More specifically, the Company requests to give back to DEC's North Carolina retail customers, through the CPRE EMF rider, (\$5,397,163) related to the actual CPRE costs incurred and other credits for the test period and to collect \$25,149,730 for CPRE costs projected to be incurred during the period from September 1, 2023 through August 31, 2024 ("Billing Period"). The Rider CPRE will be in effect for the twelve-month period September 1, 2023 through August 31, 2024.

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

Residential – 0.0426¢/kWh

General Service & Lighting – 0.0410¢/kWh

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<sup>2</sup> On November 1, 2022, the Commission granted the Companies authority to procure the remaining CPRE Program MW through the 2022 Solar Procurement Program. *Order Permitting Additional CPRE Program Procurement and Establishing Target Procurement Volume for the 2022 Solar Procurement*, Docket No. E-2, Subs 1159 and 1297 and E-7, Subs 1156 and 1268.

<sup>3</sup> *Order Permitting Additional CPRE Program Procurement and Establishing Target Procurement Volume for the 2022 Solar Procurement*, at 7, Docket No. E-2, Subs 1159 and 1297 and E-7, Subs 1156 and 1268 (Nov. 1 2022).

Industrial – 0.0397¢/kWh

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

Residential – (0.0086)¢/kWh

General Service & Lighting – (0.0099)¢/kWh

Industrial – (0.0098)¢/kWh

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

Residential – 0.0340¢/kWh

General Service & Lighting – 0.0311¢/kWh

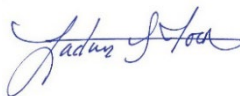
Industrial – 0.0299¢/kWh

13. The Company also requests approval of its Compliance Report for calendar year 2022, which is being submitted as an attachment to the testimony of DEC witness Tabor. The Compliance Report details the Company's compliance with the CPRE Program requirements of N.C. Gen. Stat. § 62-110.8 and, along with Company's updated CPRE Program Plan, demonstrates that the Company is reasonably and prudently implementing the CPRE Program requirements.

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

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

Respectfully submitted this 28<sup>th</sup> day of February 2023.



By: \_\_\_\_\_

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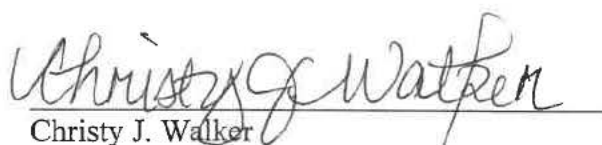
ATTORNEYS FOR DUKE ENERGY CAROLINAS, LLC

## VERIFICATION

STATE OF NORTH CAROLINA       )  
  )  
COUNTY OF CABARRUS            )       DOCKET NO. E-7, SUB 1281

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

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

  
Christy J. Walker

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

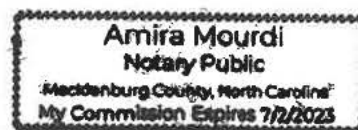
Date: February 16, 2023

  
Official Signature of Notary

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

My commission expires: July 2, 2023

(Official Seal)



STATE OF NORTH CAROLINA  
UTILITIES COMMISSION  
RALEIGH

DOCKET NO. E-7, SUB 1281

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of

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

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**DIRECT TESTIMONY OF  
CHRISTY J. WALKER**

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

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

4    **Q.    BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

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

7    **Q.    PLEASE BRIEFLY SUMMARIZE YOUR EDUCATIONAL AND  
8           PROFESSIONAL BACKGROUND.**

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

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

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

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

3    A.    Yes. I filed testimony in the Companies' CPRE Rider proceedings in  
4           Docket Nos. E-7, Sub 1262, E-2, Sub 1296 and E-2, Sub 1275.

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

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

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

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

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

14 A. The test period used in supplying the information and data included in my  
15 testimony and exhibits is the twelve months beginning on January 1, 2022  
16 and ending on December 31, 2022 ("Test Period" or "EMF Period"), and  
17 the billing period for the CPRE Program rider requested in the Company's  
18 application is the twelve months beginning on September 1, 2023 and  
19 ending on August 31, 2024 ("Billing Period").

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

21 A. Walker Confidential Exhibit No. 1 identifies purchased power costs and  
22 authorized revenue on a system basis, in both the EMF Period and in the  
23 Billing Period for facilities that were selected in Tranches 1 and 2 of the

1 CPRE Program. Stanly Solar LLC, Pinson, Stony Knoll Solar and Sugar  
2 Solar, LLC achieved commercial operation during the EMF period. Broad  
3 River Solar and Speedway Solar achieved commercial operation in  
4 December 2021 but were not included in DEC's 2022 CPRE Rider filing,  
5 and are therefore included in this 2023 CPRE Rider filing.

6 Walker Confidential Exhibit No. 2 identifies DEC's total CPRE  
7 Program implementation costs, on a system basis, for both the EMF Period  
8 and the Billing Period.

9 Walker Exhibit No. 3 shows the calculation of the Rider CPRE  
10 amounts for the Billing Period proposed by customer class: residential,  
11 general service and lighting, and industrial. The Rider CPRE rates per  
12 customer class for purchased and generated power are determined by  
13 dividing the sum of the Billing Period costs allocated to the class by the  
14 forecasted Billing Period kilowatt hour (kWh) sales for the customer class,  
15 resulting in a cents per kWh rate. The Rider CPRE rates per customer class  
16 for implementation costs are determined by dividing the sum of the Billing  
17 Period costs allocated to the class, by the forecasted Billing Period kWh  
18 sales for the customer class.

19 Walker Exhibit No. 4 shows the calculation of the Rider CPRE  
20 amounts for the EMF Period proposed by customer class: residential,  
21 general service and lighting, and industrial. The EMF Period rider amount  
22 represents the difference between CPRE Program costs incurred and CPRE  
23 Program rider revenues collected for the EMF Period. The Company over-

1 collected about \$1.8 million during the EMF Period. In addition, the  
2 Company received \$5.4 million in one-time revenues related to liquidated  
3 damages and change of control fees during the test period. The Company is  
4 crediting DEC North Carolina retail customers an allocable share of these  
5 revenues, approximately \$3.6 million, through its proposed EMF rates.  
6 These credits are not considered a refund of amounts advanced by  
7 customers and accordingly are not included in the computation of interest  
8 on the over-collection. The Rider CPRE rates per customer class, in cents  
9 per kWh, are determined by dividing the sum of the EMF Period amounts  
10 for each customer class by the forecasted Billing Period kWh sales for the  
11 customer class.

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

17 Walker Exhibit No. 6 is the tariff sheet for the Rider CPRE. The  
18 applicable regulatory fee factor is applied to each rate per customer class  
19 described above to determine the final rates proposed by customer class, as  
20 displayed on Walker Exhibit No. 6.

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

3    A.    Yes.

4    **Q.    WHAT COSTS ARE INCLUDED IN DEC'S PROPOSED RIDER**  
5           **CPRE?**

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

17                The costs the Company proposes to recover are described in the  
18          direct testimony of Company Witness Tabor, and detailed in Walker  
19          Confidential Exhibits No. 1 and 2. The costs that are included for recovery  
20          in this proposed CPRE Program rider are the energy and capacity  
21          components of purchased or generated power as well as incremental internal  
22          Company labor, contract labor including legal fees, and other related costs  
23          of implementing the CPRE Program. As discussed later in my testimony,

1 for Company-owned facilities, costs to be recovered are “authorized  
2 revenue” as allowed under N.C. Gen. Stat. § 62-110.8(g).

3 Fees paid to the Independent Administrator (“IA”) and costs incurred by the  
4 Company’s designated evaluation team for bid evaluation work are not  
5 included for recovery in the proposed CPRE Program rider and are instead  
6 being recovered through the CPRE Tranche 3 Proposal Fee, Non-  
7 Refundable Fee, and Winner’s Fee.

8 **Q. HAS THE COMPANY MADE ANY ADJUSTMENTS RELATED TO**  
9 **ITS 2022 CPRE RIDER FILING?**

10 A. Yes, in its 2022 CPRE Program rider filing, DEC inadvertently included  
11 \$75,767 of system-level IA fees associated with its Tranche 3 RFP.<sup>1</sup>  
12 Accordingly, Walker Confidential Exhibit No. 2 includes a credit for these  
13 Tranche 3 IA fees in the determination of EMF Period implementation  
14 costs.

15 **Q. PLEASE DESCRIBE THE METHOD USED BY DEC TO**  
16 **ALLOCATE CPRE PROGRAM COSTS AMONG CUSTOMER**  
17 **CLASSES FOR THE PURPOSE OF CALCULATING THE CPRE**  
18 **PROGRAM RIDER FOR EACH CUSTOMER CLASS.**

19 A. Walker Exhibit Nos. 3 and 4 show the calculation of the Rider CPRE for  
20 each customer class for the Billing Period and EMF Period, respectively.  
21 CPRE Program costs, including purchased and generated power costs and  
22 implementation costs, are incurred by the Company in its efforts to procure

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<sup>1</sup> See DEC’s Competitive Procurement of Renewable Energy Cost Recovery and Compliance Report – Rider Correction, Docket No. E-7, Sub 1262 (filed Sept. 19, 2022).

1 capacity and energy from renewable energy facilities, pursuant to N.C. Gen.  
2 Stat. § 62-110.8.

3 The capacity component of purchased power and generation cost is  
4 allocated to NC Retail and among customer classes based on the final 2021  
5 cost of service production plant allocators since the 2022 cost of service  
6 study is not available as of the time of this filing. During the Billing Period,  
7 when DEC computes its actual CPRE capacity related costs for comparison  
8 to capacity related revenues realized, DEC will use the production plant  
9 allocator from the 2022 cost of service study in determining North Carolina  
10 retail's share of actual costs by customer class. Also, when the 2022  
11 production plant allocator becomes known, DEC may elect to make a  
12 supplemental filing to adjust its proposed Billing Period rates, if the  
13 estimated rates are materially impacted. The energy component of  
14 purchased power and generation cost is allocated to each customer class  
15 based on MWh sales by class.

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

1   **Q.   HOW DOES THE COMPANY PROPOSE TO RECOVER ENERGY**  
2       **AND CAPACITY ASSOCIATED WITH COMPANY-OWNED**  
3       **FACILITIES?**

4   A.   The costs associated with Company-owned CPRE facilities, Gaston and  
5       Maiden Creek Solar Power Plants, have been included at the price those  
6       facilities bid into the Tranche 1 RFP and were determined by the IA to be  
7       among the most cost-competitive resources.

8               In this rider filing, the Company is seeking recovery for all energy  
9       generated by both the Gaston and Maiden Creek Solar Power Plants during  
10      the Billing Period using the allocation methods described above.

11   **Q.   IS THE COMPANY REQUESTING RECOVERY OF**  
12       **AUTHORIZED REVENUE FOR UTILITY-OWNED FACILITIES**  
13       **ON A MARKET BASIS IN LIEU OF COST-OF-SERVICE BASED**  
14       **RECOVERY AS PROVIDED BY NC GEN. STAT. § 62-110.8?**

15   A.   Yes. In Docket Nos. E-7, Sub 1247 and E-7, Sub 1262, the Commission  
16       approved DEC's request to recover costs for DEC-owned Gaston and  
17       Maiden Creek Solar Power Plants, on a market basis in lieu of cost-of-  
18       service recovery. Specifically, the Commission authorized recovery of the  
19       costs associated with these facilities at the \$/MWh price at which those  
20       facilities bid into CPRE Tranche 1 RFP and were selected by the  
21       Independent Administrator.

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

5   A.   Yes. N.C. Gen. Stat. § 62-110.8(g) limits the annual increase in costs  
6       recoverable by an electric public utility to (1%) of the electric public utility's  
7       total North Carolina retail jurisdictional gross revenues for the preceding  
8       calendar year. Further, Rule R8-71 provides that “[t]he annual increase in  
9       the aggregate costs recovered under G.S. 62-110.8(g) in any recovery  
10      period from its North Carolina retail customers shall not exceed one percent  
11      (1%) of the electric public utility’s North Carolina retail jurisdictional gross  
12      revenues for the preceding calendar year as determined as of December 31  
13      of the previous calendar year. Any amount in excess of that limit shall be  
14      carried over and recovered in the next recovery period when the annual  
15      increase in the aggregate amount of costs to be recovered is less than one  
16      percent (1%)”. The increase in aggregate costs DEC seeks to recover  
17      pursuant to its proposed CPRE Program rider and CPRE Program EMF  
18      rider is less than the statutory maximum.

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

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

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

3 A. The Company proposes the following CPRE Program rider to be effective  
 4 September 1, 2023, and to remain in effect for the twelve-month Billing  
 5 Period ending August 31, 2024.

6 *Excluding regulatory fee:*

Cents per kWh					
Customer class	CPRE Program EMF rider	CPRE Program rider	Total CPRE Program rider	Current total CPRE Program rider	CPRE Program rider decrease
Residential	(0.0086)	0.0426	0.0340	0.0368	0.0028
General Service	(0.0099)	0.0410	0.0311	0.0348	0.0037
Industrial	(0.0098)	0.0397	0.0299	0.0339	0.0040

7 *Including regulatory fee:*

Cents per kWh					
Customer class	CPRE Program EMF rider	CPRE Program rider	Total CPRE Program rider	Current CPRE Program rider	CPRE Program rider decrease
Residential	(0.0086)	0.0426	0.0340	0.0369	0.0029
General Service	(0.0099)	0.0410	0.0311	0.0348	0.0037
Industrial	(0.0098)	0.0397	0.0299	0.0339	0.0040

8 *Totals may not foot due to rounding*

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

10 A. Yes.

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Docket No. E-7, Sub 1281

**CPRE Purchased and Generated Power Costs in the Experience Modification Factor (EMF) and Prospective Billing Periods**

Walker Exhibit No. 1

EMF Period										Billing Period										Reference		
January 1, 2022 - December 31, 2022										September 1, 2023 - August 31, 2024										Reference		
										Capacity Factor					Energy Factor					Input		
										17%					83%							
Purchased and Generated Power <sup>3</sup>										Purchased and Generated Power <sup>3</sup>												
Line No.	Market Participant	Facility Name	Location	Tranche No.	Nameplate Capacity (MW)	Capacity	Energy	Total		Capacity	Energy	Total		Capacity	Energy	Total						
1				1					Workpaper 1 (Totals Only)				Workpaper 2 (Totals Only)									
2																						
3																						
4																						
5																						
6																						
7																						
8																						
9																						
10	Sub-Total Tranche 1 Facilities					394.5	\$ 7,765,354	\$ 11,395,934	\$ 19,161,288	\$ 4,546,858	\$ 22,199,367	\$ 26,746,226										
11											Capacity Factor					Energy Factor						
12											7%					93%						
13											Purchased and Generated Power <sup>3</sup>											
14											Purchased and Generated Power <sup>3</sup>											
15				2					Workpaper 1 (Totals Only)				Workpaper 2 (Totals Only)									
16																						
17																						
18																						
19																						
20																						
21																						
22																						
23																						
24																						
25																						
26																						
27	Sub-Total Tranche 2 Facilities					514.5	\$ 35,530	\$ 707,496	\$ 743,026	\$ 735,594	\$ 9,772,890	\$ 10,508,484										
28											Capacity Factor					Energy Factor						
29	Total of Tranche 1 and Tranche 2											\$ 7,800,884	\$ 12,103,430	\$ 19,904,314	\$ 5,282,452	\$ 31,972,258	\$ 37,254,710					

Note: Rounding differences may occur.

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

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Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1281  
CPRE Implementation Costs in the EMF and Prospective Billing Periods

Walker Exhibit No. 2

		EMF Period		Billing Period			
		January 1, 2022 - December 31, 2022		September 1, 2023 - August 31, 2024			
Line No.	Implementation Cost / Activity	Reference					
1	<div></div>	Company Records	<div></div>				
2				\$	-		
3				\$	-		
4				\$	-		
5				\$	-		
6				\$	-		
7	Total Internal Labor and Labor-Related Taxes and Benefits			\$	316,903	\$	332,748 *
8	<div></div>		<div></div>				
9				\$	-		
10				\$	-		
11				\$	-		
12				\$	-		
13				\$	-		
14				\$	-		
15				\$	-		
16				\$	-		
17	Total Outside Services			\$	123,819	\$	55,000 *
18	Total Employee-Related Expenses		\$	822	\$	900 *	
20	Adjustment Related to Independent Administrator Fees		\$	(75,767) **	\$	-	
22							
23	Total Implementation Costs	L7 + L17 + L19 + L21	\$	365,777	\$	388,648 *	

Note: Rounding differences may occur

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

\*\* Represents correction of error related to Independent Administrator Fees reported in the last proceeding on Walker Confidential Exhibit 2 in Docket E-7, Sub 1262

Feb 28 2023

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Allocation of Prospective Billing Period CPRE Charges to Customer Classes

Line No.	Description	Reference	Residential	General Service and Lighting	Industrial	Total
<u>Allocation of CPRE Purchased and Generated Power by Customer Class (Prospective Billing Period)</u>						
1	CPRE Purchased and Generated Power - Capacity	Exhibit 1, L29				\$ 5,282,452
2	NC Retail Jurisdictional % Based on 2021 Production Plant	Input				66.68%
3	NC Retail Portion - CPRE Purchased and Generated Power - Capacity	L1 * L2				\$ 3,522,407
4						
5	NC Retail 2021 Production Plant Allocation Factors	Input	47.04%	37.14%	15.81%	100.00%
6						
7	NC CPRE Purchased and Generated Power - Capacity Allocated Based on 2021 Production Plant	L3 * L5	\$ 1,657,105	\$ 1,308,266	\$ 557,036	\$ 3,522,407
8						
9	CPRE Purchased and Generated Power - Energy	Exhibit 1, L29				\$ 31,972,258
10	NC Retail Jurisdictional % Based on Projected Billing Period Sales	Workpaper 3				66.83%
11	NC Retail Portion - CPRE Purchased and Generated Power - Energy	L9 * L10 [Total Only]				\$ 21,367,665
12						
13	Allocation Factor- MWh Sales	Workpaper 3	38.60%	39.58%	21.82%	100.00%
14						
15	NC CPRE Purchased and Generated Power - Energy Allocated on MWh Sales	L11 * L13	\$ 8,247,539	\$ 8,458,228	\$ 4,661,898	\$ 21,367,665
16						
17	Total of NC CPRE Purchased and Generated Power - Capacity and Energy	L7 + L15	\$ 9,904,644	\$ 9,766,494	\$ 5,218,934	\$ 24,890,072
18						
19	% of NC CPRE Purchased and Generated Power - Capacity and Energy		39.79%	39.24%	20.97%	100.00%

		Reference	Residential	General Service and Lighting	Industrial	Total
<u>Allocation of CPRE Implementation Costs by Customer Class (Prospective Billing Period)</u>						
20	CPRE Implementation Costs - Total	Exhibit 2, L23				\$ 388,648
21	NC Retail Jurisdictional % Based on Composite of Energy and Capacity	(L3 + L11) ÷ (L1 + L9) [Total Only]				66.81%
22	CPRE Implementation Costs - NC Retail Portion	L20 * L21				\$ 259,658
23						
24	Total of NC CPRE Purchased and Generated Power - Capacity and Energy	L19	39.79%	39.24%	20.97%	100.00%
25						
26	CPRE Implementation Costs by Customer Class	L22 * L24	\$ 103,327	\$ 101,886	\$ 54,445	\$ 259,658
27						
28	Total of NC CPRE Purchased and Generated Capacity and Energy + Implementation Cost	L17+ L26	\$ 10,007,971	\$ 9,868,380	\$ 5,273,379	\$ 25,149,730
29						
30	NC Projected Billing Period MWh Sales	Workpaper 3	23,477,265	24,077,007	13,270,457	60,824,729
31						
32	<b>NC CPRE Implementation Cost CPRE Charge ¢/kWh</b>	<b>L28 ÷ L30 ÷ 10</b>	<b>0.0426</b>	<b>0.041</b>	<b>0.0397</b>	<b>0.041</b>

Note: Rounding differences may occur

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

Line No.	Description	Reference	Residential	General Service and Lighting	Industrial	Total
<u>Allocation of CPRE Purchased and Generated Power by Customer Class (EMF Period)</u>						
1	CPRE Purchased and Generated Power - Capacity	Exhibit 1, L29				\$ 7,800,884
2	NC Retail Jurisdictional % Based on 2021 Production Plant	Exhibit 3, L 2				66.68%
3	NC Retail Portion - CPRE Purchased and Generated Power - Capacity	L1 * L2				\$ 5,201,729
4						
5	NC Retail 2021 Production Plant Allocation Factors	Exhibit 3, L 5	47.04%	37.14%	15.81%	100.00%
6						
7	NC CPRE Purchased and Generated Power - Capacity Allocated Based on 2021 Production Plant	L3 * L5	\$ 2,447,136	\$ 1,931,988	\$ 822,605	\$ 5,201,729
8						
9	CPRE Purchased and Generated Power - Energy	Exhibit 1, L29				\$ 12,103,430
10	NC Retail Jurisdictional % Based on EMF Period Sales	Workpaper 4				66.90%
11	NC Retail Portion - CPRE Purchased and Generated Power - Energy					\$ 8,096,796
12						
13	NC Retail Portion - CPRE Purchased and Generated Power - Energy	L15 * L11 [Total Only]	\$ 3,073,677	\$ 3,336,575	\$ 1,686,545	\$ 8,096,796
14						
15	NC EMF Period MWh Sales	Workpaper 4	22,419,810	24,337,422	12,301,885	59,059,117
16						
17	Total of NC CPRE Purchased and Generated Power - Capacity and Energy	L7 + L13	\$ 5,520,813	\$ 5,268,562	\$ 2,509,150	\$ 13,298,526
18						
19	% of NC CPRE Purchased and Generated Power - Capacity and Energy		41.51%	39.62%	18.87%	100%
<u>Allocation of CPRE Implementation Costs by Customer Class (EMF Period)</u>						
		Reference	Residential	General Service and Lighting	Industrial	Total
20	CPRE Implementation Costs - Total	Exhibit 2, L23				\$ 365,777
21	NC Retail Jurisdictional % Based on Composite of Energy and Capacity	(L3 + L13) ÷ (L1 + L9) [Total Only]				66.81%
22	CPRE Implementation Costs - NC Retail Portion	L20 * L21				\$ 244,384
23						
24	Total of NC CPRE Purchased and Generated Power - Capacity and Energy	L19	41.51%	39.62%	18.87%	100.00%
25						
26	CPRE Implementation Costs by Customer Class	L22 * L24	\$ 101,455	\$ 96,819	\$ 46,110	\$ 244,384
27						
28	Total of NC CPRE Purchased and Generated Power - Capacity and Energy and Implementation costs	L17 + L26	\$ 5,622,268	\$ 5,365,381	\$ 2,555,260	\$ 13,542,909
29						
30						
31	CPRE Revenues Realized During the Test Period	Input	\$ 6,079,375	\$ 6,172,133	\$ 3,082,438	\$ 15,333,946
32						
33	CPRE (Over)/Under Collection	L28 - L31	\$ (457,107)	\$ (806,752)	\$ (527,178)	\$ (1,791,037)
34						
35	Contract Fees Being Credited in CPRE Rider	Workpaper 5				\$ (5,397,400)
36	NC Retail Jurisdictional % Based on Composite of Energy and Capacity	L21				66.81%
37	CPRE Contract Fees - NC Retail Portion	L35 * L36				\$ (3,606,126)
38						
39	CPRE Contract Fees by Customer Class	L37 * L24	\$ (1,497,064)	\$ (1,428,662)	\$ (680,400)	\$ (3,606,126)
40						
41	Total CPRE EMF Amount including Contract Fees	L33 + L39	\$ (1,954,172)	\$ (2,235,414)	\$ (1,207,577)	\$ (5,397,163)
42						
43	NC Projected Billing Period MWh Sales	Exhibit 3, L 30	23,477,265	24,077,007	13,270,457	60,824,729
44						
45	<b>NC CPRE EMF Rider Amount ¢/kWh</b>	<b>L41 ÷ L43 ÷ 10</b>	<b>(0.0083)</b>	<b>(0.0093)</b>	<b>(0.0091)</b>	<b>(0.0089)</b>
46						
47	Annual Interest Rate		10%	10%	10%	10%
48						
49	Monthly Interest Rate	L47 ÷ 12	0.83%	0.83%	0.83%	0.83%
50						
51	Number of Months (July 1, 2022 - February 28, 2024)		20	20	20	20
52						
53	Interest	L33 * L49 * L51	\$ (76,185)	\$ (134,459)	\$ (87,863)	\$ (298,506)
54						
55	<b>EMF Interest on Over Collection</b>	<b>L53 ÷ L43 ÷ 10</b>	<b>(0.0003)</b>	<b>(0.0006)</b>	<b>(0.0007)</b>	<b>(0.0005)</b>

Line No.	Description	Reference	Residential ¢/kWh	General Service and Lighting ¢/kWh	Industrial ¢/kWh	Composite ¢/kWh
1	<b>Prospective Billing Period Rider Charge</b>					
2	NC CPRE Implementation Cost CPRE Charge ¢/kWh	Exhibit 3, L32	0.0426	0.0410	0.0397	0.0413
3						
4	<b>Experience Modification Factor Period Rider Charge</b>					
5	EMF Increment/(Decrement) ¢/kWh	Exhibit 4, L45	(0.0083)	(0.0093)	(0.0091)	(0.0089)
6	EMF Interest Decrement ¢/kWh	Exhibit 4, L55	(0.0003)	(0.0006)	(0.0007)	(0.0005)
7						
8	<b>Total Proposed CPRE Rider Charge ¢/kWh</b>	L2+ L5+ L6	<b>0.0340</b>	<b>0.0311</b>	<b>0.0299</b>	<b>0.0319</b>

Note: This exhibit excludes the impact of the regulatory fee

Duke Energy Carolinas, LLC

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

RIDER CPRE (NC)  
COMPETITIVE PROCUREMENT OF RENEWABLE ENERGY RIDER

APPLICABILITY (North Carolina Only)

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

CPRE PROSPECTIVE COMPONENT AND EXPERIENCE MODIFICATION FACTOR

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

RESIDENTIAL SERVICE

Prospective Component of CPRE	0.0426 ¢/kWh
Experience Modification Factor	<u>(0.0086) ¢/kWh</u>
Net CPRE Rider Factor	0.0340 ¢/kWh
Regulatory Fee Multiplier	x <u>1.0014</u>
CPRE Factor	0.0340 ¢/kWh

GENERAL SERVICE AND LIGHTING

Prospective Component of CPRE	0.0410 ¢/kWh
Experience Modification Factor	<u>(0.0099) ¢/kWh</u>
Net CPRE Rider Factor	0.0311 ¢/kWh
Regulatory Fee Multiplier	x <u>1.0014</u>
CPRE Factor	0.0311 ¢/kWh

INDUSTRIAL SERVICE

Prospective Component of CPRE	0.0397 ¢/kWh
Experience Modification Factor	<u>(0.0098) ¢/kWh</u>
Net CPRE Rider Factor	0.0299 ¢/kWh
Regulatory Fee Multiplier	x <u>1.0014</u>
CPRE Factor	0.0299 ¢/kWh

North Carolina Third Revised (Proposed) Leaf No. 127  
Effective for service rendered on and after September 1, 2023  
NCUC Docket No. E-7, Sub 1281, Order dated \_\_\_\_\_

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Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1281  
CPRE MWh Generated During the Experience Modification Factor (EMF) Period

Walker Workpaper No. 1

Line No.	CPRE Generation (MWh)	Tranche No.	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Total
1		1													
2		1													
3		1													
4		1													
5		2													
6		1													
7		1													
8		1													
9		1													
10		1													
11		1													
12	Total DEC		22,663	28,478	44,999	53,999	54,666	52,128	52,391	55,451	60,200	54,538	38,063	8,053	525,629
13															
14															
15	CPRE Generation (\$)	Tranche No.	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Total
16															
17		1													
18		1													
19		1													
20		1													
21		2													
22		1													
23		1													
24		1													
25		1													
26		1													
27		1													
28	Total DEC		\$961,700	\$1,146,562	\$1,783,486	\$2,084,458	\$2,162,640	\$1,823,710	\$1,807,366	\$2,019,603	\$2,183,372	\$2,083,414	\$1,539,443	\$308,560	\$19,904,314
29															
30															
31	CPRE Capacity (\$)	Tranche No.	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Total
32															
33		1													
34		1													
35		1													
36		1													
37		2													
38		1													
39		1													
40		1													
41		1													
42		1													
43		1													
44	Total DEC		\$389,502	\$345,840	\$742,852	\$855,786	\$952,545	\$702,314	\$637,696	\$772,310	\$783,297	\$846,464	\$695,819	\$76,457	\$7,800,884
45															
46															
47	CPRE Energy (\$)	Tranche No.	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Total
48															
49		1													
50		1													
51		1													
52		1													
53		2													
54		1													
55		1													
56		1													
57		1													
58		1													
59		1													
60	Total DEC		\$572,198	\$800,722	\$1,040,635	\$1,228,672	\$1,210,095	\$1,121,395	\$1,169,670	\$1,247,293	\$1,400,075	\$1,236,949	\$843,624	\$232,103	\$12,103,430

Feb 28 2023

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Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1281  
CPRE Forecast for the Prospective Billing Period

Walker Workpaper No. 2

Line No.	CPRE Generation (MWh)	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Total
1	Tranche No. 1													
2														
3														
4														
5														
6														
7														
8														
10														
11	Tranche No. 2													
12														
13														
14														
15														
16														
17														
18														
19														
20														
21														
22														
23	Total DEC	69,244	62,463	51,697	49,998	58,219	63,622	83,507	96,684	106,088	104,947	104,956	111,535	962,960
24														
25														
26	CPRE Generation (\$)	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Total
27														
28	Tranche No. 1													
29														
30														
31														
32														
33														
34														
35														
36														
38														
39	Tranche No. 2													
40														
41														
42														
43														
44														
45														
47														
48														
49														
50														
51	Total DEC	\$2,360,141	\$2,292,382	\$2,046,671	\$2,179,605	\$2,514,942	\$2,744,094	\$3,281,229	\$3,842,841	\$4,166,252	\$3,726,995	\$3,898,305	\$4,201,254	\$37,254,710

Fall 2022 Forecast  
Billed Sales Forecast  
Sales Forecast - MWhs (000)

North Carolina	Reference	Remove Impact of SC		
		Projected Sales for the Billing Period	DERP Net Metered Generation	Adjusted Sales
Residential	Company Records	23,477,265	-	23,477,265
General		23,838,527	-	23,838,527
Industrial		13,270,457	-	13,270,457
Lighting		238,480	-	238,480
North Carolina Retail		60,824,729	-	60,824,729
<b>South Carolina</b>				
Residential		7,223,610	136,728	7,360,338
General		5,371,691	42,584	5,414,275
Industrial		9,133,136	429	9,133,565
Lighting		51,014	-	51,014
South Carolina Retail		21,779,451	179,741	21,959,192
<b>Total Retail</b>				
Residential		30,700,875	136,728	30,837,603
General		29,210,218	42,584	29,252,802
Industrial		22,403,593	429	22,404,022
Lighting		289,494	-	289,494
Total Retail Sales		82,604,180	179,741	82,783,921
<b>Wholesale</b>		8,227,610.00	-	8,227,610
<b>Projected System MWh Sales for Fuel Factor</b>		90,831,790	179,741	91,011,531
NC as a percentage of total		66.96%		66.83%
SC as a percentage of total		23.98%		24.13%
Wholesale as a percentage of total		9.06%		9.04%
		100.00%		100.00%

Note: Rounding differences may occur

Residential	38.60%
General Service and Lighting	39.58%
Industrial	21.82%
Total NC Retail	100.00%

Line No.	Description	Reference	North Carolina				North Carolina Industrial (MWh)
			Total Company (MWh)	Retail (MWh)	Residential (MWh)	General Service/Lighting (MWh)	
1	Test Period MWh Sales (excluding inter system sales)	Company Records	88,284,042	59,059,117	22,419,810	24,337,422	12,301,885
2							
3	NC Percentage of Total Company Unadjusted Sales	66.90%					
4	SC Percentage of Total Company Unadjusted Sales	23.74%					
5	Wholesale Percentage of Total Company Unadjusted Sales	9.37%					
		100.00%					

Note: Rounding differences may occur

Duke Energy Carolinas, LLC  
Docket No. E-7, Sub 1281  
Contract Fees Being Credited in CPRE Rider

CONFIDENTIAL INFORMATION REDACTED

Walker Workpaper No. 5

Line No.	Facility Name	Type of Fee	Date Paid	Amount Collected
1				
2				
3				
4	Total			\$ 5,397,400

Note: Rounding differences may occur

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

Line No.	Description	EMF Period (Exhibit 4, L41 )	Billing Period (Exhibit 3, L11 + L22)	Total	NC Retail Gross Revenues
1	Amount Approved in 2021 Docket E-7, Sub 1262	\$ (2,262,968)	\$ 23,271,430	\$ 21,008,462	
2	Amount Proposed in current Docket	\$ (5,397,163)	\$ 25,149,730	\$ 19,752,567	
3	Annual Increase			\$ (1,255,895)	
4					
5	1% of 2022 NC Retail Gross Revenues			\$ 49,443,391	\$ 4,944,339,147
6					
7	Excess of Current Docket over 1% NC Retail Gross Revenues			N/A	

Note: Rounding differences may occur

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1281

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

---

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

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

4    **Q.    BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5    A.    I am a Renewable Compliance Manager for Duke Energy Carolinas, LLC (DEC or the  
6    Company) within the Business Development & Compliance Department.

7    **Q.    PLEASE SUMMARIZE YOUR EDUCATIONAL AND PROFESSIONAL  
8    BACKGROUND.**

9    A.    I received a Bachelor of Science in Mechanical Engineering from North Carolina State  
10    University. I am a licensed Professional Engineer in North Carolina. I worked as a  
11    mechanical engineer from 2001 to 2002 and 2004-2010 at Black & Veatch. I worked  
12    as a hardware engineer at Lockheed Martin Aeronautics from 2002-2004. In 2010, I  
13    joined Progress Energy as a Senior Auditor working on the Operational Audit team. In  
14    2012, after the merger of Duke Energy and Progress Energy, I worked in the NERC  
15    Corporate Compliance group managing audits with external regulators. In 2018, I  
16    became a Wholesale Renewable Manager in the Distributed Energy Technology  
17    Department working with interconnection customers of the Companies. In October of  
18    2021, I moved to my current position as Renewable Compliance Manager in the  
19    Business Development & Compliance Department.

20   **Q.    WHAT ARE YOUR CURRENT RESPONSIBILITIES AT DUKE ENERGY?**

21   A.    In my current position, I am responsible for the development and implementation of  
22   the competitive procurement of renewable energy program (“CPRE Program”)  
23   established by Session Law 2017-192’s (“House Bill 589” or the “Act”) enactment of

1 North Carolina General Statute (“N.C. Gen. Stat.”) § 62-110.8 and applicable to both  
2 Duke Energy Carolinas, LLC (“DEC” or “the Company”), and Duke Energy Progress,  
3 LLC (“DEP” and together with DEC, “the Companies”). My responsibilities include  
4 compliance with CPRE Program requirements as well as interface with the North  
5 Carolina Utilities Commission (“Commission”) approved CPRE Program independent  
6 administrator, Accion Group, LLC (“Accion Group”, “Independent Administrator”, or  
7 “IA”), on behalf of DEC and DEP.

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

10 A. Yes. I filed testimony in the Companies’ CPRE Rider proceedings in Docket Nos. E-  
11 7, Sub 1262 and E-2, Sub 1296.

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

13 A. The purpose of my testimony is to describe DEC’s activities in connection with  
14 implementation of the CPRE Program and to describe DEC’s costs incurred to  
15 implement the CPRE Program and to comply with N.C. Gen. Stat. § 62-110.8 during  
16 the twelve months beginning on January 1, 2022 and ending on December 31, 2022  
17 (“EMF Period” or “Test Period”). My testimony also supports DEC’s purchased power  
18 and generated power costs projected to be incurred during the CPRE Program rider  
19 billing period, which is the twelve-month period beginning on September 1, 2023 and  
20 ending on August 31, 2024 (“Billing Period”).

21 **Q. ARE YOU SUBMITTING ANY EXHIBITS WITH YOUR TESTIMONY?**

22 A. Yes. My testimony includes one exhibit. Tabor Exhibit No. 1 is the Company’s 2022  
23 CPRE Compliance Report, which is being submitted in this docket in compliance with

1 Commission Rule R8-71(h). The Compliance Report describes the Company's and  
2 DEP's ongoing joint efforts to procure renewable energy resources under the CPRE  
3 Program and ongoing actions to comply with the requirements of N.C. Gen. Stat. § 62-  
4 110.8 during the reporting period, including a summary of key activities during the  
5 reporting period, costs incurred to administer the CPRE Program, cost incurred and  
6 fees collected by the Independent Administrator, and the current status of CPRE  
7 Program requirements.

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

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

14 **Compliance with CPRE Program Requirements**

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

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

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

4 **Q. HAS THE COMPANY RECENTLY FILED AN UPDATED 2022 CPRE**  
5 **PROGRAM PLAN?**

6 A. Yes. The Company filed an updated CPRE Program Plan on September 1, 2022 in  
7 Docket E-100, Sub 186, as required by Commission Rule R8-71(g). As explained in  
8 the CPRE Program Plan, the Companies procured 1,185 MW through the Tranche 1  
9 and Tranche 2 solicitations completed in 2018 and 2020, and DEC procured an  
10 additional 155 MW of new CPRE Program capacity through the Tranche 3 solicitation.  
11 As further explained in the CPRE Program Plan, the Companies are seeking to procure  
12 441 MW of unawarded CPRE Program MW through the 2022 Solar Procurement, to  
13 fulfill the remaining capacity requirements of N.C. Gen. Stat. § 62-110.8.<sup>1</sup> Notably,  
14 the Commission has determined that regardless of whether the Companies procure the  
15 total 441 MW of unawarded CPRE Program MW through the 2022 Solar Procurement,  
16 the CPRE Program will be closed out upon the conclusion of the 2022 Solar  
17 Procurement.<sup>2</sup>

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<sup>1</sup> On November 1, 2022, the Commission granted the Companies authority to procure the remaining CPRE Program MW through the 2022 Solar Procurement Program. *Order Permitting Additional CPRE Program Procurement and Establishing Target Procurement Volume for the 2022 Solar Procurement*, Docket No. E-2, Subs 1159 and 1297 and E-7, Subs 1156 and 1268.

<sup>2</sup> *Order Permitting Additional CPRE Program Procurement and Establishing Target Procurement Volume for the 2022 Solar Procurement*, at 7, Docket No. E-2, Subs 1159 and 1297 and E-7, Subs 1156 and 1268 (Nov. 1 2022).

1 **Q. PLEASE ELABORATE ON THE CURRENT STATUS OF CPRE TRANCHE 3.**

2 A. Two projects totaling 155 MW ultimately completed the Tranche 3 bid evaluation  
3 process, both of which were determined to be bid winners announced in July 2022. The  
4 contracting phase for these projects concluded in August 2022, and both CPRE winners  
5 signed CPRE Tranche 3 PPAs. Those projects are now continuing with project  
6 development and interconnection study through the Tranche 3 Resource Solicitation  
7 Cluster, with both projects having completed Phase I and Phase II Study. A summary  
8 and timeline of CPRE Tranche 3 Milestone activities completed in 2022 are shown  
9 below:

CPRE Tranche 3 Milestones in 2022	
CPRE Tranche 3 Bid Window open	01/05/2022
CPRE Tranche 3 Bid Window closed	02/03/2022
Step 1 Ranking	03/31/2022
CPRE Tranche 3 Projects Winners Selected	07/29/2022
CPRE Tranche 3 PPAs signed	08/30/2022
Phase 2 RSC Study begins	08/31/2022

10  
11 **Q. YOU MENTION AN ADDITIONAL CPRE PROCUREMENT BEING**  
12 **COMPLETED THROUGH THE 2022 SOLAR PROCUREMENT. PLEASE**  
13 **ELABORATE ON THIS ADDITIONAL CPRE PROCUREMENT, AND THE**  
14 **STATUS OF SUCH PROCUREMENT.**

15 A. As outlined in the CPRE Program Plan Update and mentioned above, the Companies  
16 are undertaking an additional competitive procurement of renewable energy capacity  
17 to procure the remaining 441 MW of unawarded CPRE Program capacity pursuant to  
18 N.C. Gen. Stat. § 62-110.8 through the 2022 Solar Procurement, which additional

procurement the Commission approved on November 1, 2022.<sup>3</sup> Procuring the remaining CPRE Program MW through the 2022 Solar Procurement allows the Companies to focus resources on a single procurement of solar and most efficiently transition to procurements pursuant to HB 951.

On June 20, 2022 the Companies issued the 2022 Solar Procurement. Below follows a timeline regarding 2022 Solar Procurement completed in 2022:

2022 Solar Procurement Milestones in 2022	
2022 SP Bid Window open	06/20/2022
2022 SP Bid Window closed for Third Party Market Participants	07/22/2022
Step 1 Ranking complete, invitation to Step 2	11/28/2022
Proposal Security due date for Step 2 proposals	12/22/2022
DISIS Phase 2 Study start	12/27/2022

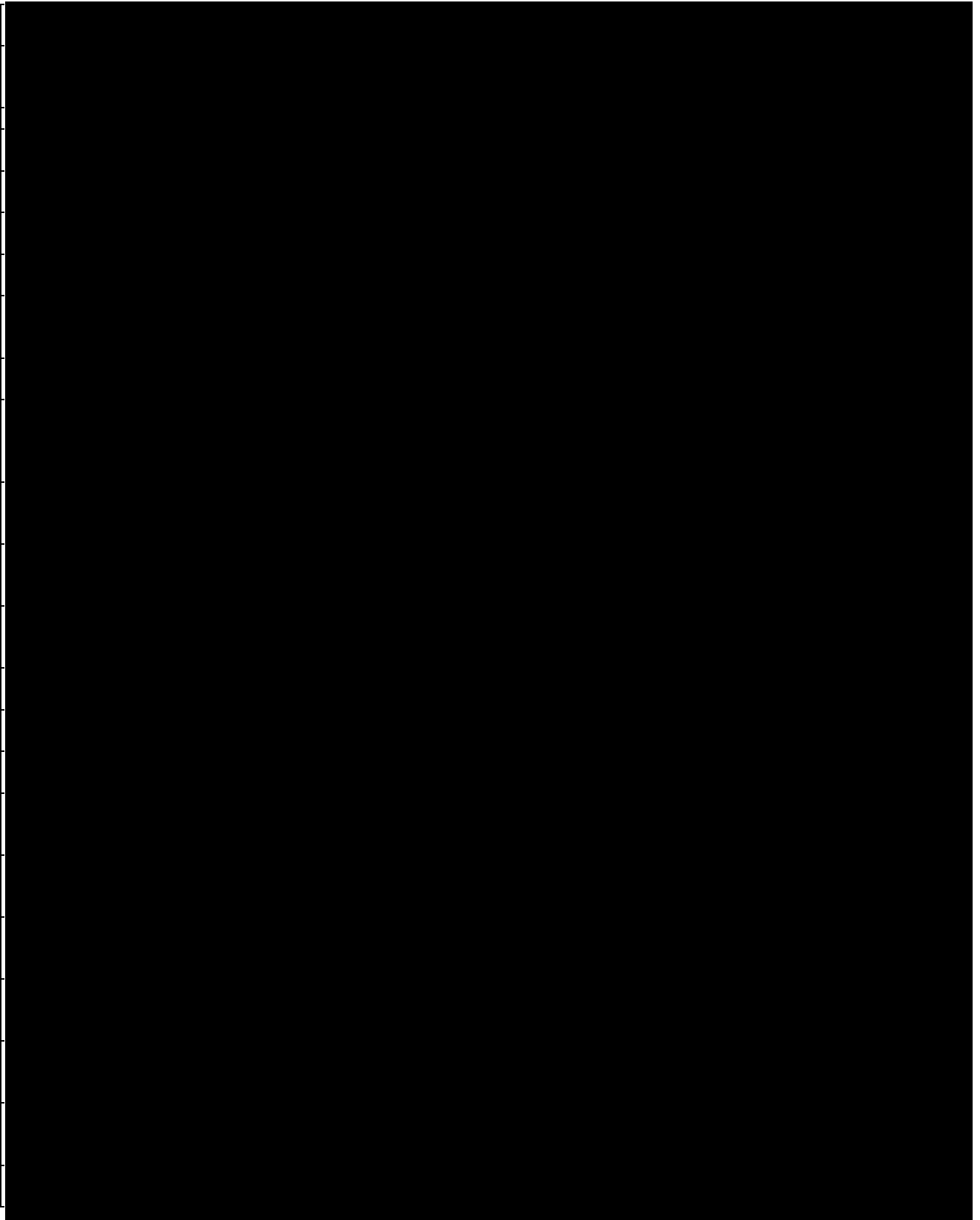
The Phase 2 study is continuing and will be completed in May 2023.

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

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

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<sup>3</sup> *Id.*



1

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1           Generation from winning projects currently in operation or forecasted to commence  
2           operation by August 31, 2024, are included in the forecast billing period.

3   **Q.   HAS DEC PREPARED THE ANNUAL CPRE COMPLIANCE REPORT AS**  
4   **REQUIRED BY SECTION (H) OF THE CPRE RULE?**

5   A.   Yes. DEC's annual CPRE Compliance Report for 2022 is attached as Exhibit 1 to my  
6       testimony. DEC requests that the Commission find that the Company's ongoing  
7       actions to implement the CPRE Program requirements, as described in the Compliance  
8       Report, are reasonable and prudent, in accordance with NCUC Rule R8-71(i)(l).

9       **Costs of CPRE Program Compliance**

10  **Q.   PLEASE DESCRIBE THE PERIOD OF COST RECOVERY UNDER**  
11  **REVIEW IN THIS PROCEEDING.**

12  A.   The CPRE Program rider authorized under subsection (j) of the CPRE Rule allows the  
13       Company to establish "an increment or decrement as a rider to its rates to recover in a  
14       timely manner the reasonable and prudent costs incurred and anticipated to be incurred  
15       to implement its CPRE Program and to comply with N.C. Gen. Stat. § 62- 110.8."  
16       Subsection (j)(3) of the CPRE Rule further provides that, "[u]nless otherwise ordered  
17       by the Commission," the CPRE Program Rider test period shall be the same as the  
18       annual fuel factor test period, which, for DEC, is the calendar year, January 1 through  
19       December 31. The forecasted Billing Period is also the same as DEC's annual fuel  
20       factor, extending September 1, 2023 to August 31, 2024.

1   **Q.    IS DEC SEEKING RECOVERY OF INDEPENDENT ADMINISTRATOR**  
2   **FEES IN THIS PROCEEDING?**

3   A.    No. Although DEC has previously recovered Tranche 1 and Tranche 2 IA fees through  
4   the CPRE Rider, any prospective cost for administering CPRE Tranche 3 will be  
5   funded through the CPRE Tranche 3 Proposal Fees, non-refundable deposit fees, and  
6   the Winner's Fees.

7           As explained by DEC Witness Walker, in its 2022 CPRE Program rider filing,  
8   DEC inadvertently included \$75,767 of system-level IA fees associated with its  
9   Tranche 3 RFP. Accordingly, the Company is including a credit for these Tranche 3  
10   IA fees in the determination of EMF Period implementation costs.

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

16   A.    Yes. Eight DEC projects selected in the Tranche 1 RFP and three DEC projects  
17   selected in the Tranche 2 RFP are included in the billing period forecast. Estimated  
18   purchased power expenses and authorized revenue of utility-owned CPRE asset  
19   estimates are described in the direct testimony of Company Witness Walker and  
20   detailed in Walker Exhibit No. 1.

1 **Q. PLEASE DESCRIBE THE CATEGORIES OF COSTS INCURRED OR**  
2 **POTENTIALLY EXPECTED TO BE INCURRED TO IMPLEMENT THE**  
3 **REQUIREMENTS OF THE CPRE PROGRAM.**

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

- 7 • Purchased power and potential authorized revenues of utility-owned generation  
8 related to CPRE Program renewable resources
- 9 • Internal Company labor, contract labor including legal fees, and other related  
10 costs of implementing the CPRE Program

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

13 A. DEC's costs associated with implementing its CPRE Program include internal labor  
14 associated with development of the CPRE Program Plan and the Tranche 3 RFP  
15 documents, as well as interaction with the Independent Administrator and the execution  
16 of the Tranche 3 RFP process. In addition to internal labor, costs were incurred for  
17 external legal support for CPRE program implementation.

18 **Q. PLEASE PROVIDE DETAIL FOR THE INTERNAL LABOR COSTS**  
19 **INCURRED TO IMPLEMENT THE CPRE PROGRAM THAT WERE**  
20 **INCURRED DURING THE EMF PERIOD.**

21 A. DEC includes only the incremental cost of CPRE Program compliance for recovery  
22 through its CPRE rider. Company employees that work to implement the requirements

1 of N.C. Gen. Stat. § 62-110.8 charge only that portion of their labor hours to CPRE  
2 accounting codes.

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

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

11 **Q. ARE YOU SATISFIED THAT THE ACTUAL COSTS DEC HAS INCURRED**  
12 **DURING THE EMF PERIOD ARE REASONABLE AND HAVE BEEN**  
13 **PRUDENTLY INCURRED?**

14 A. Yes.

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

16 A. Yes.

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. E-7, SUB 1281

In the Matter of	)	
	)	DUKE ENERGY CAROLINAS, LLC
Application of Duke Energy Carolinas, LLC	)	2022 COMPETITIVE PROCUREMENT
Pursuant to G.S. 62-110.8 and Commission Rule	)	OF RENEWABLE ENERGY
R8-71 for Approval of CPRE Compliance	)	PROGRAM COMPLIANCE REPORT
Report and CPRE Cost Recovery Rider	)	
	)	

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

On November 6, 2017, the North Carolina Utilities Commission (“NCUC” or “Commission”) issued an order in Docket No. E-100, Sub 150 adopting regulations to implement the Competitive Procurement of Renewable Energy (“CPRE”) Program.<sup>1</sup> Section (h) of NCUC Rule R8-71 (the “CPRE Rule”) requires Duke Energy Carolinas, LLC (“DEC” or the “Company”) to annually file a CPRE Program Compliance Report for the prior calendar year, which for purposes of this Compliance Report is calendar year 2022 (referred to as the “reporting year”). DEC hereby submits this 2022 CPRE Compliance Report for the reporting year.

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

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

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

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

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

In 2021, the Companies continued the CPRE Program. On June 2, 2021, the Commission issued its *Order Requesting Update* on the Companies’ CPRE Program compliance in advance of the conclusion of the CPRE Program’s 45-month compliance period, requesting an update from interested parties regarding (1) the most current status of the Transition MW<sup>2</sup>, (2) the need for and appropriate timing of a CPRE Tranche

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

<sup>2</sup> “Transition MW” is the term the Companies use to refer to projects that qualify under N.C. Gen. Stat. § 62-110.8(b)(1) as having executed power purchase agreements (“PPA”) and interconnection agreements for renewable energy capacity within the DEC and DEP Balancing Authorities that are not subject to economic dispatch or curtailment and were not procured under

3, and (3) the parties' positions on statutory interpretation regarding what must be completed within the 45-month term and what actions the Commission may properly take beyond the 45-month timeframe to ensure that the final procurement target is met.

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

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

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

On December 3, 2021, the Companies filed a Petition for Determination of Final CPRE Program Procurement Amount in Docket Nos. E-2, Sub 1159 and E-7, Sub 1156, requesting the Commission determine the aggregate number of MW to be competitively procured through the CPRE Program based on the exceedance of Transition MW over the 45-month CPRE Procurement Period, and approve the resulting Tranche 3 target MW amount of 596 MW.

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

On January 5, 2022, DEC issued the CPRE Tranche 3 request for proposals (RFP) seeking to procure 596 MW. The bid window for CPRE Tranche 3 closed on February 3, 2022. Eight projects totaling 520 MW bid into CPRE Tranche 3. Following closure of the bid window, 365 MW withdrew from Tranche 3, citing market uncertainty and the rising costs of solar development as the cause of their withdrawal. Ultimately, only two projects totaling 155 MW completed the Tranche 3 bid evaluation process and have signed CPRE

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the Green Source Advantage program pursuant to N.C. Gen. Stat. § 62-159.2. Pursuant to N.C. Gen. Stat. § 62-110.8, should the level of Transition MW exceed 3,500 MW, then the aggregate targeted competitive procurement aggregate amount (2,660 MW) is to be reduced. If the aggregate capacity of such Transition MW is less than 3,500 MW at the end of the initial 45-month competitive procurement period, the Commission shall also require the Companies to conduct an additional competitive procurement in the amount of such deficit pursuant to the statute.

Program PPAs with DEC. Below follows a timeline regarding CPRE Tranche 3 Milestones completed in 2022:

CPRE Tranche 3 Milestones in 2022	
CPRE Tranche 3 Bid Window open	01/05/2022
CPRE Tranche 3 Bid Window closed	02/03/2022
Step 1 Ranking	03/31/2022
CPRE Tranche 3 Projects Winners Selected	07/29/2022
CPRE Tranche 3 PPAs signed	08/30/2022
Phase 2 RSC Study start	08/31/2022

The IA is now completing the final report for CPRE Tranche 3.

On September 1, 2022, the Companies filed a petition in both the 2022 Solar Procurement Dockets (E-2, Sub 1297 and E-7, Sub 1268) and the CPRE Program Dockets (E-2, Sub 1159 and E-7, Sub 1156) stating that the CPRE Program is 441 MW short of meeting the target established by N.C. Gen. Stat. § 62-110.8 and requesting the Commission's approval to procure the CPRE Program MW shortage through the 2022 Solar Procurement, to extend the CPRE Program PPA term to 25 years, and for waiver of certain provisions of Commission Rule R8-71.

On November 1, 2022, the Commission issued its *Order Permitting Additional CPRE Program Procurement and Establishing Target Procurement Volume for the 2022 Solar Procurement* in Docket Nos. E-2, Subs 1159 and 1297 and E-7, Subs 1156 and 1268, granting the Companies authority to complete a CPRE Program additional procurement through the 2022 Solar Procurement with a target of 441 MW. However, the Commission concluded that regardless of whether the 441 MW of CPRE Program capacity is procured in total through the 2022 Solar Procurement, the CPRE Program will close out upon the conclusion of the 2022 Solar Procurement.

On June 20, 2022 the Companies issued the 2022 Solar Procurement. Below follows a timeline regarding 2022 Solar Procurement completed in 2022:

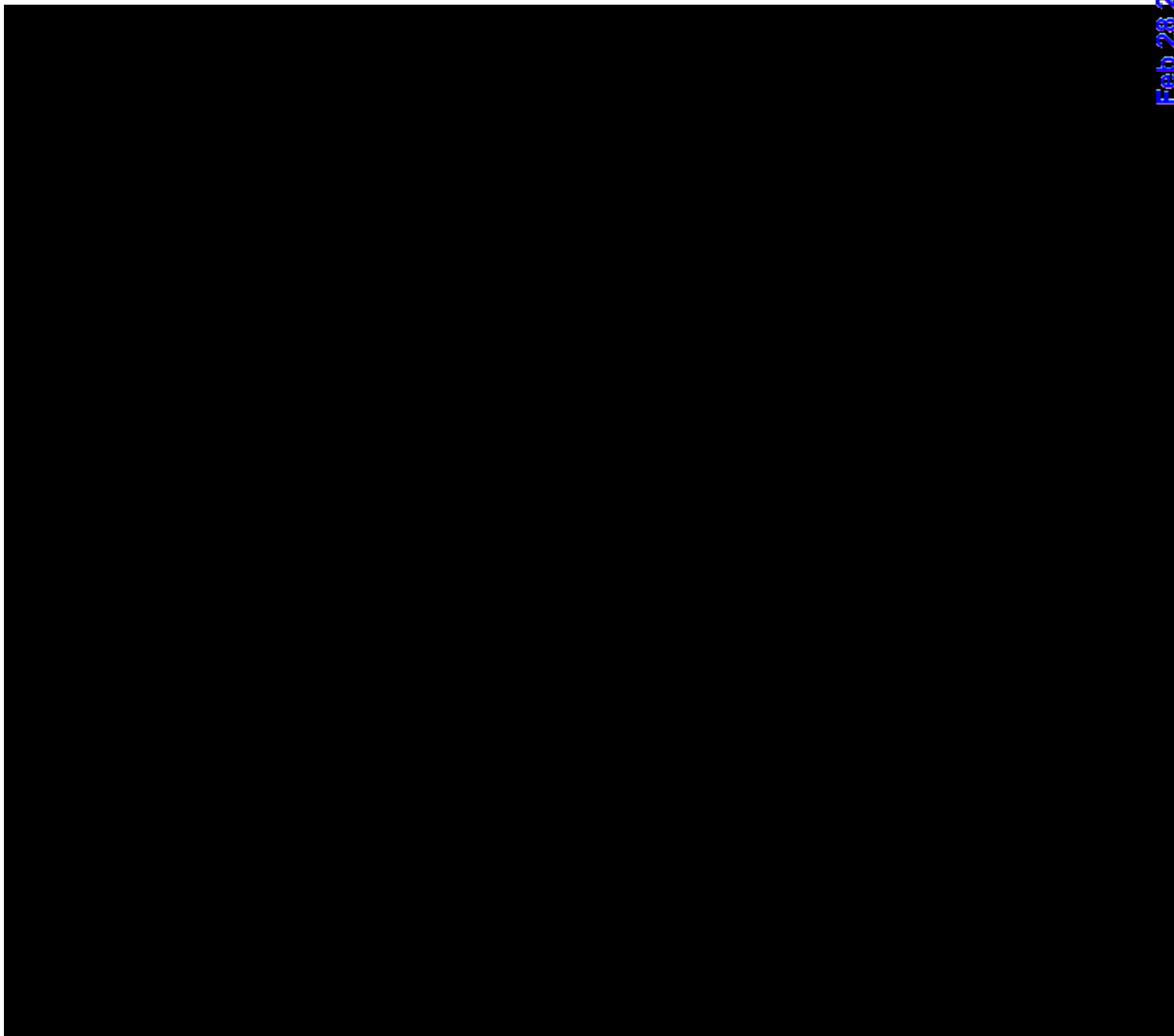
2022 Solar Procurement Milestones in 2022	
2022 SP Bid Window open	06/20/2022
2022 SP Bid Window closed for Third Party Market Participants	07/22/2022
Step 1 Ranking complete, invitation to Step 2	11/28/2022
Proposal Security due date for Step 2 proposals	12/22/2022
DISIS Phase 2 Study start	12/27/2022

The Phase 2 study is continuing and will be completed in May 2023.

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

Two CPRE Tranche 3 PPAs were executed during the reporting year; however, no utility-owned assets were sought to be procured, or actually procured during the reporting year. Below follows a table identifying all projects procured in CPRE Tranches 1, 2, and 3. The table lists whether such projects are utility-owned assets or third-party owned PPA assets, and provides estimated commercial operation dates as of the date of this filing for each project.

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**III. Capacity and Energy Obtained through the CPRE Program During the Reporting Year (R8-71(h)(2)(iii))**

The nameplate capacity of the winning proposals in DEC for Tranches 1, 2, and 3 are identified above.

The following Tranche 1 & Tranche 2 winning projects were operational and delivered renewable energy to DEC during the reporting year:

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

No proposals sponsored by the Companies or their affiliated subsidiaries of Duke Energy Corp. were submitted as part of the Tranche 3 CPRE RFP.

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

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

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

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

#### **Avoided Costs Threshold for Tranche 3**

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

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

For projects participating in the 2022 Solar Procurement Program, bids were submitted as a single \$/MW amount. The 25-year avoided cost rate was published on the Independent Evaluator's website in December 2022.

As directed by the Commission in its November 1, 2022 *Order Permitting Additional CPRE Program Procurement and Establishing Target Procurement Volume for the 2022 Solar Procurement*, the Companies' avoided energy and capacity cost was determined using the methodology established in the Commission's August 13, 2021 *Order Establishing Standard Rates and Contract Terms for Qualifying*

*Facilities* in Docket No. E-100, Sub 167 (“Sub 167 Order”). Consistent with the avoided cost cap calculated for prior CPRE Program tranches, the avoided energy cost rates are reduced by the solar integration services charge for these solar-only project proposals. The methodology approved in the Sub 167 Order, which expresses avoided energy costs in the form of a multi-pricing period rate design, was converted into a single all-in avoided cost rate (\$/MWh) using a generic solar generation profile.

Avoided Cost Cap table for 25-year term	DEC	DEP
Transmission Interconnected (including SISC deduction)	\$61.88/MWh	\$62.86/MWh

As determined in the *Order Permitting Additional CPRE Program Procurement and Establishing Target Procurement Volume for the 2022 Solar Procurement*, the Companies and the IE will determine the levelized cost of energy (“LCOE”) of the proposals, inclusive of system upgrades, and select the lowest cost proposals at or below the avoided cost cap up to the 441 MW CPRE Program shortfall. Resources meeting these requirements will be procured as a CPRE project and will be offered the CPRE Program Controllable PPA filed with the NCUC on November 8, 2022. This evaluation will occur at the conclusion of Step 2 of the 2022 Solar Procurement Program bid evaluation process.

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

During the reporting period, DEC incurred a total of \$441,544 for costs including legal support, outside publishing, and internal company labor. Including the credit to customers regarding the IA fees, that total is reduced to \$365,777.<sup>3</sup> Total purchased power cost and authorized revenues associated with all Tranche 1 and Tranche 2 projects that have achieved commercial operation to date is \$19,904,314.

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

During the CPRE Program Procurement Period, DEC (1,024 MW) and DEP (161 MW) collectively procured 1,185 MW through Tranches 1 and 2 of the CPRE Program. Further, during the CPRE Program Procurement Period, the Companies procured a total of 4,378 Transition MW, an excess of 878 MW. Therefore, pursuant to N.C. Gen. Stat. § 62-110.8(b)(1), the Commission determined that it was appropriate to reduce the CPRE Program procurement target to 1,782 MW.<sup>4</sup> As a result, the Commission concluded that the Companies were 596 MW short of the adjusted CPRE Program procurement target at the end of the CPRE Program Procurement Period and ordered DEC to initiate a CPRE Tranche 3 to procure 596 MW.

On January 5, 2022, DEC issued the CPRE Tranche 3 RFP seeking to procure 596 MW. The bid window for CPRE Tranche 3 closed on February 3, 2022. Only eight projects totaling 520 MW bid into CPRE Tranche 3. Following closure of the bid window, 365 MW withdrew from Tranche 3, citing market uncertainty and the rising costs of solar development as the cause of their withdrawal. Ultimately, only two

<sup>3</sup> See Direct Testimony of Christy Walker, at 8, Docket No. E-2, Sub (filed Feb. 28, 2023).

<sup>4</sup> *Order Determining Adjusted CPRE Program Procurement Target*, Docket Nos. E-2, Sub 1159 and E-2, Sub 1156 (Dec. 20, 2021).

projects totaling 155 MW completed the Tranche 3 bid evaluation process and have signed CPRE Program PPAs with DEC.

On September 1, 2022, the Companies filed a Petition stating that the CPRE Program is 441 MW short of meeting the target established by N.C. Gen. Stat. § 62-110.8 and requesting the Commission's approval to procure the 441 MW shortage through the 2022 Solar Procurement, among other things. On November 1, 2022, the Commission issued an Order authorizing DEC and DEP to procure the remaining 441 MW shortfall under the CPRE Program framework in a "final" CPRE Program additional procurement, issued in conjunction with the 2022 Solar Procurement. However, and as explained elsewhere in this report, the Commission concluded that regardless of whether the CPRE MW shortfall is procured in total through the 2022 Solar Procurement, the CPRE Program will be closed out upon the conclusion of the 2022 Solar Procurement.

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

The Independent Administrator was selected in January 2018. A copy of the contract between the Companies and the IA in effect for the 2021 reporting period can be found in DEC's 2019 and 2020 CPRE compliance reports filed previously with the Commission. The Companies note that this contract expired at the end of the 45-month CPRE procurement period, and, as such, the Companies and IA amended the contract to extend the term through January, 2023 in order for the IA to remain engaged through completion of CPRE Tranche 3. During the reporting year, the total costs incurred by the IA to implement the CPRE Program for DEC and DEP were approximately \$170,508.75.

In Tranche 3 of the RFP, DEC elected to structure the Proposal Fees, a non-refundable fee and Winners' Fees as follows:

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

DEC notes that in the Commission's *Order Determining Adjusted CPRE Program Procurement Target, Requiring Tranche 3 CPRE Program Procurement Solicitation, Approving Resource Solicitation Cluster, and Requiring Responses to Commission Questions Regarding Pro Forma PPA*, the Commission granted

the Companies waiver of Commission Rules R8-71(d)(1), R8-71(d)(3)-(8), R8-71(d)(3)-(10), R8-71(e), and R8-71(f), in order for an Independent Evaluator, Charles River Associates, Inc., to oversee the CPRE additional procurement being implemented through the 2022 Solar Procurement.<sup>5</sup>

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

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

#### **X. Grid Upgrade Costs<sup>6</sup>**

The total estimated Network Upgrades for the two Tranche 3 projects that executed PPAs during the 2022 reporting year is shown in the table below. The Company will continue to refine and update Network Upgrade cost estimates through the Facilities Study phase in the Tranche 3 RSC. =See DEC's 2019 and 2020 CPRE compliance reports for grid Upgrades cost information regarding Tranches 1 and 2.

Bid Number	Total Estimated Network Upgrades – Phase 1 RSC Report 7/28/2022 (\$M)
78-01	2.511
78-02	2.012

<sup>5</sup> *Order Determining Adjusted CPRE Program Procurement Target, Requiring Tranche 3 CPRE Program Procurement Solicitation, Approving Resource Solicitation Cluster, and Requiring Responses to Commission Questions Regarding Pro Forma PPA*, at 7-8, Docket Nos. E-2, Subs 1159 and 1297 and E-7, Subs 1156 and 1268 (Nov. 1, 2022).

<sup>6</sup> *Order Modifying and Approving Joint CPRE Program*, Docket Nos. E-7, Sub 1156, and E-2, Sub 1159 (Feb. 21, 2018) (directing that “[i]n addition to requiring Duke to address grid upgrade costs, as necessary, in its explanation of the elimination of proposals, Duke shall report on grid upgrade costs on a per-proposal basis in its future CPRE compliance reports”).



## CERTIFICATION

TO: Angela Tabor  
FROM: Harold T. Judd, Independent Administrator  
DATE: December 19, 2022  
RE: CPRE 2022 Process Certification

In January 2018 Accion Group, LLC, incorporated in the State of New Hampshire, was approved by the North Carolina Utility Commission ("NCUC") to serve as Independent Administrator ("IA") for the Competitive Procurement of Renewable Energy Program ("CPRE"). CPRE was divided into annual "Tranches" as independent solicitations with Tranche 1 being released in 2018 and completed in July 2019. Tranche 2 was released in August 2019 and completed October 15, 2020.

The IA participated in the preparation of Tranche 1, Tranche 2, and the Tranche 3 CPRE documents and provided the Website through which all information about the CPRE Program was available to interested parties.

Tranche 3 was released on September 9, 2021. Tranche 3 was designed to avoid delay between the identification of proposals which were eligible to receive an offer of a Purchase Power Agreement ("PPA") and the final determination of system impact costs, by allowing Market Participants to execute a PPA and have it cancelled after the system impact costs were determined, many months later. We await that final reconciliation.

For Tranche 3, the IA conducted four (4) Stakeholder sessions required by the NCUC between September 17 and November 4, 2021. All communications with Market Participants ("MP") were conducted through the IA Website and all Proposals were received on the IA Website.

The IA was responsible for the evaluation of all Proposals (referred to in the CPRE Program as "Step 1") and for reporting a preliminary ranking of Proposals to the Duke Transmission Evaluation Team for determination of what, if any, system improvements would be required to accommodate the associated projects (referred to as the "Step 2" process). The Proposal date for Tranche 3 was February 3, 2022.

The Website remained the host of all CPRE activities through the Step 2 evaluation process and until December 31, 2022.

All Proposals were evaluated using the same criteria and evaluation modeling, consistent with the CPRE Program Methodology. All Proposals and all participants were treated equitably and the IA is unaware of any bias towards or against any participant.

A handwritten signature in blue ink, appearing to read 'Harold T. Judd', written over a horizontal line.

Harold T. Judd

President, Accion Group, LLC  
The State of New Hampshire  
County of Merrimack

This instrument was acknowledged before me on the 19 day of December, 2022 by Harold T. Judd.

A handwritten signature in blue ink, appearing to read 'Sheri L. Vincent-Crisp', written over a horizontal line.

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