

# Attachment A

### **CCEBA Resource Solicitation Cluster Proposal for CPRE Tranche 3**

- Legal Basis: NCIP Section 4.4.2
- Eligibility for RSC: Consistent with CPRE Tranches 1 and 2, an interconnection customer (“IC”) must submit an interconnection request (“IR”) by the Tranche 3 (“T3”) RFP bid deadline
  - *Note: Per NCIP Sec. 4.4.2, the utility will study the Cluster based upon the Queue Number of the Resource Solicitation Cluster relative to the Queue Position of all other Interconnection Requests/Clusters*
- T3 RFP schedule:
  - Aligned with CPRE Independent Administrator’s (“IA”) proposed schedule aligning with Transitional Cluster Study (“TCS”) (per Sept. 17 Webinar, slide 13):
    - Oct. 20: PPA filed with NCUC
    - Oct. 29: IA report to Duke
    - Nov. 15: Duke provides RFP documents to IA
    - Nov. 19: T3 RFP issuance
    - Nov. 30: Bid window closes\*
  - *Note: \*Under a Resource Solicitation Cluster (“RSC”), the T3 RFP bid window would not need to close on Nov. 30; the Nov. 30 date aligned with the beginning of TCS Phase 1 on Dec. 1, which would not be a firm deadline in an RSC and could be extended by agreement of Duke, the IA, and relevant stakeholders.*
- T3 Step 1 Evaluation/Notice of Competitive Tier/Bid bonds posted:
  - Takes place in parallel with 90-day TCS Phase 1 beginning early December 2021 (*Note: T3 Step 1 does not incorporate IX study*)
    - TSC Phase 1: ~Dec. 1, 2021 – March, 2022
- T3 Step 2 Evaluation
  - RSC assumes baseline of TCS Phase 2 projects that paid M2 deposit (Phase 2 to begin early/mid-April), and Duke conducts the same Step 2 process for RSC it conducted for Tranche 2, including (i) power flow to determine whether network upgrades are triggered for each project and (ii) determination of preliminary upgrade cost estimates to assign to CPRE bids.<sup>1</sup>
    - *Note: Duke has previously run two successful RSCs for Tranches 1 and 2; keeping CPRE projects separate from TCS helps reduce complexity and avoid delays or other issues that might occur when implementing the new TCS structure.*
  - Following Step 2, CPRE winners are announced. At this point, unsuccessful bidders are released from the RSC and may submit an IR into the DISIS cluster by July 1, 2022 if they so choose. Per NCIP Section 4.4.2, an IC in the RSC could also concurrently submit an IR in the DISIS cluster at any time during the DISIS eligibility window.
  - PPA awards are made mid-June, and PPAs are executed in July/August, allowing for a firm DISIS baseline before the Sept. 1, 2022 deadline. CPRE awardees move forward with Facilities Study as they did in Tranche 2.

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<sup>1</sup> As described in FAQ #8, below, CCEBA proposes that the IA first evaluate CPRE bids that are not located in congested zones to determine whether the Tranche 3 allocation can be filled by such projects.

**CPRE Tranche 3 Resource Solicitation Cluster Proposal – FAQs**

- 1. Why is a Tranche 3 Resource Solicitation Cluster (“RSC”) preferable to combining Tranche 3 with the Transitional Cluster Study (“TCS”)?**
  - a. Combining Tranche 3 with the TCS limits CPRE eligibility to projects that were in the queue as of August 19, 2021, thereby excluding projects that had not intended to participate in TCS; this will result in reducing the Tranche 3 applicant pool, potentially increasing the cost of Tranche 3 to ratepayers.
  - b. Combining Tranche 3 with the TCS also would require CPRE applicants to make a TCS Phase 2 deposit likely between \$500,000 and \$800,000 before knowing whether they have been awarded a CPRE. This is inconsistent with Tranche 2 and DISIS<sup>2</sup> and would require CPRE bidders to make a significant financial commitment before securing a PPA.
  - c. Combining Tranche 3 with the TCS would add complexity to the novel TCS process, including the need for CPRE bid re-pricing after revised Phase 2 results, requiring CPRE PPA execution prior to the conclusion of Phase 2 and potential Phase 2 restudy/Phase 3.
  - d. Including all T3 bidders (including unsuccessful ones) in the TCS will increase instability of the TCS in both Phase 1 and Phase 2 as unsuccessful CPRE bidders are removed.
  - e. Separating TCS from the RSC will greatly simplify accounting for and recovery of CPRE-related costs.
  
- 2. What is the legal basis for a CPRE RSC?**
  - a. NCIP Section 4.4.2 expressly permits an RSC for CPRE and allows for deposit and eligibility requirements to be tailored to CPRE without requiring Commission approval.
  
- 3. What projects would be eligible for the CPRE RSC?**
  - a. Projects that submit an IR by the close of the T3 RFP bid window would be eligible to participate in the RSC.
  
- 4. What financial commitments would RSC participants be required to make?**
  - a. Consistent with Tranche 2, participants would pay their IR deposit to cover the interconnection study costs and a \$10,000 CPRE deposit.
  - b. After CPRE Step 1 evaluation, projects moved forward to the Competitive Tier would be required to pay Security/Bid Bond in an amount of \$20,000/MWac.
  - c. CPRE awardees would also pay performance security upon PPA execution.
  
- 5. When would the RSC begin?**

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<sup>2</sup> The DISIS readiness requirements for M2, the equivalent of TCS Phase 2, includes “Reasonable evidence that the project has been selected by the Utility in a Resource Plan *or is offering to sell its output through a Resource Solicitation Process.*” NCIP Section 4.4.10.2(b)(emphasis added). Interconnection Customers that meet the readiness requirements are not required to make a supplemental security deposit.

- a. Consistent with the Independent Evaluator’s (“IA”) proposed schedule for combining Tranche 3 with the TCS,<sup>3</sup> the bid deadline for Tranche 3 would be approximately December 1, 2021. However, because RSC projects would not be participating in TCS Phase 1, the bid deadline could be slightly extended and would not be tied to the strict December 1, 2021 date that was connected to commencement of TCS Phase 1.

**6. When would CPRE Step 1 occur?**

- a. Step 1—in which the IA reviews the RFP bids, determines the Net Benefit of each project, and creates a preliminary bid ranking—would take place between December 2021 and February 2022. At the conclusion of Step 1, projects selected for the Competitive Tier would be notified and required to pay Security/Bid Bond in order to move forward to Step 2.

**7. When would CPRE Step 2 occur?**

- a. Step 2—in which the utility conducts a power flow study to determine whether network upgrades are triggered and advises the IA of the preliminary upgrade cost estimate, after which the IA re-evaluates the rank order of proposals—would take place after TCS projects had definitively committed to the Phase 2 process by submitting the M2 deposit payment.<sup>4</sup> Using the Phase 2 TCS projects as a baseline, Step 2 would be conducted in the same manner as Tranche 2.

**8. During Step 2, how would Duke and the IA maximize the efficiency of the evaluation process and help ensure that only “clean” CPRE bids were selected if possible?**

- a. For the purposes of Step 2 evaluation, the IA would select projects that are not located in a congested zone and issue awards among that pool of projects. If the IA cannot fill the 300 MW tranche with such projects, Duke would develop preliminary network upgrade cost estimates to assign to projects in the congested zone to determine if those bids were still below avoided cost, and if so, would issue awards based on the rank order of those projects.

**9. During Step 2, how would the evaluation criteria treat a CPRE bid that is contingent upon network upgrades required for a TCS project? In other words, how will the evaluation criteria for CPRE projects address “instability” in the TCS baseline?**

- a. For the purposes of Step 2 evaluation, CPRE projects contingent on network upgrades assigned to TCS projects would be assumed to be responsible for the entire network upgrade cost (i.e. would assume the TCS project was not built). CPRE bids would be evaluated by the IA in Step 2 based on these assumptions.

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<sup>3</sup> See, September 17, 2021 Stakeholder Webinar, slide 13.

<sup>4</sup> M2 payments equal to \$100,000 for Interconnection Customers up to 5MW; \$150,000 for Interconnection Customers greater than 5 MW up to 10 MW; \$200,000 for Interconnection Customers greater than 10 MW up to 20 MW; \$500,000 for Interconnection Customers greater than 20 MW up to 50 MW, or \$800,000 for Interconnection Customers greater than 50 MW.

This approach further favors “clean” CPRE projects and protects ratepayers from any instability in the TCS cluster.

**10. When would CPRE PPAs be awarded and executed?**

- a. Consistent with Tranche 2, CPRE PPAs would be awarded following completion of Step 2 and selection by the IA of awardees. Based on experience in Tranches 1 and 2, the PPA award and execution period could be accelerated to ensure that PPAs were executed prior to the beginning of DISIS on September 1, 2022.

**11. What would happen to CPRE bidders that were not included on the Competitive Tier after Step 1 or were not awarded a PPA during Step 2?**

- a. Unsuccessful CPRE bidders would be removed from the RSC and could participate in the 2022 DISIS cluster if they chose to do so. NCIP Section 4.4.2 states that a “Generating Facility that initially is included in a Resource Solicitation Cluster may also reserve a later Queue Position separate from the Resource Solicitation Cluster.” As long as the CPRE bidder also entered the DISIS process before the June 30, 2022 deadline, an unsuccessful CPRE bidder could participate in the 2022 DISIS cluster, or it could wait to enroll in the 2023 DISIS cluster or a subsequent RSC if applicable.

**Resource Solicitation Cluster – CCEBA Proposal**

**Key dates**

<b>Tranche 3 RFP Schedule – CCEBA Proposal (Transitional Cluster Dates from Sept. 24 Webinar)</b>	
20 Oct 2021	RPPA filed with NCUC
29 Oct 2021	IA report to Duke
1 Nov 2021	TCS Application Window Closes
15 Nov 2021	Duke provides RFP documents to IA
19 Nov 2021	T3 RFP issuance
30 Nov 2021	T3 Bid window closes* <i>Consistent with T1 and T2, ICs must submit an interconnection request by the T3 bid deadline.</i> <i>*Under RSC, bid window could be extended beyond Nov. 30.</i>
1 Dec 2021	TCS Phase I begins
1 Dec 2021 – 20 Feb 2022	T3 Step 1 Evaluation Notice of Competitive Tier Bid Bonds Posted <i>Does not include interconnection study</i>
21 Mar 2022	TCS Phase I concludes
18 Apr 2022	TCS Phase 2 Commences (M2 deadline)
18 Apr 2022 - 30 May 2022	T3 Step 2 Evaluation Study <i>TCS Phase 2 projects are included in baseline, i.e. RSC queue position is inferior to TCS cluster.</i> <i>For evaluation purposes, the cost of any contingent upgrade(s) would be assigned to CPRE projects.</i>
13 June 2022	T3 PPA awards issued <i>Unsuccessful bidders are released and may apply to DISIS</i>
July - Aug 2022	T3 PPAs executed

	<i>Executed PPAs provide firm baseline for DISIS Phase I</i>
1 Sept 2022	DISIS Phase I commences <i>TCS final projects and T3 contracted projects included in baseline (T3 selected projects could be used as an alternative)</i>