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VIA ELECTRONIC FILING

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

RE: CPRE Tranche 3: Notice of Planned Resource Solicitation Cluster and Joint Recommended Resolution of CCEBA Petition Docket Nos. E-2, Sub 1159 and E-7, Sub 1156

Dear Ms. Dunston:

Duke Energy Carolinas, LLC (“DEC”), Duke Energy Progress, LLC (“DEP”, and together with DEC, the “Companies”), and the Carolinas Clean Energy Business Association (“CCEBA”) jointly submit this letter to the North Carolina Utilities Commission (“Commission”) to update the Commission regarding the Companies’ plan to administer a DEC-only Competitive Procurement of Renewable Energy (“CPRE”) Program Tranche 3 request for proposal (“RFP”) utilizing a Resource Solicitation Cluster (“RSC”) to complete Step 2 of the CPRE RFP evaluation process. The Companies and CCEBA also jointly submit this letter to inform the Commission that the planned Tranche 3 RSC process attached as Attachment A to this letter and included as Appendix H – Resource Solicitation Cluster to the draft Tranche 3 RFP guidelines satisfies CCEBA’s request in its October 5, 2021 Petition to Initiate Resource Solicitation Cluster for CPRE Tranche 3 (“Petition”). Accordingly, CCEBA hereby withdraws its Petition.

Background

On September 1, 2021, the Companies filed their CPRE Program Plans identifying that implementation of queue reform introduces an additional layer of complexity regarding the timing of implementing CPRE Program Tranche 3, due to the need to integrate a competitive procurement solicitation into future planned cluster studies, which have established timelines under the North Carolina Interconnection Procedures (“NCIP”), South Carolina Generator Interconnection Procedures (“SC GIP”), and FERC Large Generator Interconnection Procedures.

Following submission of the Companies' 2021 CPRE Program Plans, DEC and DEP began to work collaboratively with the CPRE Program Independent Administrator Accion Group, LLC ("IA") as well as engage with 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. For example, the IA and the Companies held pre-solicitation stakeholder meetings on September 17 and September 24 to discuss these complex issues with market participants and reach consensus on a timeline for CPRE Tranche 3.

On October 5, 2021, CCEBA filed its Petition. CCEBA's Petition requested that the Commission order DEC, DEP and the IA to conduct Tranche 3 via an RSC pursuant to NCIP Section 4.4.2. CCEBA further requested that the Commission consider its Petition on an expedited basis and establish a procedural schedule for stakeholder commentary on the Petition, particularly that the Commission direct DEC, DEP, the Public Staff, and any other interested parties to file responses to the Petition by October 18, 2021, and that CCEBA be directed to file a reply no later than October 22, 2021.

On October 8, 2021, DEC and DEP filed a letter regarding CCEBA's Petition. The Companies' letter stated that the IA and the Companies continue to engage with stakeholders on the timing and implementation of Tranche 3; however, the Companies advised that it did not anticipate that aligning CPRE Tranche 3 with the Transitional Cluster Study would be feasible. DEC and DEP further stated that they did not object to CCEBA's proposed procedural schedule and committed to file responsive comments on CCEBA's Petition by October 18, 2021.

On October 14, 2021, the IA and the Companies held a third stakeholder meeting to discuss the implementation of Tranche 3, in addition to the two above-described stakeholder meetings hosted prior to the filing of the Petition. At this meeting, DEC and DEP (1) reiterated the Companies' position that it was no longer feasible to proceed with Tranche 3 as part of Transitional Cluster Study due to timing constraints and the lack of consensus among the stakeholders, and (2) proposed a DEC-only RSC that was conceptually consistent with the CCEBA Petition.

On October 18, 2021, the Companies filed reply comments in response to CCEBA's Petition. The reply comments explained that in response to CCEBA and other stakeholder feedback, the Companies had developed a targeted DEC-only RSC proposal to implement the Tranche 3 Step 2 interconnection study evaluation that was presented to CCEBA and other stakeholders in the stakeholder meeting held October 14, 2021. The Companies' reply comments explained that they were awaiting stakeholder feedback on the proposal, which they believed was executable from a DEC study perspective in a manner that mitigates potential risks of delay and uncertainty for the Transitional Cluster as well as the Definitive Interconnection System Impact Study ("DISIS") Cluster 1.

Also on October 18, 2021, the Public Staff filed a letter in lieu of reply comments stating that it was encouraged by the Companies' attempt to find common ground between

stakeholders by proposing the RSC. The Public Staff further stated that the feedback from stakeholders during the meetings on CPRE Tranche 3 was overall positive, and agreed that limiting the RSC to projects in the DEC territory would simplify the study process and allow the Companies to meet the timelines necessary to implement a separate solicitation cluster for Tranche 3. The North Carolina Sustainable Energy Association (“NCSEA”) also filed a letter in lieu of reply comments, stating that NCSEA is encouraged by the discussion and open negotiation which has occurred regarding CPRE Tranche 3, and that NCSEA believes that the participants are working sincerely towards a solution regarding CPRE Tranche 3. In addition, the IA filed reply comments noting that both CCEBA and the Companies had proposed schedules for CPRE Tranche 3 which could be completed prior to DISIS and under which a full due diligence review of CPRE Step 1 could be accomplished.

On October 22, 2021, CCEBA filed a letter in lieu of reply comments. CCEBA stated that it believes that the timelines proposed by DEC and DEP in reply comments to administer a Tranche 3 RSC are reasonable, and agreed that limiting Tranche 3 to projects located in the DEC territories is workable and would reduce the complexity of the study process. CCEBA further stated that although some issues regarding the design of an RSC remain under discussion at this time, CCEBA is confident that consensus can be reached regarding the structure of an RSC, and that CCEBA was committed to working with the Companies, the Public Staff, the IA, and other stakeholders to finalize the structure of the Tranche 3 RSC.

On November 4, 2021, the Companies and the IA held an additional stakeholder meeting on CPRE Tranche 3 to discuss, amongst other topics, the DEC-only RSC proposal and to request any additional comments on the proposal. DEC and DEP did not receive opposition to the proposal in this meeting or receive any comments identifying a need to make substantive changes to the proposal.

CPRE Tranche 3 RSC

Since the November 4, 2021 stakeholder meeting, the Companies have continued to work with stakeholders to reach alignment on the timeline and study process regarding CPRE Tranche 3. On November 11, 2021, DEC, DEP and the IA posted an updated draft CPRE Tranche 3 RFP for review and comment to the IA website. This updated draft Tranche 3 RFP included a proposed RSC framework as a new Appendix H – Resource Solicitation Cluster to be administered by DEC to complete the Tranche 3 Step 2 evaluation process. The Tranche 3 RSC is included as Attachment A to this letter.

The current CPRE Tranche 3 RFP proposes the below timeline for implementation of Tranche 3:

Milestone	Date
First Stakeholder Meeting	09/17/2021
Draft PPA and RFP documents posted to IA RFP Website	09/20/2021
Comment period #1 on draft RFP documents closes	10/01/2021
Second Stakeholder Meeting	9/24/2021
Third Stakeholder Meeting	10/14/2021
Fourth Stakeholder Meeting	11/04/2021
Release updated RFP documents for comments	11/11/2021
Comment period #2 on updated draft RFP documents closes	11/22/2021
PPA filed with NCUC	11/24/2021
Duke's Final determination of MW quantity	12/6/2021
IA report re: RFP documents	12/8/2021
Final RFP documents posted to IA RFP Website and available to MPs	11/24/2021
RFP Issuance Date - Bid window for submission of Proposals opens	01/05/2022
Deadline for submission of RSC CPRE Tranche 3 Proposals	02/03/2022
RFP Step 1 ranking	03/31/2022
RSC Customer Engagement Window (30 days)	04/30/2022
Projected RSC Phase 1 Study Start	05/17/2022
Projected RSC Phase 1 Study Results provided to IA	07/01/2022
Projected Conclusion of Step 2 and winning MPs notified	14 days after T&D Sub-Team provides IA updated estimates from a re-run of power flow studies in Phase 2, (approx. 07/14/2022)
CPRE Winners announced	07/15/2022
Contract negotiation	30 days after winning bids notified, (approx. 08/15/2022)

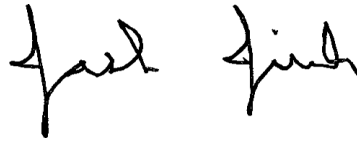
As of November 24, 2021, CCEBA was the only party to comment on the proposed CPRE Tranche 3 RFP Appendix H RSC study process, and CCEBA supports the DEC-only Tranche 3 RSC as a reasonable and appropriate resolution of CCEBA's Petition. The Companies and CCEBA have also achieved consensus regarding the CPRE Tranche 3 implementation process and timeline for CPRE Tranche 3. Based on the foregoing consensus, the Companies and CCEBA support the attached Appendix H – Resource Solicitation Cluster document and above-described CPRE Tranche 3 timeline as a reasonable resolution of the issues raised in CCEBA's Petition regarding the Companies and the IAs' CPRE Tranche 3 implementation plans.

Accordingly, the Companies hereby request the Commission approve implementation of CPRE Tranche 3 through a DEC-only RSC as described in the

Appendix H – Resource Solicitation document attached hereto as well as the above-described CPRE Tranche 3 timeline, and CCEBA agrees to withdraw its Petition as satisfied.

Counsel for the Companies has also contacted counsel for the Public Staff and NCSEA, as well as the IA, and has been advised to state that these parties support the Companies’ requested relief herein and implementation of a DEC-only RSC for Tranche 3 as described in the CPRE Tranche 3 RFP.

Sincerely,

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

Jack E. Jirak

Enclosure

cc: Parties of Record

Appendix H

CPRE Tranche 3 Resource Solicitation Cluster

For purposes of administering the Competitive Procurement of Renewable Energy (“CPRE”) Tranche 3 Request for Proposal (“RFP”) Step 2 evaluation process under North Carolina Utilities Commission (“NCUC”) Rule R8-71(f)(3), Duke Energy Carolinas, LLC (“DEC”) will administer a Resource Solicitation Cluster (“RSC”), as provided for in Section 4.4.2 of the North Carolina Interconnection Procedures (“NCIP”) and Section 5.3.2 of Appendix Duke CS to the South Carolina Generator Interconnection Procedures (“SC GIP”).

The RSC shall be studied separately from the 2022 Definitive Interconnection System Impact Study Cluster. The RSC shall respect Queue Position and shall be studied as its own Cluster based upon a Utility-designated Queue Number where DEC acts as authorized representative for the Interconnection Customer(s) in connection with the CPRE Tranche 3 RFP Competitive Resource Solicitation. DEC shall study the Cluster based upon the Queue Number of the RSC relative to the Queue Position of all other Interconnection Requests/Clusters. The Queue Position of the CPRE Tranche 3 RSC shall be established as of February 3, 2022. Phase 1 of the RSC study shall commence after completion of the Transitional Cluster Study (“TCS”) Phase 2 power flow restudy and before Phase 1 of the 2022 Definitive Interconnection System Impact Study (“DISIS”). Any proposal notified by the CPRE Independent Administrator (“IA”) that it is non-conforming or otherwise no longer being considered in the Tranche 3 RFP will have its associated Interconnection Request withdrawn from the RSC and shall lose the Queue Position it held as part of the CPRE Tranche 3 RSC.

I. New Interconnection Request during Tranche 3 Bid Window

- a. A CPRE Tranche 3 bidder must first submit an Interconnection Request (“IR”) for the RSC through Duke Energy’s Interconnection Customer Portal linked here [Duke Energy Interconnection Customer Portal](#).
- b. After submitting the Interconnection Request, the bidder will receive a Unique ID in an email that confirms the submission, and then will be issued a Queue Number. The Unique ID or Queue Number will be required information as part of the bid submission on the Independent Administrator’s (“IA”) website.
- c. Each bid proposal will require a new Interconnection Request and will be assigned a distinct Queue Number.
- d. Each Interconnection Request will require an RSC study deposit as established in NCIP 1.5.1.2 and SC GIP Appendix Duke CS 2.1.
- e. Bidders submitting more than one proposal for the same facility proffering different sizing, pricing or technology must submit a new and separate Interconnection Request for each proposal and the corresponding Queue Number for each proposal. Only one variation of the project can be selected by the IA for a Phase 1 study.

II. Projects Not Selected for Step 2 Evaluation; Option to also Enter DISIS

- a. Projects that the IA releases after the Step 1 evaluation will not be eligible to participate in the RSC and will be withdrawn from the RSC.
- b. Tranche 3 RSC Interconnection Customers may submit a DISIS Interconnection Request (in addition to their RSC IR) at any time during the DISIS enrollment window and elect to be studied in DISIS in the event the Interconnection Customer is withdrawn from the RSC at any point in the RFP evaluation.

III. RSC Pre-Phase 1 Customer Engagement

- a. The RSC Customer Engagement Window will begin after the IA completes their Step 1 ranking and will be open for 30 days (approximately April 1, 2022 to April 30, 2022).
- b. Within 10 business days of the Customer Engagement Window opening, DEC will share a scoping document with Market Participants (“MPs”) invited to participate in Step 2 of the RFP with general RSC information including (per NCIP 4.4.1) a list of Interconnection Requests invited to Step 2 for that Cluster, identifying for each Interconnection Request: (i) the location by county and state; (ii) the distribution or transmission substation or transmission line or lines where the interconnection will be made; (iii) cluster being requested; and (iv) the type of Generating Facility to be constructed including fuel type.
- c. During the Customer Engagement Window, a CPRE bidder invited to be studied in the RSC or the DEC T&D Sub Team may also request a separate scoping meeting between the parties.

IV. RSC “M1” Security to enter Phase 1 Study

- a. Prior to the close of the Customer Engagement Window, each Interconnection Customer entering the RSC Phase 1 shall (i) execute a DISIS Agreement for Tranche 3 RSC pursuant to NCIP Section 4.4.5.1; (ii) provide initial security equal to one (1) times the applicable study deposit amount under NCIP Section 1.5.1.2 or SC GIP Appendix Duke CS Section 2.1 to enter the RSC; (iii) provide reasonable evidence of commercial readiness to DEC verifying that the project is offering to sell its output through the CPRE Tranche 3 RFP and has been invited to a Step 2 evaluation.
- b. At the end of the Customer Engagement Window, all RSC Interconnection Requests that meet the foregoing readiness requirements and that have an executed DISIS Agreement shall be included in that RSC Phase 1 Study. Any Interconnection Requests not deemed sufficient pursuant to NCIP Section 1.5.4 or SC GIP Appendix Duke CS Section 1.3.3 at the close of the Customer Engagement Window shall be withdrawn from the RSC.

V. RSC Phase 1 Study

- a. The RSC Phase 1 study consists of a power flow and voltage analysis consistent with the DISIS Phase 1 study for projects identified by the IA in Step 1 to enter the RSC that meet the foregoing readiness requirements. During the RSC, the T&D Sub Team may suspend further action on the Interconnection Requests in the Tranche 3 RFP that are not included in the selected combination.

- b. The RSC Phase 1 base case will include the projects that move into the TCS Phase 2.
- c. The RSC Phase 1 study will identify interdependencies among the RSC Phase 1 projects, and provide this information to the IA in order for the IA to rank the projects from most competitive to least competitive.

VI. Assignment of Costs within the RSC and TCS Contingent Upgrades

- a. RSC Study Costs shall be allocated between Interconnection Customers in the RSC consistently with NCIP 4.4.3 and SC GIP Appendix Duke CS 5.3.3. As per these sections, the administering Utility shall determine each Interconnection Customer's share of the costs of completing the RSC Cluster Study (including general queue administration costs and overheads) by allocating: (1) ten percent (10%) of the applicable study costs to Interconnection Customers on a per capita basis based on the number of Interconnection Requests included in the applicable Cluster; and (2) ninety percent (90%) of the applicable study costs to Interconnection Customers on a pro-rata basis based on requested megawatts included in the applicable Cluster.
- b. If an Interconnection Customer exits the Cluster prior to the Utility commencing Phase 2 pursuant to Section 4.4.7.3 and SC GIP Appendix Duke CS 5.3.7.3 (including where the Utility determines through Phase 1 that a distribution-level System Impact Study should be completed for one or more distribution-level Interconnection Customers in lieu of being evaluated through Phase 2), then the Utility shall determine each Interconnection Customer's costs of preparing for and completing the RSC prior to commencing Phase 2 and shall then separately determine each remaining Interconnection Customer's costs for the remainder of the RSC.
- c. Allocation of Interconnection Facilities and Upgrade Costs within the RSC shall be allocated between Interconnection Customers in the RSC consistently with NCIP 4.4.4 and SC GIP Appendix Duke CS 5.3.4.
- d. Each RSC project that is contingent upon Upgrades identified and assigned to Interconnection Customers in the TCS updated Phase 2 power flow study will have the full cost of those contingent Upgrades included in their RSC Phase 1 system upgrade estimate.

VII. Phase 1 Affected System Review in RSC

- a. Any proposals that DEC identifies as needing an Affected System study in RSC Phase 1 will be notified as such and the Affected System and the Interconnection Customer will be notified as soon as practicable.
- b. If the Affected System responds by the end of the RSC Phase 1 study and confirms that an Affected System study is not in fact necessary, DEC T&D Sub Team will notify the IA and the proposal may continue to be evaluated. If, however, the Affected System does not respond in time or if it confirms that an Affected System study is warranted, then DEC T&D Sub Team will notify the IA and the proposal will not be eligible to proceed in the RFP and will be withdrawn from the RSC. To the extent that DEP is the Affected System that DEC identifies as potentially needing an Affected System study in RSC Phase 1, DEP commits to responding by the end of the RSC Phase 1 study to confirm whether or not an Affected System study is necessary.

- c. If an RSC proposal is contingent on a TCS Affected System study that the T&D Sub Team reasonably determines will not be completed by the end of the RSC Phase 1 study, then the DEC T&D Sub Team will notify the IA and proposal will not be eligible to proceed in the RFP and will be withdrawn from the RSC.

VIII. RSC Phase 1 Report

- a. The results of the RSC Phase 1 System Upgrade cost estimates will be shared with the IA upon completion (approximately July 1, 2022) and a written report will be published on the utility's website within 90 days of the RSC Phase 1 study commencing. The report will include the 100% cost allocation estimates from TCS contingencies and will be redacted as necessary.
- b. The T&D Sub Team will include in the Phase 1 Report the System Upgrades and Interconnection Facilities for the combination of Generating Facilities identified by the IA for Study.

IX. RSC Phase 2 and Facilities Study

- a. The day that the IA announces the CPRE Tranche 3 RFP bid winners, the 30-day RSC Customer Engagement Window 2 will commence prior to beginning the RSC Phase 2 study. The day the CPRE Tranche 3 RFP PPAs must be signed is the close of the RSC Customer Engagement Window 2.
- b. The RSC Phase 2 study will commence after the deadline for CPRE Tranche 3 RFP PPAs to be signed, and will continue to follow and align with DISIS timelines and procedures.
- c. RSC Phase 2 studies will no longer assume the 100% allocation of TCS System Upgrades to the remaining RSC projects and will follow the NCIP 4.4.4 and SC GIP Appendix Duke CS 5.3.4 process for allocating System Upgrades. The RSC Phase 2 report will provide the identification of System Upgrades and contingent facilities for the PPA winners.
- d. RSC Phase 2 study cost allocation will follow the NCIP Section 4.4.3 and SC GIP Appendix Duke CS Section 5.3.3 allocation process.

X. Withdrawal Penalties for RSC Projects Entering Phase 2

- a. If an RSC project withdraws after executing a CPRE Tranche 3 PPA and entering the RSC Phase 2 Study, the applicable withdrawal penalties as set forth in NCIP Sections 6.3.4 and 6.3.5 and SC GIP Appendix Duke SC Sections 5.7.1 and 5.7.2 will apply.

XI. True Up Process for RSC Phase 1 Study Costs

- a. RSC Phase 1 study costs will be trued up 60 business days after the IA announces the bid winners.