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May 16, 2019

VIA ELECTRONIC FILING

Ms. M. Lynn Jarvis
Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, NC 27699-4300

**RE: CPRE Bid Refresh Procedure
Docket Nos. E-2, Sub 1159 and E-7, Sub 1156**

Dear Ms. Jarvis:

In its May 1, 2019 Order Postponing Tranche 2 CPRE RFP Solicitation and Scheduling Technical Conference, the North Carolina Utilities Commission (“Commission”) requested comments and/or proposed revisions to Commission Rule R8-71(f)(3) to “accomplish the incorporation of a bid refresh procedure.”

Members of the Duke Energy Carolinas, LLC and Duke Energy Progress, LLC (collectively, the “Companies”) Evaluation Team have engaged in dialogue with the Independent Administrator (“IA”), Accion Group, LLC, concerning potential bid refresh procedures. The IA has submitted summary comments concerning potential bid refresh procedures and the Companies generally agree with the issues identified in such summary and the overall structure described.

As is described in the IA’s report, there is significant complexity associated with any bid refresh. Even a limited refresh opportunity only for those projects assigned network upgrades in the CPRE grouping study could extend the evaluation process by a number of months. A process that allows refresh opportunities for all bids would compound the complexity and could extend the evaluation process by a half a year or even more and, in addition, would potentially encourage unrealistic initial bidding.

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As requested by the Commission, the Companies are hereby submitting a proposed markup of Commission Rule R8-71(f)(3) in order to effectuate a refresh procedure (see Attachment 1). The redline includes alternative provisions depending on whether the Commission elects to allow only one refresh opportunity or multiple refresh opportunities.

We look forward to discussing in more detail at the May 23, 2019 technical conference.

Sincerely,



Jack E. Jirak

Enclosure

cc: Parties of Record

Commission Rule R8-71(f)(3)

Duke's Potential Modifications

- (3) Evaluation and Selection of Proposals. The evaluation and selection of proposals received in response to a CPRE RFP Solicitation shall proceed in two steps as set forth in this subdivision, and shall be subject to the Commission's oversight as provided in G.S. 62-110.8 and this rule.
- (i) In step one, the Independent Administrator shall evaluate all proposals based upon the CPRE RFP Solicitation evaluation factors using the CPRE Program Methodology. The Independent Administrator shall conduct this evaluation in an appropriate manner designed to ensure equitable review of all proposals based on the economic and noneconomic factors contained in the CPRE RFP Solicitation evaluation factors. As a result of the Independent Administrator's evaluation, the Independent Administrator shall, subject to the provisions of subsection (f)(3)(ii) of this Rule, eliminate proposals that fail to meet the CPRE RFP Solicitation evaluation factors and then develop and deliver to the electric public utility's T&D Sub-Team a list of proposals ranked in order from most competitive to least competitive. The Independent Administrator shall redact from the proposals included in the list delivered to the electric public utility any information that identifies the market participant that submitted the proposal and any information in the proposal that is not reasonably necessary for the utility to complete step two of the evaluation process, including economic factors such as cost and pricing information.
 - (ii) As a part of the step one evaluation, the Independent Administrator may, in its discretion, allow a market participant to modify or clarify its proposal to cure a non-conformance that would otherwise require elimination of the proposal, and may consult with the electric public utility's Evaluation Team to determine whether a proposal meets the CPRE RFP Solicitation Evaluation factors. In consulting with the Evaluation Team, the Independent Administrator shall maintain the anonymity of the market participant that submitted the proposal. The Independent Administrator shall document the reasons for the elimination of a proposal. The Independent Administrator shall also eliminate any proposal where necessary in order to comply with G.S. 62-110.8(b)(4).
 - (iii) In step two, the electric public utility's T&D Sub-Team shall assess the system impact of the most cost-effective¹ proposals in the order ranked by the Independent Administrator and assign any system upgrade costs attributable to each proposal included in the list provided so assessed by the Independent Administrator. The T&D Sub-Team shall conduct this assessment in a reasonable manner, with oversight by the

¹ This change recognizes the fact that the T&D Sub-Team does not assess the system impact of all proposals.

Independent Administrator, and in parallel with the Independent Administrator's allowing modification or clarification of proposals and consultation with the Evaluation Team, as provided in (f)(3)(ii), if applicable. The electric public utility's T&D Sub-Team shall provide its assessment of system upgrade costs to the Independent Administrator, who shall ~~first~~ determine whether such system upgrade costs have been appropriately assigned. The Independent Administrator shall then confidentially convey such information to the applicable market participant. **[ALTERNATIVE NO. 1: Re-pricing shall then be permitted in the manner and to the extent approved by the Commission.]**² **[ALTERNATIVE NO. 2: Any market participant assigned all or a portion of system upgrade shall be permitted one opportunity to re-price, leave the proposal unchanged, or withdraw the proposal.]**³ The Independent Administrator shall then re-rank the proposals based on such re-pricing and determine in consultation with the T&D Sub-Team whether such re-ranking necessitates any update to the assessment of system upgrades costs. ~~and then determine whether the original ranking of proposals needs to be modified to recognize the system upgrade costs assigned to each proposal. The Independent Administrator shall also eliminate any proposal where necessary in order to comply with G.S. 62-110.8(b)(4).~~ If no ~~reranking~~ update to the assessment of system upgrades is needed and the Independent Administrator has concluded its evaluation pursuant to (f)(3)(ii) of this Rule, if applicable, then the electric public utility shall select the winning proposals in accordance with subsection (iv) below. If an update to the assessment of system upgrades is needed, the Independent Administrator modifies the original ranking as result of the assignment of system upgrade costs or the elimination of a proposal, the Independent Administrator shall work with it shall deliver to the T&D Sub-Team of the electric public utility to assess the system upgrade costs attributable to the most cost-effective proposals. **[ALTERNATIVE NO. 1: Re-pricing shall then be permitted in the manner and to the extent approved by the Commission.]** ~~such revised list of proposals ranked in order from most competitive to least competitive (with market participant information redacted as described in step one) and the assignment of system upgrade costs described in this subsection shall be performed again by the T&D Sub-Team and provided to the Independent Administrator, who will re-rank the proposals. This process shall continue on an iterative basis, as directed by the Independent Administrator, until the Independent Administrator determines that the total generating capacity sought in the CPRE RFP Solicitation is satisfied in the most cost-effective manner after taking into account the~~ re-pricing permitted by the Commission~~assignment of system upgrade costs through this step two.~~

² The bracketed language would make the rule more open-ended, allowing for flexibility in future tranches if any re-pricing structure needs to be further adjusted.


³ The alternative bracketed language would effectuate the IA's recommendation that market participants that have been assigned a network upgrade only be permitted to have one opportunity to re-price.

- (iv) Upon completion of step two and determination by the Independent Administrator of the final ranking of the proposals, the Independent Administrator shall deliver to the Evaluation Team of the electric public utility the final ranked list of proposals. The electric public utility shall select proposals in the order ranked by the Independent Administrator until the total generating capacity sought in the CPRE RFP Solicitation is satisfied, and the Independent Administrator shall provide the electric public utility with the identity of the market participants that were so selected. Upon publication of the list of proposals selected, the Independent Administrator shall declare the CPRE RFP Solicitation closed.

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Progress, LLC's and Duke Energy Carolinas, LLC's CPRE Bid Refresh Procedure, in Docket Nos. E-2, Sub 1159 and E-7, Sub 1156, has been served by electronic mail, hand delivery or by depositing a copy in the United States mail, postage prepaid to parties of record.

This the 16th day of May, 2019.

A handwritten signature in black ink, appearing to read "Jack E. Jirak", is written over a horizontal line.

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