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OFFICIAL COPY

Feb 26 2016

February 26, 2016

VIA ELECTRONIC FILING

Mrs. Gail L. Mount, Chief Clerk
North Carolina Utilities Commission
Dobbs Building
430 North Salisbury Street
Raleigh, North Carolina 27603

Re: Docket No. E-100, Sub 140

Dear Mrs. Mount:

On behalf of Virginia Electric and Power Company, d/b/a Dominion North Carolina Power ("DNCP"), enclosed for filing in the above-referenced docket are DNCP's Revised Compliance Standard Avoided Cost Rate Schedules. Pursuant to the Order Granting Motion for Extension of Time issued February 18, 2016, DNCP is submitting the same rate schedules that it filed with the Commission on February 2, 2016, in compliance with the December 17, 2015 Order Establishing Standard Rates and Contract Terms for Qualifying Facilities, revised to reflect an updated effective date of March 1, 2016. Other than the revised effective date, no other changes have been made to these rate schedules. Both clean and blacklined versions of the rate schedules are enclosed, with the blacklined versions showing the revised effective date change from the rate schedules submitted in the Company's February 2, 2016 compliance filing.

Thank you for your assistance with this matter. Please do not hesitate to contact me if you have any questions.

Very truly yours,

s/Andrea R. Kells

ARK:asm

Enclosures

Schedule 19 - FP
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

I. APPLICABILITY AND AVAILABILITY

Subject to the limitations of this Section I, this schedule is applicable to any qualifying Cogenerator or Small Power Producer (Qualifying Facility) which desires to deliver all of its net electrical output to the Company, has either (1) generating facilities designated as new capacity as defined by 18 C.F.R. § 292.304(b)(1), or (2) hydroelectric generating facilities that meet the criteria of being owned or operated by a small power producer as defined in G.S. 62-3(27a), and enters into an agreement for the sale of net electrical output to the Company (Agreement).

Unless otherwise provided by a Commission order setting forth different availability dates, this schedule is available to any Qualifying Facility (otherwise eligible pursuant to the terms hereof) that, no later than the date on which proposed rates are filed in the next biennial avoided cost proceeding after Docket No. E-100, Sub 140, (a) has obtained a certificate of public convenience and necessity for its facility from the Commission or filed a report of proposed construction with the Commission pursuant to Commission Rule R8-65, (b) has self-certified with FERC as a Qualifying Facility (QF), and (c) has submitted to the Company a duly executed "Notice of Commitment to Sell the Output of a Qualifying Facility to Dominion North Carolina Power Company ("Notice of Commitment"). The form of the Notice of Commitment can be found on the Company's website through the following link: <https://www.dom.com/salestodncp>. Alternatively, a QF may request a Notice of Commitment form via email to PowerContracts@dom.com.

Where the QF elects to be compensated for firm deliveries in accordance with this schedule, the amount of capacity under contract (the "Contracted Capacity") and the initial term of contract shall be limited as follows:

(Continued)

Filed 02-26-16
Electric-North Carolina

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On and After 03-02-15. This Filing Effective
For Usage On and After 03-01-16.

Docket No. E-100, Sub 140

Schedule 19 - FP
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

I. APPLICABILITY AND AVAILABILITY (Continued)

- A. Where the QF operates hydroelectric generating facilities that meet the criteria of being owned or operated by a small power producer as defined in G.S. 62-3(27a), or where the QF operates non-hydroelectric QFs fueled by trash or methane derived from landfills, hog waste, poultry waste, solar, wind, and non-animal forms of biomass, the amount of Contracted Capacity subject to compensation shall be no greater than 5,000 kW, and the amount of energy purchased during a given hour at rates applicable to firm deliveries shall be no greater than 5,000 kWh. The initial term of contract for such a QF shall be for a period of five, 10, or 15 years, at the option of the QF.
- B. Where the QF is not defined under Paragraph I.A., the amount of Contracted Capacity subject to compensation shall be no greater than 3,000 kW, and the amount of energy purchased during a given hour at rates applicable to firm deliveries shall be no greater than 3,000 kWh. The initial term of contract for such a QF shall be for a period of 5 years.

Where the QF elects to be compensated for firm or non-firm deliveries in accordance with this schedule, the QF must begin deliveries to the Company within thirty months of the Commission's order in Docket No. E-100, Sub 140 approving this Schedule 19-FP to retain eligibility for the rates contained in this schedule; provided, however, a QF may be allowed additional time to begin deliveries of power to the Company if the QF facilities in question are nearly complete at the end of such thirty month period and the QF is able to demonstrate that it is making a good faith effort to complete its project in a timely manner. Where the QF elects an initial contract term of 10 or more years, such contract may be renewed for subsequent term(s), at the Company's option, based on substantially the same terms and provisions and at a rate either (1) mutually agreed upon by the parties negotiating in good faith and taking into consideration the Company's then avoided cost rates and other relevant factors or (2) set by arbitration.

(Continued)

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Electric-North Carolina

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Schedule 19 - FP
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

I. APPLICABILITY AND AVAILABILITY (Continued)

This schedule is not available or applicable to a QF owned by a developer, or affiliate of a developer, who sells power to the Company from another facility located within one-half mile unless: (1) each facility provides thermal energy to different, unaffiliated hosts; or (2) each facility provides thermal energy to the same host, and the host has multiple operations with distinctly different or separate thermal needs. For purposes of this paragraph, the distance between facilities shall be measured from the electrical-generating equipment of each facility.

This schedule is not available or applicable to a QF that utilizes a renewable resource, such as hydroelectric, solar, or wind power facilities, which is owned by a developer, or affiliate of a developer who is selling or will sell power to the Company from another QF using the same renewable energy resource located within one-half mile if the combined output of such renewable resource QFs will exceed 5,000 kW (ac). For purposes of this paragraph, distance between QFs shall be measured from the electrical generating equipment of each facility.

II. MONTHLY BILLING TO THE QF

All sales to the QF will be in accordance with any applicable filed rate schedule. In addition, where the QF contracts for sales to the Company, the QF will be billed a monthly charge equal to one of the following to cover the cost of meter reading and processing:

| <u>Metering required</u> | <u>Charge</u> |
|-----------------------------------|---------------|
| One non-time-differentiated meter | \$17.24 |
| One time-differentiated meter | \$35.55 |
| Two time-differentiated meters | \$41.16 |

(Continued)

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Schedule 19 - FP
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

III. DEFINITION OF ON- AND OFF-PEAK HOURS

A. For Option A Rates the On-Peak Hours are:

Summer

- (i) For the periods beginning at 12:00 midnight March 31 and ending at 12:00 midnight September 30:

The on-peak hours are defined as the hours between 10:00 a.m. and 10:00 p.m., Monday through Friday, excluding holidays considered as off-peak.

Non-Summer

- (ii) For the periods beginning at 12:00 midnight September 30 and ending at 12:00 midnight March 31:

The on-peak hours are defined as those hours between 6:00 a.m. and 1:00 p.m., plus 4:00 p.m. through 9:00 p.m., Monday through Friday, excluding holidays considered as off-peak.

B. For Option B Rates the On-Peak Hours are:

Summer

- (i) For the periods beginning at 12:00 midnight May 31 and ending at 12:00 midnight September 30:

The on-peak hours are defined as the hours between 1:00 p.m. and 9:00 p.m., Monday through Friday, excluding holidays considered as off-peak.

(Continued)

Schedule 19 - FP
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

III. DEFINITION OF ON- AND OFF-PEAK HOURS (Continued)

Non-Summer

- (ii) For the periods beginning at 12:00 midnight September 30 and ending at 12:00 midnight May 31:

The on-peak hours are defined as those hours between 6:00 a.m. and 1:00 p.m., Monday through Friday, excluding holidays considered as off-peak.

Note: Option B Rates and Hours are Applicable Only to QFs Electing the Firm Mode of Operation

C. Off-Peak Hours:

The off-peak hours in any month are defined as all hours not specified above as on-peak hours. All hours for the following holidays will be considered as off-peak: New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the day after Thanksgiving, and Christmas Day. When one of the above holidays falls on a Saturday, the Friday before the holiday will be considered off-peak; when the holiday falls on a Sunday, the following Monday will be considered off-peak.

IV. CONTRACT OPTIONS FOR DESIGNATING MODE OF OPERATION

The QF shall designate under contract its Mode of Operation from the following options, each of which determines the Company's method of payment.

- A. Non-Reimbursement Mode. The QF may contract for the delivery of energy to the Company without reimbursement, designated as the Non-reimbursement Mode of Operation.

(Continued)

Schedule 19 - FP
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

IV. CONTRACT OPTIONS FOR DESIGNATING MODE OF OPERATION
(Continued)

- B. Energy-Only, Non-time-differentiated or the Energy-Only, Time-differentiated Mode. The QF may contract for the delivery of energy-only energy to the Company (energy-only payments are not fixed for the duration of the PPA term; the rates will change with each revision of this schedule, and there is no payment for capacity to QFs selecting the energy-only option). Where the QF's generation facilities have an aggregate nameplate rating of 100 kW or less the QF may designate the energy-only, Non-time-differentiated Mode of Operation. Regardless of nameplate rating the QF may designate the energy-only, Time-differentiated Mode of Operation.
- C. Firm Mode. The QF may contract for the delivery of both energy and capacity to the Company under Firm Mode. The level of capacity which the QF contracts to sell to the Company shall not exceed 5,000 kW, where the QF is defined under Paragraph I.A., or 3,000 kW otherwise. This capacity level, in kW, shall be referred to as the Contracted Capacity. When the QF elects to sell firm energy and capacity, the QF shall designate the Firm Mode of Operation.

V. PAYMENT FOR COMPANY PURCHASES OF ENERGY-ONLY

The QF may contract to receive payment for energy-only determined with each revision of this schedule. These rates will be based upon the QF's Mode of Operation as described below. There are no capacity payments for the QFs that contract for energy-only energy.

- A. Non-reimbursement Mode of Operation. Where the QF designates the Non-Reimbursement Mode of Operation, no payment will be made for energy delivered.

(Continued)

Schedule 19 - FP
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

V. PAYMENT FOR COMPANY PURCHASES OF ENERGY-ONLY (Continued)

- B. Non-time-differentiated Mode of Operation. Where the QF's generation facilities have an aggregate nameplate rating of 100 kW or less and the QF designates the energy-only, Non-time-differentiated Mode of Operation, the following rates in cents per kWh are applicable:

3.356

- C. Time-differentiated Mode of Operation. Where the QF designates the energy-only Time-differentiated Mode of Operation, the following On- and Off-peak rates in cents per kWh are applicable:

| | |
|---------------------------------------|-------|
| On-peak (as defined in Section III.A) | 3.826 |
| Off-peak | 3.096 |

The rates in both B and C above will be redetermined on a biennial basis on each revision of this schedule. Further, for clarity, the Energy-only rates in C above are identical to the Variable Rates shown below in Section VI. A.

All energy purchase rates regardless of Mode of Operation will be further increased by 3.0% to account for line losses avoided by the Company.

VI. PAYMENT FOR COMPANY PURCHASES OF FIRM ENERGY

QFs designating the Firm Mode of Operation will be eligible to receive capacity payments in addition to energy rates under this Section VI – Firm Energy. The QF may contract to receive payments for firm energy based on A or B, below. Contract terms for 10 or 15 years are available only where the QF is defined under Paragraph I.A. Capacity payments to the QF will be paired with the option the QF selects for firm energy payments (e.g., if the QF selects Option A for firm energy payments, the QF will be paid Option A capacity payments).

(Continued)

Schedule 19 - FP
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

VI. PAYMENT FOR COMPANY PURCHASES OF FIRM ENERGY (Continued)

In lieu of fixed rates, a QF that selects the Firm Mode of Operation may contract to receive payment for time-differentiated energy at rates to be determined with each revision of this schedule. These rates in cents per kWh, which reflect the Company's estimated avoided energy cost for delivery of energy until the next biennial filing, are as shown in the price tables below under the heading Variable Rate:

- A. Option A: The QF may contract to receive energy purchase payments for the delivery of firm energy based upon fixed prices, as shown below in cents per kWh:

| | <u>Variable Rate</u> | <u>Fixed Long-Term Rate</u> | | |
|------------------|----------------------|-----------------------------|----------------|----------------|
| | | <u>5-Year</u> | <u>10-Year</u> | <u>15-Year</u> |
| On-Peak (¢/kWh) | 3.826 | 4.367 | 4.743 | 5.037 |
| Off-peak (¢/kWh) | 3.096 | 3.612 | 3.963 | 4.188 |

- B. Option B: The QF may contract to receive energy purchase payments for the delivery of firm energy based upon fixed prices, as shown below in cents per kWh:

| | <u>Variable Rate</u> | <u>Fixed Long-Term Rate</u> | | |
|------------------|----------------------|-----------------------------|----------------|----------------|
| | | <u>5-Year</u> | <u>10-Year</u> | <u>15-Year</u> |
| On-Peak (¢/kWh) | 3.826 | 4.412 | 4.802 | 5.124 |
| Off-peak (¢/kWh) | 3.226 | 3.734 | 4.085 | 4.314 |

Operator shall be paid for energy up to 5% above the Contracted Capacity in any hour at the then applicable energy-only rates under Schedule 19-FP except no payment shall be made for generation in excess of 5,000 kW or 3,000 kW as applicable pursuant to Section I.A. or I.B.

All energy purchase rates will be further increased by 3.0% to account for line losses avoided by the Company.

(Continued)

Schedule 19 - FP
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

VII. PAYMENT FOR COMPANY PURCHASES OF CAPACITY

Company purchases of capacity are applicable only where the QF elects the Firm Mode of Operation. The QF will receive payments for capacity based on Option A below if the QF selected Option A for firm energy payments. The QF will receive capacity payment based on Option B below if the QF selected Option B for firm energy payments. Capacity payments are applicable during on-peak hours only. Such QFs shall receive capacity purchase payments based on the applicable levelized capacity purchase price below, in cents per kWh, corresponding to the contract length in years. Contract terms of 10 or 15 years are available only for QFs described in Paragraph I.A.

Option A:

For hydroelectric facilities with no storage capability and no other type of generation:

| | <u>Capacity Price</u> | | |
|----------------------------|-----------------------|----------------|----------------|
| | <u>5-Year</u> | <u>10-Year</u> | <u>15-Year</u> |
| On-Peak (¢/kWh) Summer | 4.351 | 4.515 | 4.665 |
| On-Peak (¢/kWh) Non-summer | 2.900 | 3.010 | 3.110 |

For all other facilities:

| | <u>Capacity Price</u> | | |
|----------------------------|-----------------------|----------------|----------------|
| | <u>5-Year</u> | <u>10-Year</u> | <u>15-Year</u> |
| On-Peak (¢/kWh) Summer | 2.611 | 2.709 | 2.799 |
| On-Peak (¢/kWh) Non-summer | 1.740 | 1.806 | 1.866 |

(Continued)

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Electric-North Carolina

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Schedule 19 - FP
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

VII. PAYMENT FOR COMPANY PURCHASES OF CAPACITY (Continued)

Option B:

For hydroelectric facilities with no storage capability and no other type of generation:

| | <u>Capacity Price</u> | | |
|----------------------------|-----------------------|----------------|----------------|
| | <u>5-Year</u> | <u>10-Year</u> | <u>15-Year</u> |
| On-Peak (¢/kWh) Summer | 9.981 | 10.358 | 10.701 |
| On-Peak (¢/kWh) Non-summer | 3.848 | 3.993 | 4.125 |

For all other facilities:

| | <u>Capacity Price</u> | | |
|----------------------------|-----------------------|----------------|----------------|
| | <u>5-Year</u> | <u>10-Year</u> | <u>15-Year</u> |
| On-Peak (¢/kWh) Summer | 5.989 | 6.215 | 6.421 |
| On-Peak (¢/kWh) Non-summer | 2.309 | 2.396 | 2.475 |

Payments will be made to the QF by applying the appropriate levelized capacity purchase price above to all kWh delivered to the Company during each on-peak hour, up to the 100% of the Contracted Capacity in such hour. There will be no compensation for capacity in excess of the QF's Contracted Capacity in an hour. This capacity price will be in accordance with the length of rate term for capacity sales so established in the contract.

(Continued)

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Electric-North Carolina

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Schedule 19 - FP
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

VIII. PROVISIONS FOR COMPANY PURCHASE OF THE QF GENERATION

- A. The QF shall own and be fully responsible for the costs and performance of the QF's:
 - 1. Generating facility in accordance with all applicable laws and governmental agencies having jurisdiction;
 - 2. Control and protective devices as required by the Company on the QF's side of the meter.
- B. The sale of power to the Company by a QF at avoided cost rates pursuant to this Schedule 19-FP does not convey ownership to the Company of the renewable energy credits or green tags associated with the QF facility.
- C. The QF is responsible for obtaining an interconnection service agreement for delivery of capacity and energy generated by its facility onto the Company's electrical system. Information on interconnection procedures for the QF's generation interconnection is provided through the Internet at the Company's website:

<https://www.dom.com/library/domcom/pdfs/north-carolina-power/rates/terms-and-conditions/term24.pdf>.

If the interconnection is subject to FERC jurisdiction, the interconnection will be in accordance with FERC and PJM Interconnection, L.L.C. requirements.

(Continued)

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Schedule 19 - FP
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

IX. MODIFICATION OF RATES AND OTHER PROVISIONS HEREUNDER

The provisions of this schedule, including the rates for purchase of energy and Contracted Capacity by the Company, are subject to modification at any time in the manner prescribed by law, and when so modified, shall supersede the rates and provisions hereof. However, payments to QFs with contracts for a specified term at payments established at the time the obligation is incurred shall remain at the payment levels established in their contract.

If the QF terminates its contract to provide Contracted Capacity and energy to the Company prior to the expiration of the contract term, the QF shall, in addition to other liabilities, be liable to the Company for excess capacity and energy payments.

Such excess payments will be calculated by taking the difference between (1) the total capacity and energy payments already made by the Company to the QF and (2) capacity and energy payments calculated based on the levelized capacity and energy purchase price found in Paragraph VI and VII corresponding to the highest term option completed by the QF. These excess payments shall also include interest, from the time such excess payments were made, compounded annually at the rate equal to the Company's most current issue of long-term debt at the time of the contract's effective date.

X. TERM OF CONTRACT

The term of contract shall be such as may be mutually agreed upon but for not less than one year.

Schedule 19 - FP
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

I. APPLICABILITY AND AVAILABILITY

Subject to the limitations of this Section I, this schedule is applicable to any qualifying Cogenerator or Small Power Producer (Qualifying Facility) which desires to deliver all of its net electrical output to the Company, has either (1) generating facilities designated as new capacity as defined by 18 C.F.R. § 292.304(b)(1), or (2) hydroelectric generating facilities that meet the criteria of being owned or operated by a small power producer as defined in G.S. 62-3(27a), and enters into an agreement for the sale of net electrical output to the Company (Agreement).

Unless otherwise provided by a Commission order setting forth different availability dates, this schedule is available to any Qualifying Facility (otherwise eligible pursuant to the terms hereof) that, no later than the date on which proposed rates are filed in the next biennial avoided cost proceeding after Docket No. E-100, Sub 140, (a) has obtained a certificate of public convenience and necessity for its facility from the Commission or filed a report of proposed construction with the Commission pursuant to Commission Rule R8-65, (b) has self-certified with FERC as a Qualifying Facility (QF), and (c) has submitted to the Company a duly executed "Notice of Commitment to Sell the Output of a Qualifying Facility to Dominion North Carolina Power Company ("Notice of Commitment"). The form of the Notice of Commitment can be found on the Company's website through the following link: <https://www.dom.com/salestodncp>. Alternatively, a QF may request a Notice of Commitment form via email to PowerContracts@dom.com.

Where the QF elects to be compensated for firm deliveries in accordance with this schedule, the amount of capacity under contract (the "Contracted Capacity") and the initial term of contract shall be limited as follows:

(Continued)

Filed 02-~~02~~26-16
Electric-North Carolina

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Schedule 19 - FP
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

I. APPLICABILITY AND AVAILABILITY (Continued)

- A. Where the QF operates hydroelectric generating facilities that meet the criteria of being owned or operated by a small power producer as defined in G.S. 62-3(27a), or where the QF operates non-hydroelectric QFs fueled by trash or methane derived from landfills, hog waste, poultry waste, solar, wind, and non-animal forms of biomass, the amount of Contracted Capacity subject to compensation shall be no greater than 5,000 kW, and the amount of energy purchased during a given hour at rates applicable to firm deliveries shall be no greater than 5,000 kWh. The initial term of contract for such a QF shall be for a period of five, 10, or 15 years, at the option of the QF.
- B. Where the QF is not defined under Paragraph I.A., the amount of Contracted Capacity subject to compensation shall be no greater than 3,000 kW, and the amount of energy purchased during a given hour at rates applicable to firm deliveries shall be no greater than 3,000 kWh. The initial term of contract for such a QF shall be for a period of 5 years.

Where the QF elects to be compensated for firm or non-firm deliveries in accordance with this schedule, the QF must begin deliveries to the Company within thirty months of the Commission's order in Docket No. E-100, Sub 140 approving this Schedule 19-FP to retain eligibility for the rates contained in this schedule; provided, however, a QF may be allowed additional time to begin deliveries of power to the Company if the QF facilities in question are nearly complete at the end of such thirty month period and the QF is able to demonstrate that it is making a good faith effort to complete its project in a timely manner. Where the QF elects an initial contract term of 10 or more years, such contract may be renewed for subsequent term(s), at the Company's option, based on substantially the same terms and provisions and at a rate either (1) mutually agreed upon by the parties negotiating in good faith and taking into consideration the Company's then avoided cost rates and other relevant factors or (2) set by arbitration.

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Filed 02-~~0226~~-16
Electric-North Carolina

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Schedule 19 - FP
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

I. APPLICABILITY AND AVAILABILITY (Continued)

This schedule is not available or applicable to a QF owned by a developer, or affiliate of a developer, who sells power to the Company from another facility located within one-half mile unless: (1) each facility provides thermal energy to different, unaffiliated hosts; or (2) each facility provides thermal energy to the same host, and the host has multiple operations with distinctly different or separate thermal needs. For purposes of this paragraph, the distance between facilities shall be measured from the electrical-generating equipment of each facility.

This schedule is not available or applicable to a QF that utilizes a renewable resource, such as hydroelectric, solar, or wind power facilities, which is owned by a developer, or affiliate of a developer who is selling or will sell power to the Company from another QF using the same renewable energy resource located within one-half mile if the combined output of such renewable resource QFs will exceed 5,000 kW (ac). For purposes of this paragraph, distance between QFs shall be measured from the electrical generating equipment of each facility.

II. MONTHLY BILLING TO THE QF

All sales to the QF will be in accordance with any applicable filed rate schedule. In addition, where the QF contracts for sales to the Company, the QF will be billed a monthly charge equal to one of the following to cover the cost of meter reading and processing:

| <u>Metering required</u> | <u>Charge</u> |
|-----------------------------------|---------------|
| One non-time-differentiated meter | \$17.24 |
| One time-differentiated meter | \$35.55 |
| Two time-differentiated meters | \$41.16 |

(Continued)

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Schedule 19 - FP
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

III. DEFINITION OF ON- AND OFF-PEAK HOURS

A. For Option A Rates the On-Peak Hours are:

Summer

- (i) For the periods beginning at 12:00 midnight March 31 and ending at 12:00 midnight September 30:

The on-peak hours are defined as the hours between 10:00 a.m. and 10:00 p.m., Monday through Friday, excluding holidays considered as off-peak.

Non-Summer

- (ii) For the periods beginning at 12:00 midnight September 30 and ending at 12:00 midnight March 31:

The on-peak hours are defined as those hours between 6:00 a.m. and 1:00 p.m., plus 4:00 p.m. through 9:00 p.m., Monday through Friday, excluding holidays considered as off-peak.

B. For Option B Rates the On-Peak Hours are:

Summer

- (i) For the periods beginning at 12:00 midnight May 31 and ending at 12:00 midnight September 30:

The on-peak hours are defined as the hours between 1:00 p.m. and 9:00 p.m., Monday through Friday, excluding holidays considered as off-peak.

(Continued)

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Electric-North Carolina

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Schedule 19 - FP
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

III. DEFINITION OF ON- AND OFF-PEAK HOURS (Continued)

Non-Summer

- (ii) For the periods beginning at 12:00 midnight September 30 and ending at 12:00 midnight May 31:

The on-peak hours are defined as those hours between 6:00 a.m. and 1:00 p.m., Monday through Friday, excluding holidays considered as off-peak.

Note: Option B Rates and Hours are Applicable Only to QFs Electing the Firm Mode of Operation

C. Off-Peak Hours:

The off-peak hours in any month are defined as all hours not specified above as on-peak hours. All hours for the following holidays will be considered as off-peak: New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the day after Thanksgiving, and Christmas Day. When one of the above holidays falls on a Saturday, the Friday before the holiday will be considered off-peak; when the holiday falls on a Sunday, the following Monday will be considered off-peak.

IV. CONTRACT OPTIONS FOR DESIGNATING MODE OF OPERATION

The QF shall designate under contract its Mode of Operation from the following options, each of which determines the Company's method of payment.

- A. Non-Reimbursement Mode. The QF may contract for the delivery of energy to the Company without reimbursement, designated as the Non-reimbursement Mode of Operation.

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(Continued)

IV. CONTRACT OPTIONS FOR DESIGNATING MODE OF OPERATION
(Continued)

- B. Energy-Only, Non-time-differentiated or the Energy-Only, Time-differentiated Mode. The QF may contract for the delivery of energy-only energy to the Company (energy-only payments are not fixed for the duration of the PPA term; the rates will change with each revision of this schedule, and there is no payment for capacity to QFs selecting the energy-only option). Where the QF's generation facilities have an aggregate nameplate rating of 100 kW or less the QF may designate the energy-only, Non-time-differentiated Mode of Operation. Regardless of nameplate rating the QF may designate the energy-only, Time-differentiated Mode of Operation.
- C. Firm Mode. The QF may contract for the delivery of both energy and capacity to the Company under Firm Mode. The level of capacity which the QF contracts to sell to the Company shall not exceed 5,000 kW, where the QF is defined under Paragraph I.A., or 3,000 kW otherwise. This capacity level, in kW, shall be referred to as the Contracted Capacity. When the QF elects to sell firm energy and capacity, the QF shall designate the Firm Mode of Operation.

V. PAYMENT FOR COMPANY PURCHASES OF ENERGY-ONLY

The QF may contract to receive payment for energy-only determined with each revision of this schedule. These rates will be based upon the QF's Mode of Operation as described below. There are no capacity payments for the QFs that contract for energy-only energy.

- A. Non-reimbursement Mode of Operation. Where the QF designates the Non-Reimbursement Mode of Operation, no payment will be made for energy delivered.

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(Continued)

V. PAYMENT FOR COMPANY PURCHASES OF ENERGY-ONLY (Continued)

- B. Non-time-differentiated Mode of Operation. Where the QF's generation facilities have an aggregate nameplate rating of 100 kW or less and the QF designates the energy-only, Non-time-differentiated Mode of Operation, the following rates in cents per kWh are applicable:

3.356

- C. Time-differentiated Mode of Operation. Where the QF designates the energy-only Time-differentiated Mode of Operation, the following On- and Off-peak rates in cents per kWh are applicable:

| | |
|---------------------------------------|-------|
| On-peak (as defined in Section III.A) | 3.826 |
| Off-peak | 3.096 |

The rates in both B and C above will be redetermined on a biennial basis on each revision of this schedule. Further, for clarity, the Energy-only rates in C above are identical to the Variable Rates shown below in Section VI. A.

All energy purchase rates regardless of Mode of Operation will be further increased by 3.0% to account for line losses avoided by the Company.

VI. PAYMENT FOR COMPANY PURCHASES OF FIRM ENERGY

QFs designating the Firm Mode of Operation will be eligible to receive capacity payments in addition to energy rates under this Section VI – Firm Energy. The QF may contract to receive payments for firm energy based on A or B, below. Contract terms for 10 or 15 years are available only where the QF is defined under Paragraph I.A. Capacity payments to the QF will be paired with the option the QF selects for firm energy payments (e.g., if the QF selects Option A for firm energy payments, the QF will be paid Option A capacity payments).

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VI. PAYMENT FOR COMPANY PURCHASES OF FIRM ENERGY (Continued)

In lieu of fixed rates, a QF that selects the Firm Mode of Operation may contract to receive payment for time-differentiated energy at rates to be determined with each revision of this schedule. These rates in cents per kWh, which reflect the Company's estimated avoided energy cost for delivery of energy until the next biennial filing, are as shown in the price tables below under the heading Variable Rate:

- A. Option A: The QF may contract to receive energy purchase payments for the delivery of firm energy based upon fixed prices, as shown below in cents per kWh:

| | <u>Variable Rate</u> | <u>Fixed Long-Term Rate</u> | | |
|------------------|--------------------------|-----------------------------|----------------|----------------|
| | | <u>5-Year</u> | <u>10-Year</u> | <u>15-Year</u> |
| On-Peak (¢/kWh) | 3.826 | 4.367 | 4.743 | 5.037 |
| Off-peak (¢/kWh) | 3.096 | 3.612 | 3.963 | 4.188 |

- B. Option B: The QF may contract to receive energy purchase payments for the delivery of firm energy based upon fixed prices, as shown below in cents per kWh:

| | <u>Variable Rate</u> | <u>Fixed Long-Term Rate</u> | | |
|------------------|--------------------------|-----------------------------|----------------|----------------|
| | | <u>5-Year</u> | <u>10-Year</u> | <u>15-Year</u> |
| On-Peak (¢/kWh) | 3.826 | 4.412 | 4.802 | 5.124 |
| Off-peak (¢/kWh) | 3.226 | 3.734 | 4.085 | 4.314 |

Operator shall be paid for energy up to 5% above the Contracted Capacity in any hour at the then applicable energy-only rates under Schedule 19-FP except no payment shall be made for generation in excess of 5,000 kW or 3,000 kW as applicable pursuant to Section I.A. or I.B.

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All energy purchase rates will be further increased by 3.0% to account for line losses avoided by the Company.

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VII. PAYMENT FOR COMPANY PURCHASES OF CAPACITY

Company purchases of capacity are applicable only where the QF elects the Firm Mode of Operation. The QF will receive payments for capacity based on Option A below if the QF selected Option A for firm energy payments. The QF will receive capacity payment based on Option B below if the QF selected Option B for firm energy payments. Capacity payments are applicable during on-peak hours only. Such QFs shall receive capacity purchase payments based on the applicable levelized capacity purchase price below, in cents per kWh, corresponding to the contract length in years. Contract terms of 10 or 15 years are available only for QFs described in Paragraph I.A.

Option A:

For hydroelectric facilities with no storage capability and no other type of generation:

| | <u>Capacity Price</u> | | |
|----------------------------|-----------------------|----------------|----------------|
| | <u>5-Year</u> | <u>10-Year</u> | <u>15-Year</u> |
| On-Peak (¢/kWh) Summer | 4.351 | 4.515 | 4.665 |
| On-Peak (¢/kWh) Non-summer | 2.900 | 3.010 | 3.110 |

For all other facilities:

| | <u>Capacity Price</u> | | |
|----------------------------|-----------------------|----------------|----------------|
| | <u>5-Year</u> | <u>10-Year</u> | <u>15-Year</u> |
| On-Peak (¢/kWh) Summer | 2.611 | 2.709 | 2.799 |
| On-Peak (¢/kWh) Non-summer | 1.740 | 1.806 | 1.866 |

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VII. PAYMENT FOR COMPANY PURCHASES OF CAPACITY (Continued)

Option B:

For hydroelectric facilities with no storage capability and no other type of generation:

| | <u>Capacity Price</u> | | |
|----------------------------|-----------------------|----------------|----------------|
| | <u>5-Year</u> | <u>10-Year</u> | <u>15-Year</u> |
| On-Peak (¢/kWh) Summer | 9.981 | 10.358 | 10.701 |
| On-Peak (¢/kWh) Non-summer | 3.848 | 3.993 | 4.125 |

For all other facilities:

| | <u>Capacity Price</u> | | |
|----------------------------|-----------------------|----------------|----------------|
| | <u>5-Year</u> | <u>10-Year</u> | <u>15-Year</u> |
| On-Peak (¢/kWh) Summer | 5.989 | 6.215 | 6.421 |
| On-Peak (¢/kWh) Non-summer | 2.309 | 2.396 | 2.475 |

Payments will be made to the QF by applying the appropriate levelized capacity purchase price above to all kWh delivered to the Company during each on-peak hour, up to the 100% of the Contracted Capacity in such hour. There will be no compensation for capacity in excess of the QF's Contracted Capacity in an hour. This capacity price will be in accordance with the length of rate term for capacity sales so established in the contract.

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VIII. PROVISIONS FOR COMPANY PURCHASE OF THE QF GENERATION

- A. The QF shall own and be fully responsible for the costs and performance of the QF's:
 - 1. Generating facility in accordance with all applicable laws and governmental agencies having jurisdiction;
 - 2. Control and protective devices as required by the Company on the QF's side of the meter.
- B. The sale of power to the Company by a QF at avoided cost rates pursuant to this Schedule 19-FP does not convey ownership to the Company of the renewable energy credits or green tags associated with the QF facility.
- C. The QF is responsible for obtaining an interconnection service agreement for delivery of capacity and energy generated by its facility onto the Company's electrical system. Information on interconnection procedures for the QF's generation interconnection is provided through the Internet at the Company's website:

<https://www.dom.com/library/domcom/pdfs/north-carolina-power/rates/terms-and-conditions/term24.pdf>.

If the interconnection is subject to FERC jurisdiction, the interconnection will be in accordance with FERC and PJM Interconnection, L.L.C. requirements.

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Schedule 19 - FP
POWER PURCHASES FROM
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(Continued)

IX. MODIFICATION OF RATES AND OTHER PROVISIONS HEREUNDER

The provisions of this schedule, including the rates for purchase of energy and Contracted Capacity by the Company, are subject to modification at any time in the manner prescribed by law, and when so modified, shall supersede the rates and provisions hereof. However, payments to QFs with contracts for a specified term at payments established at the time the obligation is incurred shall remain at the payment levels established in their contract.

If the QF terminates its contract to provide Contracted Capacity and energy to the Company prior to the expiration of the contract term, the QF shall, in addition to other liabilities, be liable to the Company for excess capacity and energy payments.

Such excess payments will be calculated by taking the difference between (1) the total capacity and energy payments already made by the Company to the QF and (2) capacity and energy payments calculated based on the levelized capacity and energy purchase price found in Paragraph VI and VII corresponding to the highest term option completed by the QF. These excess payments shall also include interest, from the time such excess payments were made, compounded annually at the rate equal to the Company's most current issue of long-term debt at the time of the contract's effective date.

X. TERM OF CONTRACT

The term of contract shall be such as may be mutually agreed upon but for not less than one year.

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Schedule 19 - LMP
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

I. APPLICABILITY AND AVAILABILITY

Subject to the limitations of this Section I, this schedule is applicable to any qualifying Cogenerator or Small Power Producer (Qualifying Facility) which desires to deliver all of its net electrical output to the Company, has either (1) generating facilities designated as new capacity as defined by 18 C.F.R. § 292.304(b)(1), or (2) hydroelectric generating facilities that meet the criteria of being owned or operated by a small power producer as defined in G.S. 62-3(27a), and enters into an agreement for the sale of net electrical output to the Company (Agreement).

Unless otherwise provided by a Commission order setting forth different availability dates, this schedule is available to any Qualifying Facility (otherwise eligible pursuant to the terms hereof) that, no later than the date on which proposed rates are filed in the next biennial avoided cost proceeding after Docket No. E-100, Sub 140, (a) has obtained a certificate of public convenience and necessity for its facility from the Commission or filed a report of proposed construction with the Commission pursuant to Commission Rule R8-65, (b) has self-certified with FERC as a Qualifying Facility (QF), and (c) has submitted to the Company a duly executed Notice of Commitment to Sell the Output of a Qualifying Facility Company ("Notice of Commitment"). The form of Notice of Commitment can be found on the Company's website through the following link: <https://www.dom.com/salestodncp>. Alternatively, a QF may request a Notice of Commitment form via email to PowerContracts@dom.com.

Where the QF elects to be compensated for deliveries in accordance with this schedule, the amount of capacity under contract (the "Contracted Capacity") and the initial term of contract shall be limited as follows:

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Schedule 19 - LMP
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(Continued)

I. APPLICABILITY AND AVAILABILITY (Continued)

- A. Where the QF operates hydroelectric generating facilities that meet the criteria of being owned or operated by a small power producer as defined in G.S. 62-3(27a), or where the QF operates non-hydroelectric QFs fueled by trash or methane derived from landfills, hog waste, poultry waste, solar, wind, and non-animal forms of biomass, the amount of Contracted Capacity subject to compensation shall be no greater than 5,000 kW, and the amount of energy purchased during a given hour shall be no greater than 5,000 kWh. The initial term of contract for such a QF shall be for a period of five, 10, or 15 years, at the option of the QF.
- B. Where the QF is not defined under Paragraph I.A., the amount of Contracted Capacity subject to compensation shall be no greater than 3,000 kW, and the amount of energy purchased during a given hour shall be no greater than 3,000 kWh. The initial term of contract for such a QF shall be for a period of five years.

Where the QF elects to be compensated for deliveries in accordance with this schedule, the QF must begin deliveries to the Company within thirty months of the Commission's order in Docket No. E-100, Sub 140 approving this Schedule 19-LMP to retain eligibility for the rates contained in this schedule; provided, however, a QF may be allowed additional time to begin deliveries of power to the Company if the QF facilities in question are nearly complete at the end of such thirty month period and the QF is able to demonstrate that it is making a good faith effort to complete its project in a timely manner. Where the QF elects an initial contract term of 10 or more years, such contract may be renewed for subsequent term(s), at the Company's option, based on substantially the same terms and provisions and at a rate either (1) mutually agreed upon by the parties negotiating in good faith and taking into consideration the Company's then avoided cost rates and other relevant factors or (2) set by arbitration.

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(Continued)

I. APPLICABILITY AND AVAILABILITY (Continued)

This schedule is not available or applicable to a QF owned by a developer, or affiliate of a developer, who sells power to the Company from another facility located within one-half mile unless: (1) each facility provides thermal energy to different, unaffiliated hosts; or (2) each facility provides thermal energy to the same host, and the host has multiple operations with distinctly different or separate thermal needs. For purposes of this paragraph, the distance between facilities shall be measured from the electrical-generating equipment of each facility.

This schedule is not available or applicable to a QF that utilizes a renewable resource, such as hydroelectric, solar, or wind power facilities, which is owned by a developer, or affiliate of a developer, who is selling or will sell power to the Company from another QF using the same renewable energy resource located within one-half mile if the combined output of such renewable resource QFs will exceed 5,000 kW (ac). For purposes of this paragraph, distance between QFs shall be measured from the electrical generating equipment of each facility.

II. MONTHLY BILLING TO THE QF

All sales to the QF will be in accordance with any applicable filed rate schedule. In addition, where the QF contracts for sales to the Company, the QF will be billed a monthly charge equal to one of the following to cover the cost of meter reading and processing:

| <u>Metering required</u> | <u>Charge</u> |
|-----------------------------------|---------------|
| One non-time-differentiated meter | \$17.24 |
| One time-differentiated meter | \$35.55 |
| Two time-differentiated meters | \$41.16 |

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III. CONTRACT OPTIONS

QFs with a design capacity of 10 kW or less shall elect, from the following two options, the manner in which the QF shall operate and provide its electrical output to the Company. This election shall be contracted for and made a part of the QF's Agreement. QFs with a design capacity greater than 10 kW must contract for the supply of both energy and capacity to the Company, in accordance with Paragraph III. A., below. Purchase payments, if any, to the QF for the supply of energy and/or capacity to the Company shall be based on this contractual designation.

- A. Supply of Energy and Capacity. A QF shall contract for the supply of both energy and capacity to the Company, except as may be permitted pursuant to Paragraph III. B., below. The level of capacity that the QF contracts for shall not exceed the capacity limits outlined in Paragraph I. The supply of both energy and capacity shall require the installation of one (or two, if necessary) time differentiated meter(s) to measure the hourly output of the QF's generation facility.
- B. Supply of Energy Only. A QF with a design capacity of 10 kW or less may elect to contract for the supply of energy only to the Company. A QF electing this option will not be eligible for capacity payments. Election of this option shall require the installation of a non-time-differentiated meter to measure the monthly output of the QF's generation facility.

IV. PAYMENT FOR COMPANY PURCHASES OF ENERGY AND CAPACITY

A QF that supplies both energy and capacity to the Company, in accordance with Paragraph III.A., above, shall receive purchase payments as follows:

(Continued)

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(Continued)

IV. PAYMENT FOR COMPANY PURCHASES OF ENERGY AND CAPACITY
(Continued)

A. Energy Purchase Payments

1. Purchase payments for the supply of energy by the QF to the Company will be based on an hourly energy purchase price (cents per kWh) that is calculated using the hourly \$/MWh PJM Interconnection, LLC (PJM) Dom Zone Day Ahead Locational Marginal Price (DA LMP) divided by 10, and multiplied by the hourly net generation as recorded on the Company's time-differentiated meter. Operator shall be paid for energy up to 105% of Contracted Capacity in any hour except no payment shall be made for generation in excess of contracted capacity of 5,000 kW or 3,000 kW as applicable pursuant to Section I.A. or I.B. There will be no reimbursement for any energy delivered above 105% of such QF's Contracted Capacity.
2. All energy purchase prices per kWh will be increased by 3.0% to account for line losses avoided by the Company.

B. Capacity Purchase Payments

Purchase payments for the supply of capacity by the QF to the Company will be made based upon the QF's daily net on-peak generation multiplied by that corresponding day's on-peak capacity purchase price, as calculated below. If applicable, the purchase payment for capacity may be modified by application of the Summer Peak Performance Factor (SPPF), as described below. The on-peak hours for every day are from 7 AM to 11 PM. Off-peak hours are defined as all other hours. Capacity Payment shall not be made for generation in any hour that exceeds the Contracted Capacity.

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IV. PAYMENT FOR COMPANY PURCHASES OF ENERGY AND CAPACITY
(Continued)

Effective each June 1, PJM will establish the Reliability Pricing Model capacity resource clearing price for each PJM zone, shown as \$/MW/day price, that will be applicable through the following May 31. Such prices will be the clearing results from PJM's Base Residual Auction. In the event there are multiple products and prices for the applicable PJM Base Residual Auction, DNCP will pay Operator the price associated with the capacity product most applicable to the QF resource type and performance.

Using the applicable price for the Dom Zone, the Company will calculate an on-peak capacity purchase price (cents per kWh) for each day by dividing the Dom Zone \$/MW/day price by 16 hours, and further dividing the result by 10, rounded to the nearest one-thousandth cent. The resulting cents per kWh on-peak capacity purchase price will be applied to the QF's net on-peak generation for the corresponding day, to provide for the daily capacity purchase amount. The sum of the daily capacity purchase amounts for the billing month will constitute the monthly capacity purchase payment to the QF, unless modified by application of the SPPF, below.

Initially, a QF's SPPF will be 1. Once a QF has achieved Commercial Operations and such operation encompasses at least a full Summer (defined by PJM as June 1 through September 30), the following January billing month, and for each January billing month thereafter, an SPPF will be calculated that is based on the QF's operation during the five (5) PJM coincident peak hours ("CP Hours"), as posted by PJM, during the Summer of the previous calendar year. The QF's SPPF is equal to the number of CP Hours in which the QF generated at or greater than 75% of its Contracted Capacity, divided by 5. Therefore, the SPPF could be 0, 0.2, 0.4, 0.6, 0.8, or 1.0. The QF's SPPF will be applied to the monthly capacity purchase payment for each billing month of the current calendar year.

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V. PAYMENT FOR COMPANY PURCHASES OF ENERGY ONLY

A QF that supplies only energy to the Company, in accordance with its election in Paragraph III. B., above, shall receive purchase payments as follows:

- A. Purchase payments for the supply of energy only by the QF to the Company will be based on an energy purchase price (cents per kWh) that is calculated using the average of the hourly \$/MWh Dom Zone DA LMP for the QF's billing month, divided by 10, and multiplied by the net generation as recorded on the Company's non-time-differentiated meter.
- B. All energy purchase prices per kWh will be increased by 3.0% to account for line losses avoided by the Company .

VI. PROVISIONS FOR COMPANY PURCHASE OF THE QF GENERATION

- A. The QF shall own and be fully responsible for the costs and performance of the QF's:
 - 1. Generating facility in accordance with all applicable laws and governmental agencies having jurisdiction;
 - 2. Control and protective devices as required by the Company on the QF's side of the meter.
- B. The sale of power to the Company by a QF at avoided cost rates pursuant to this Schedule 19-LMP does not convey ownership to the Company of the renewable energy credits or green tags associated with the QF facility.
- C. The QF is responsible for obtaining an interconnection service agreement for delivery of capacity and energy generated by its facility onto the Company's electrical system. Information on interconnection procedures for the QF's generation interconnection are provided through the Internet at the Company's website:

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VI. PROVISIONS FOR COMPANY PURCHASE OF THE QF GENERATION
(Continued)

<https://www.dom.com/library/domcom/pdfs/north-carolina-power/rates/terms-and-conditions/term24.pdf>.

If the interconnection is subject to FERC jurisdiction, the interconnection will be in accordance with FERC and PJM Interconnection, L.L.C. requirements.

VII. MODIFICATION OF RATES AND OTHER PROVISIONS HEREUNDER

The provisions of this schedule, including the rates for purchase of electricity by the Company, are subject to modification at any time in the manner prescribed by law, and when so modified, shall supersede the rates and provisions hereof.

VIII. TERM OF CONTRACT

The term of contract shall be such as may be mutually agreed upon but for not less than one year. A QF that initially chooses Schedule 19 – LMP will be permitted a one-time switch to Schedule 19-FP on the first day of its second year under its contract, with 90 days written notice, and in so doing, enter into a new contract with pricing in accordance with the Schedule 19- FP in effect at the time of the initial contract date and with a choice of term of five, 10, or 15 years, less the days elapsed between the commencement of the original contract and the time of execution of the new contract. This one-time option to switch shall only be permitted contingent on Schedule 19 - FP being in effect on the first day of the QF's second year under contract.

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I. APPLICABILITY AND AVAILABILITY

Subject to the limitations of this Section I, this schedule is applicable to any qualifying Cogenerator or Small Power Producer (Qualifying Facility) which desires to deliver all of its net electrical output to the Company, has either (1) generating facilities designated as new capacity as defined by 18 C.F.R. § 292.304(b)(1), or (2) hydroelectric generating facilities that meet the criteria of being owned or operated by a small power producer as defined in G.S. 62-3(27a), and enters into an agreement for the sale of net electrical output to the Company (Agreement).

Unless otherwise provided by a Commission order setting forth different availability dates, this schedule is available to any Qualifying Facility (otherwise eligible pursuant to the terms hereof) that, no later than the date on which proposed rates are filed in the next biennial avoided cost proceeding after Docket No. E-100, Sub 140, (a) has obtained a certificate of public convenience and necessity for its facility from the Commission or filed a report of proposed construction with the Commission pursuant to Commission Rule R8-65, (b) has self-certified with FERC as a Qualifying Facility (QF), and (c) has submitted to the Company a duly executed Notice of Commitment to Sell the Output of a Qualifying Facility Company ("Notice of Commitment"). The form of Notice of Commitment can be found on the Company's website through the following link: <https://www.dom.com/salestodncp>. Alternatively, a QF may request a Notice of Commitment form via email to PowerContracts@dom.com.

Where the QF elects to be compensated for deliveries in accordance with this schedule, the amount of capacity under contract (the "Contracted Capacity") and the initial term of contract shall be limited as follows:

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Schedule 19 - LMP
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

I. APPLICABILITY AND AVAILABILITY (Continued)

- A. Where the QF operates hydroelectric generating facilities that meet the criteria of being owned or operated by a small power producer as defined in G.S. 62-3(27a), or where the QF operates non-hydroelectric QFs fueled by trash or methane derived from landfills, hog waste, poultry waste, solar, wind, and non-animal forms of biomass, the amount of Contracted Capacity subject to compensation shall be no greater than 5,000 kW, and the amount of energy purchased during a given hour shall be no greater than 5,000 kWh. The initial term of contract for such a QF shall be for a period of five, 10, or 15 years, at the option of the QF.
- B. Where the QF is not defined under Paragraph I.A., the amount of Contracted Capacity subject to compensation shall be no greater than 3,000 kW, and the amount of energy purchased during a given hour shall be no greater than 3,000 kWh. The initial term of contract for such a QF shall be for a period of five years.

Where the QF elects to be compensated for deliveries in accordance with this schedule, the QF must begin deliveries to the Company within thirty months of the Commission's order in Docket No. E-100, Sub 140 approving this Schedule 19-LMP to retain eligibility for the rates contained in this schedule; provided, however, a QF may be allowed additional time to begin deliveries of power to the Company if the QF facilities in question are nearly complete at the end of such thirty month period and the QF is able to demonstrate that it is making a good faith effort to complete its project in a timely manner. Where the QF elects an initial contract term of 10 or more years, such contract may be renewed for subsequent term(s), at the Company's option, based on substantially the same terms and provisions and at a rate either (1) mutually agreed upon by the parties negotiating in good faith and taking into consideration the Company's then avoided cost rates and other relevant factors or (2) set by arbitration.

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Schedule 19 - LMP
POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

I. APPLICABILITY AND AVAILABILITY (Continued)

This schedule is not available or applicable to a QF owned by a developer, or affiliate of a developer, who sells power to the Company from another facility located within one-half mile unless: (1) each facility provides thermal energy to different, unaffiliated hosts; or (2) each facility provides thermal energy to the same host, and the host has multiple operations with distinctly different or separate thermal needs. For purposes of this paragraph, the distance between facilities shall be measured from the electrical-generating equipment of each facility.

This schedule is not available or applicable to a QF that utilizes a renewable resource, such as hydroelectric, solar, or wind power facilities, which is owned by a developer, or affiliate of a developer, who is selling or will sell power to the Company from another QF using the same renewable energy resource located within one-half mile if the combined output of such renewable resource QFs will exceed 5,000 kW (ac). For purposes of this paragraph, distance between QFs shall be measured from the electrical generating equipment of each facility.

II. MONTHLY BILLING TO THE QF

All sales to the QF will be in accordance with any applicable filed rate schedule. In addition, where the QF contracts for sales to the Company, the QF will be billed a monthly charge equal to one of the following to cover the cost of meter reading and processing:

| <u>Metering required</u> | <u>Charge</u> |
|-----------------------------------|---------------|
| One non-time-differentiated meter | \$17.24 |
| One time-differentiated meter | \$35.55 |
| Two time-differentiated meters | \$41.16 |

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POWER PURCHASES FROM
COGENERATION AND SMALL POWER PRODUCTION
QUALIFYING FACILITIES

(Continued)

III. CONTRACT OPTIONS

QFs with a design capacity of 10 kW or less shall elect, from the following two options, the manner in which the QF shall operate and provide its electrical output to the Company. This election shall be contracted for and made a part of the QF's Agreement. QFs with a design capacity greater than 10 kW must contract for the supply of both energy and capacity to the Company, in accordance with Paragraph III. A., below. Purchase payments, if any, to the QF for the supply of energy and/or capacity to the Company shall be based on this contractual designation.

- A. Supply of Energy and Capacity. A QF shall contract for the supply of both energy and capacity to the Company, except as may be permitted pursuant to Paragraph III. B., below. The level of capacity that the QF contracts for shall not exceed the capacity limits outlined in Paragraph I. The supply of both energy and capacity shall require the installation of one (or two, if necessary) time differentiated meter(s) to measure the hourly output of the QF's generation facility.
- B. Supply of Energy Only. A QF with a design capacity of 10 kW or less may elect to contract for the supply of energy only to the Company. A QF electing this option will not be eligible for capacity payments. Election of this option shall require the installation of a non-time-differentiated meter to measure the monthly output of the QF's generation facility.

IV. PAYMENT FOR COMPANY PURCHASES OF ENERGY AND CAPACITY

A QF that supplies both energy and capacity to the Company, in accordance with Paragraph III.A., above, shall receive purchase payments as follows:

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POWER PURCHASES FROM
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QUALIFYING FACILITIES

(Continued)

IV. PAYMENT FOR COMPANY PURCHASES OF ENERGY AND CAPACITY
(Continued)

A. Energy Purchase Payments

1. Purchase payments for the supply of energy by the QF to the Company will be based on an hourly energy purchase price (cents per kWh) that is calculated using the hourly \$/MWh PJM Interconnection, LLC (PJM) Dom Zone Day Ahead Locational Marginal Price (DA LMP) divided by 10, and multiplied by the hourly net generation as recorded on the Company's time-differentiated meter. Operator shall be paid for energy up to 105% of Contracted Capacity in any hour except no payment shall be made for generation in excess of contracted capacity of 5,000 kW or 3,000 kW as applicable pursuant to Section I.A. or I.B. There will be no reimbursement for any energy delivered above 105% of such QF's Contracted Capacity.
2. All energy purchase prices per kWh will be increased by 3.0% to account for line losses avoided by the Company.

B. Capacity Purchase Payments

Purchase payments for the supply of capacity by the QF to the Company will be made based upon the QF's daily net on-peak generation multiplied by that corresponding day's on-peak capacity purchase price, as calculated below. If applicable, the purchase payment for capacity may be modified by application of the Summer Peak Performance Factor (SPPF), as described below. The on-peak hours for every day are from 7 AM to 11 PM. Off-peak hours are defined as all other hours. Capacity Payment shall not be made for generation in any hour that exceeds the Contracted Capacity.

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(Continued)

IV. PAYMENT FOR COMPANY PURCHASES OF ENERGY AND CAPACITY
(Continued)

Effective each June 1, PJM will establish the Reliability Pricing Model capacity resource clearing price for each PJM zone, shown as \$/MW/day price, that will be applicable through the following May 31. Such prices will be the clearing results from PJM's Base Residual Auction. In the event there are multiple products and prices for the applicable PJM Base Residual Auction, DNCP will pay Operator the price associated with the capacity product most applicable to the QF resource type and performance.

Using the applicable price for the Dom Zone, the Company will calculate an on-peak capacity purchase price (cents per kWh) for each day by dividing the Dom Zone \$/MW/day price by 16 hours, and further dividing the result by 10, rounded to the nearest one-thousandth cent. The resulting cents per kWh on-peak capacity purchase price will be applied to the QF's net on-peak generation for the corresponding day, to provide for the daily capacity purchase amount. The sum of the daily capacity purchase amounts for the billing month will constitute the monthly capacity purchase payment to the QF, unless modified by application of the SPPF, below.

Initially, a QF's SPPF will be 1. Once a QF has achieved Commercial Operations and such operation encompasses at least a full Summer (defined by PJM as June 1 through September 30), the following January billing month, and for each January billing month thereafter, an SPPF will be calculated that is based on the QF's operation during the five (5) PJM coincident peak hours ("CP Hours"), as posted by PJM, during the Summer of the previous calendar year. The QF's SPPF is equal to the number of CP Hours in which the QF generated at or greater than 75% of its Contracted Capacity, divided by 5. Therefore, the SPPF could be 0, 0.2, 0.4, 0.6, 0.8, or 1.0. The QF's SPPF will be applied to the monthly capacity purchase payment for each billing month of the current calendar year.

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QUALIFYING FACILITIES

(Continued)

V. PAYMENT FOR COMPANY PURCHASES OF ENERGY ONLY

A QF that supplies only energy to the Company, in accordance with its election in Paragraph III. B., above, shall receive purchase payments as follows:

- A. Purchase payments for the supply of energy only by the QF to the Company will be based on an energy purchase price (cents per kWh) that is calculated using the average of the hourly \$/MWh Dom Zone DA LMP for the QF's billing month, divided by 10, and multiplied by the net generation as recorded on the Company's non-time-differentiated meter.
- B. All energy purchase prices per kWh will be increased by 3.0% to account for line losses avoided by the Company .

VI. PROVISIONS FOR COMPANY PURCHASE OF THE QF GENERATION

- A. The QF shall own and be fully responsible for the costs and performance of the QF's:
 - 1. Generating facility in accordance with all applicable laws and governmental agencies having jurisdiction;
 - 2. Control and protective devices as required by the Company on the QF's side of the meter.
- B. The sale of power to the Company by a QF at avoided cost rates pursuant to this Schedule 19-LMP does not convey ownership to the Company of the renewable energy credits or green tags associated with the QF facility.
- C. The QF is responsible for obtaining an interconnection service agreement for delivery of capacity and energy generated by its facility onto the Company's electrical system. Information on interconnection procedures for the QF's generation interconnection are provided through the Internet at the Company's website:

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(Continued)

VI. PROVISIONS FOR COMPANY PURCHASE OF THE QF GENERATION
(Continued)

<https://www.dom.com/library/domcom/pdfs/north-carolina-power/rates/terms-and-conditions/term24.pdf>.

If the interconnection is subject to FERC jurisdiction, the interconnection will be in accordance with FERC and PJM Interconnection, L.L.C. requirements.

VII. MODIFICATION OF RATES AND OTHER PROVISIONS HEREUNDER

The provisions of this schedule, including the rates for purchase of electricity by the Company, are subject to modification at any time in the manner prescribed by law, and when so modified, shall supersede the rates and provisions hereof.

VIII. TERM OF CONTRACT

The term of contract shall be such as may be mutually agreed upon but for not less than one year. A QF that initially chooses Schedule 19 – LMP will be permitted a one-time switch to Schedule 19-FP on the first day of its second year under its contract, with 90 days written notice, and in so doing, enter into a new contract with pricing in accordance with the Schedule 19- FP in effect at the time of the initial contract date and with a choice of term of five, 10, or 15 years, less the days elapsed between the commencement of the original contract and the time of execution of the new contract. This one-time option to switch shall only be permitted contingent on Schedule 19 - FP being in effect on the first day of the QF's second year under contract.

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Revised Compliance Standard
Avoided Cost Rate Schedules, as filed in Docket No. E-100, Sub 140 was served electronically or via U.S. mail, first-class, postage prepaid, upon all parties of record.

This, the 26th day of February, 2016.

s/ Andrea R. Kells

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