



TO: CPRE File  
 FROM: Independent Administrator  
 DATE: December 6, 2018  
 RE: CPRE Tranche 1 Initial Status Report

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## I. EXECUTIVE SUMMARY

On April 6, 2018, the Independent Administrator (“IA”), Accion Group, made public the website that would be the centerpiece for the entire Duke Energy Competitive Procurement Renewable Energy (“CPRE”) Request for Proposal (“RFP”) process. The website contains three “silos”, Duke Energy Carolinas (“DEC”), Duke Energy Progress (“DEP”), and Asset Acquisition (“AA”), each containing its respective documents, including the RFP. Once the website was made public, Market Participants (“MPs”) had the ability to register on any site. From July 10, 2018, to October 9, 2018, registered MPs gained access to view and fill out the RFP proposal form. Proposals were received through October 9, 2018. Duke Energy and Duke Energy Renewables were required to submit proposals on or before October 8, 2018. The information set forth herein pertains to data collected on the IA website from DEC and DEP spanning from the time registration opened until the RFP window closed.

## II. REGISTRATION AND SUBMISSION DATA

From April 6, 2018, until October 9, 2018, the website, including all silos, was open for public registration and use. Within the DEC silo, 167 individuals registered from 147 different companies. Within the DEP silo, 82 individuals registered from 72 different companies. From July 10, 2018, until October 9, 2018, registered MPs had the opportunity to fill out as many proposal forms as they desired. On the DEC silo, 18 MPs submitted 58 proposals, and on the DEP silo, 10 MPs submitted 20 proposals. This data can be seen in Figure 1 and 2.

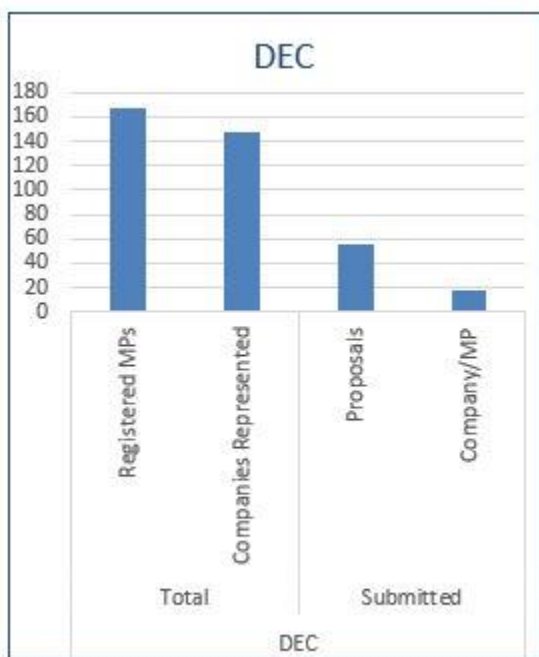


Figure 1

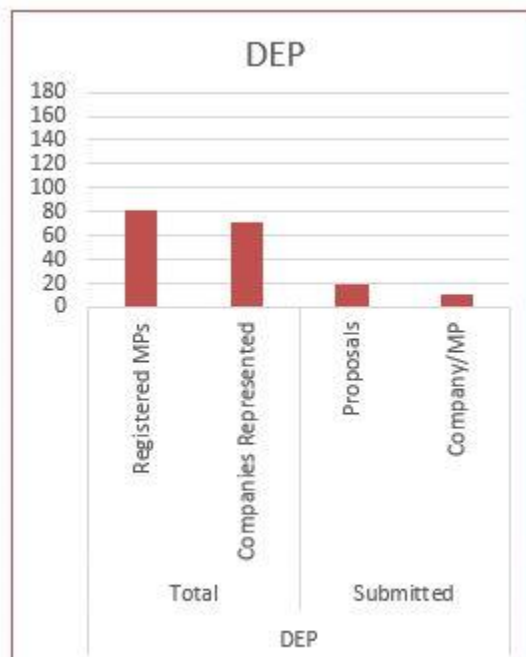


Figure 2

### III. PROPOSAL SUBMISSION STATISTICS

The IA's website allows a MP to create an alternate proposal. This ability allows a MP to easily make changes to a proposal and submit it separately. Most MPs submitted more than a single proposal. In DEC 10 of the 18 bidding MPs submitted more than one proposal. In DEP, 7 of 10 MPs submitted more than one proposal. Eight MPs submitted only one bid, while one MP submitted 15.

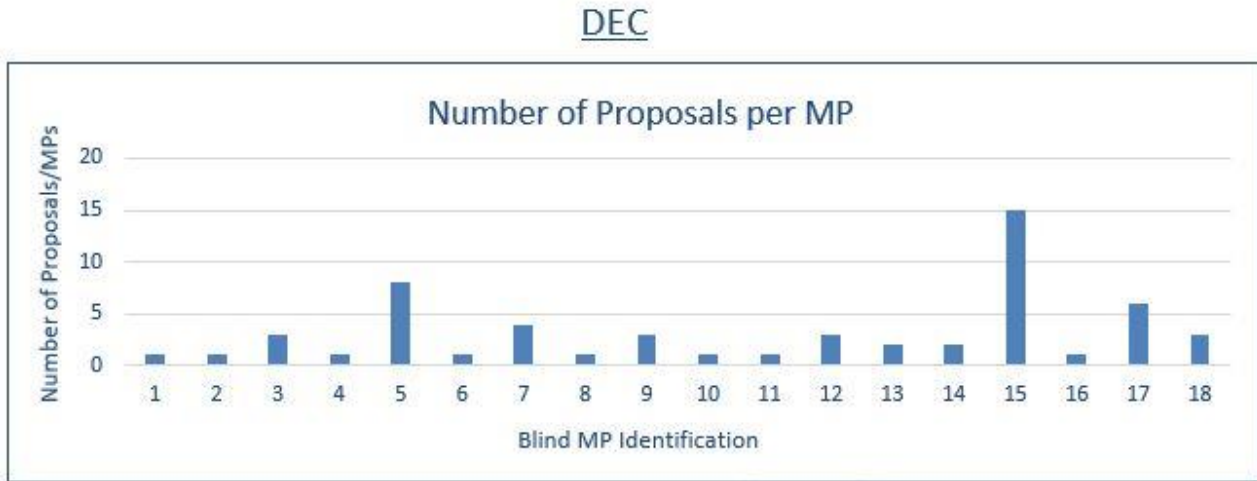


Figure 3

- Average number of proposals submitted by a MP: 3
- Mode (most frequent) number of proposals submitted by a MP: 1
- Maximum number of proposals submitted by a MP: 15

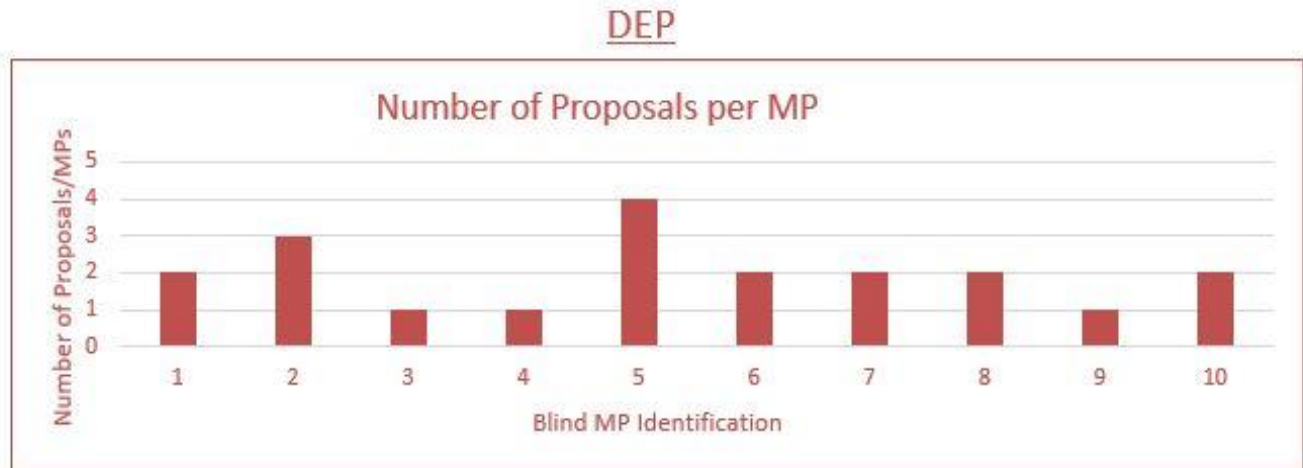


Figure 4

- Average number of proposals submitted by a MP: 2
- Mode (most frequent) number of proposals submitted by a MP: 2
- Maximum number of proposals submitted by a MP: 4

**IV. GENERATING CAPACITY STATISTICS DEC**

Regarding DEC, 58 proposals were submitted ranging from seven (7) to 80 MW AC of generating capacity. A total of 2,735.4 MW of generating capacity was proposed, which is over four times the requested amount for CPRE Tranche 1 (600 MW AC). All proposals were for solar photovoltaic generation. Three (3) proposals were submitted with energy storage systems integrated with PV systems. One (1) proposal would interconnect to the distribution system and 57 would require transmission system interconnection. The IA considers the total number of MW submitted into the DEC silo to be sufficiently robust to meet Tranche 1 CPRE goals for DEC.

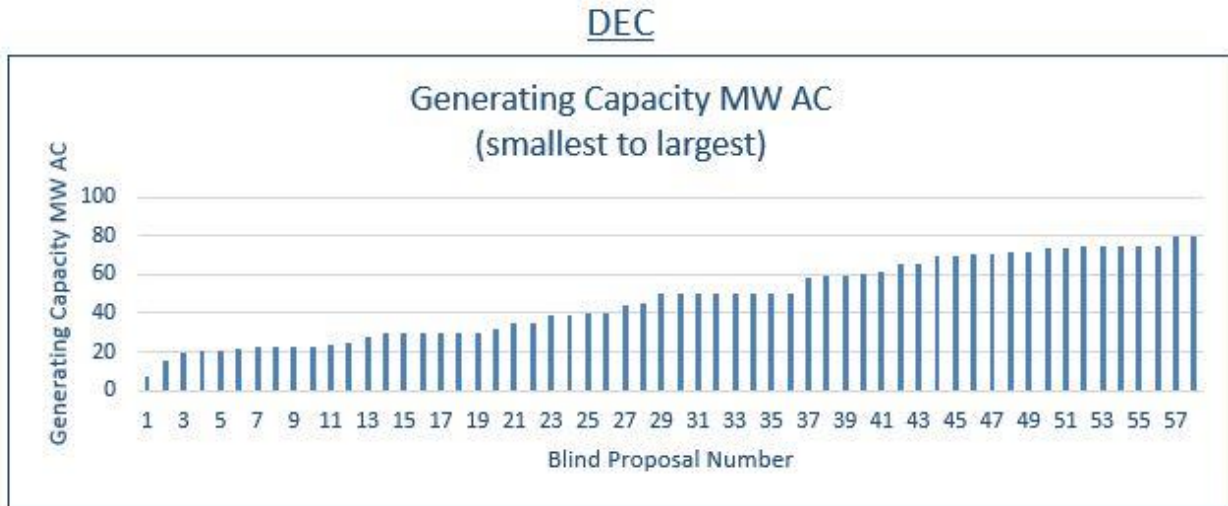


Figure 5

- **RFP Target:** 600 MW AC
- **Proposals received DEC:** 58
- **Total MW AC proposed:** 2732.72
- **Received MW Times RFP Target:** X 4.55
- **Average MW per proposal:** 47.16 MW
- **Median MW of proposals:** 50 MW
- **Mode (most frequent) MW of proposals:** 50 MW
- **Minimum MW AC proposal:** 7 MW
- **Maximum MW AC proposal:** 80 MW
- **Total proposals under 20 MW:** 3
- **Total proposals 20-29.99 MW:** 10
- **Total proposals 30-39.99 MW:** 11
- **Total proposals 40-49.99 MW:** 4
- **Total proposals 50-59.99 MW:** 11
- **Total proposals 60-69.99 MW:** 5
- **Total proposals 70-80 MW:** 14

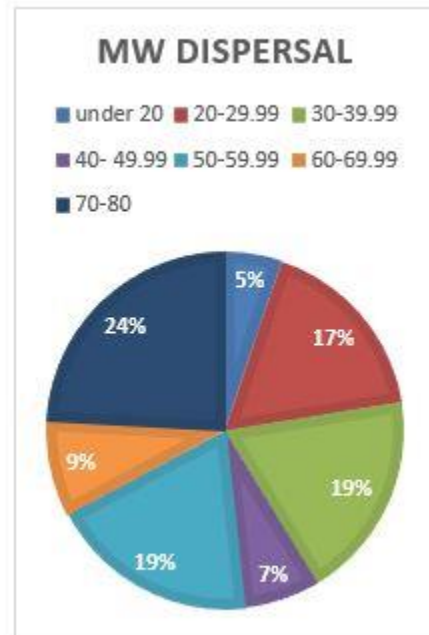


Figure 6

**V. GENERATING CAPACITY STATISTICS DEP**

Regarding DEP, 20 proposals were submitted ranging from 7.02 to 80 MW AC of generating capacity. A total of 1,231.15 MW was proposed, representing over 15 times the requested MW for Tranche 1 (80 MW AC). All proposals were for solar photovoltaic generation. One (1) proposal was submitted with an energy storage system integrated with the PV system. Three (3) proposals would interconnect to the distribution system while 17 would interconnect to the transmission system. The IA considers the total amount of MW submitted into the DEP silo proposed to be sufficiently robust to meet Tranche 1 CPRE goals for DEP.

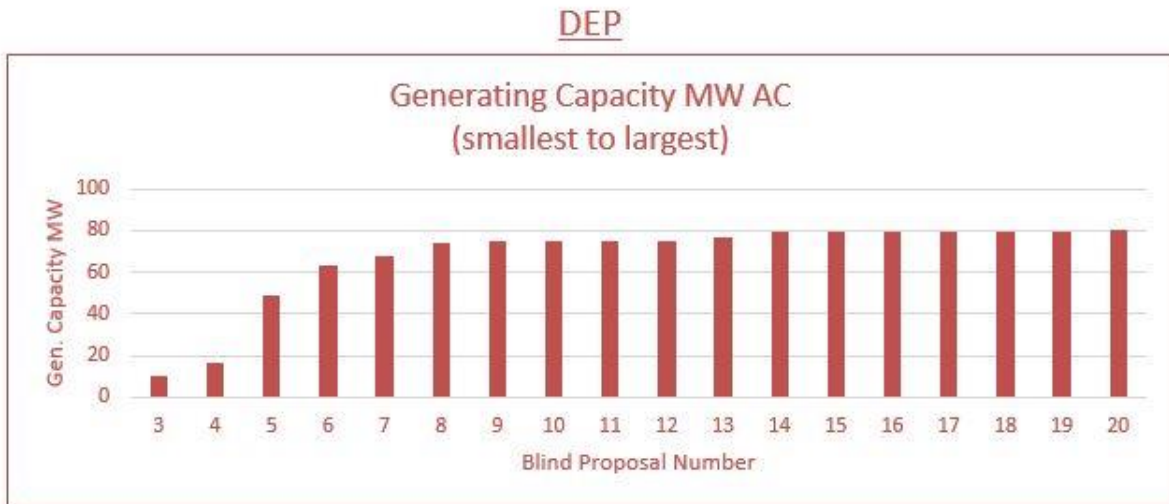


Figure 7

- **RFP Target:** 80 MW AC
- **Proposals received DEP:** 20
- **Total MW AC proposed:** 1231.15
- **Received MW Times RFP Target:** X 15.39
- **Average MW per proposals:** 61.55 MW
- **Median MW of proposals:** 74.9 MW
- **Mode (most frequent) MW of proposals:** 79.8 MW
- **Minimum proposal size:** 7.02 MW AC
- **Maximum proposal size:** 80 MW AC
- Total proposals **under 20 MW:** 4
- Total proposals **20-29.99 MW:** 0
- Total proposals **30-39.99 MW:** 0
- Total proposals **40-49.99 MW:** 1
- Total proposals **50-59.99 MW:** 0
- Total proposals **60-69.99 MW:** 2
- Total proposals **70-80 MW:** 13

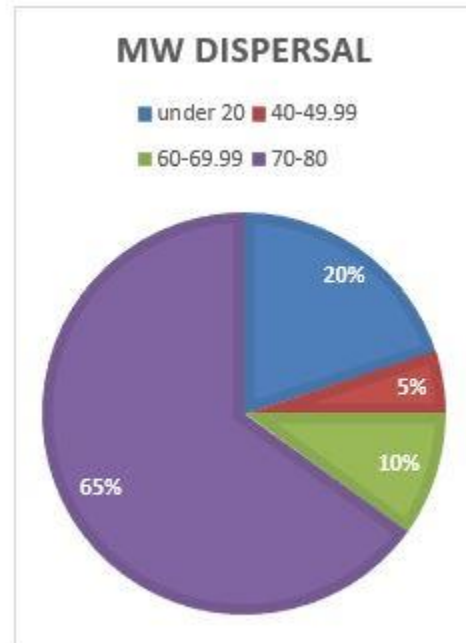


Figure 8

**VI. TRANSMISSION AND DISTRIBUTION**

MPs were required to identify the Point of Interconnection (POI) to which their project would connect, and whether the MP desires distribution level or transmission level service. All projects 20 MW and larger must interconnect at transmission level. Projects fewer than 10 MW must connect at distribution level. Projects sized 10 MW to 19 MW may be required to interconnect at transmission level. A significantly higher number of MPs propose to interconnect at the transmission level than to the distribution. Regarding DEC, 57 proposals seek transmission interconnection while only one seeks distribution interconnection. Regarding DEP, 17 proposals seek transmission interconnection while only three (3) seek distribution interconnection.

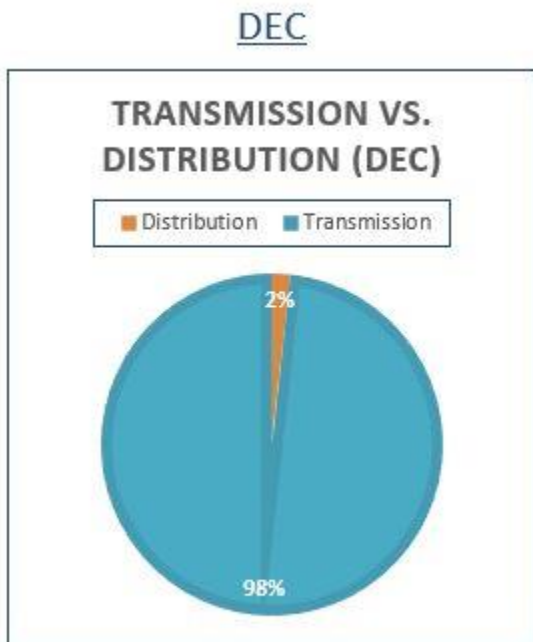


Figure 9

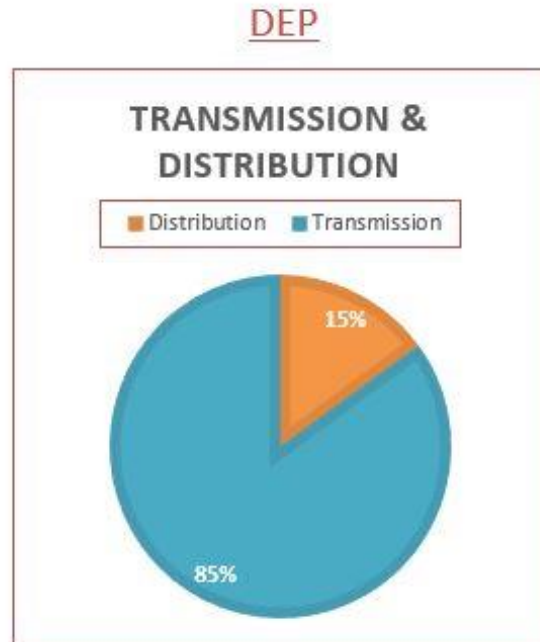


Figure 10

**VII. BREAKDOWN BY STATE**

Pursuant to the CPRE requirements, all proposed facilities for DEC and DEP were required to be located in the respective DEC or DEP service territories in North Carolina or South Carolina. Regarding North Carolina, there were a total of 33 proposals combining for 1415.91 MWs in DEC, and a total of 9 proposals combining for 617.3 MWs in DEP. In South Carolina, there were a total of 25 proposals combining for 1316.81 MWs in DEC, and a total of 11 proposals combining for 613.89 MWs in DEP. This information is depicted in Figures 11 and 12.

## DEC

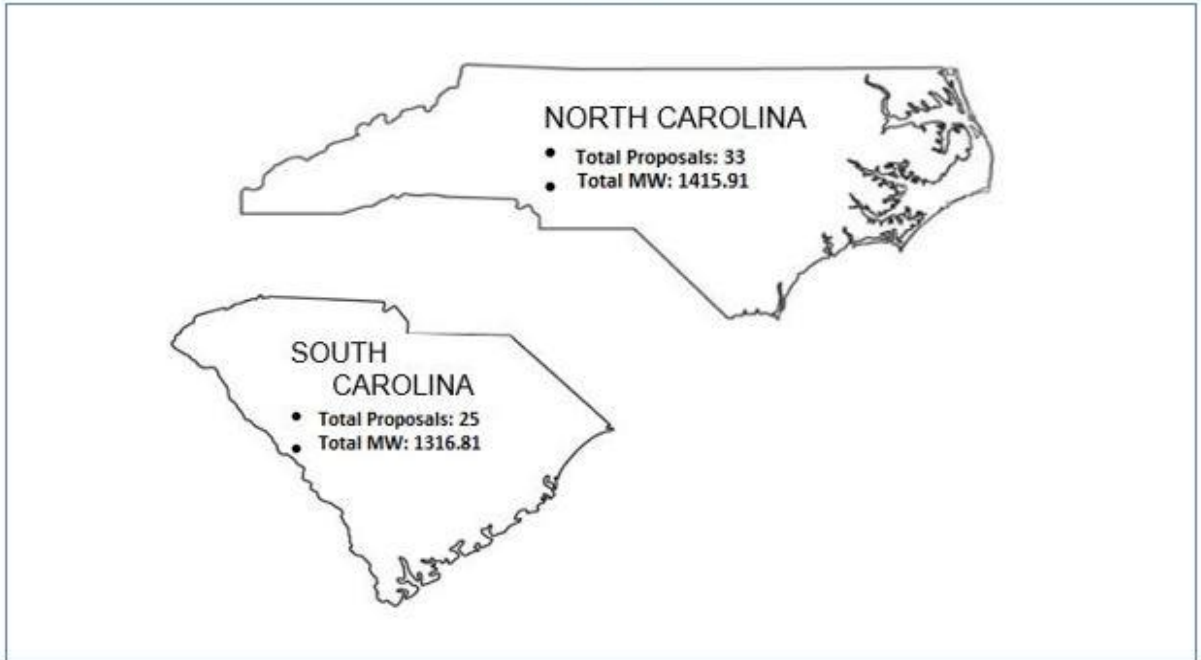


Figure 11

## DEP

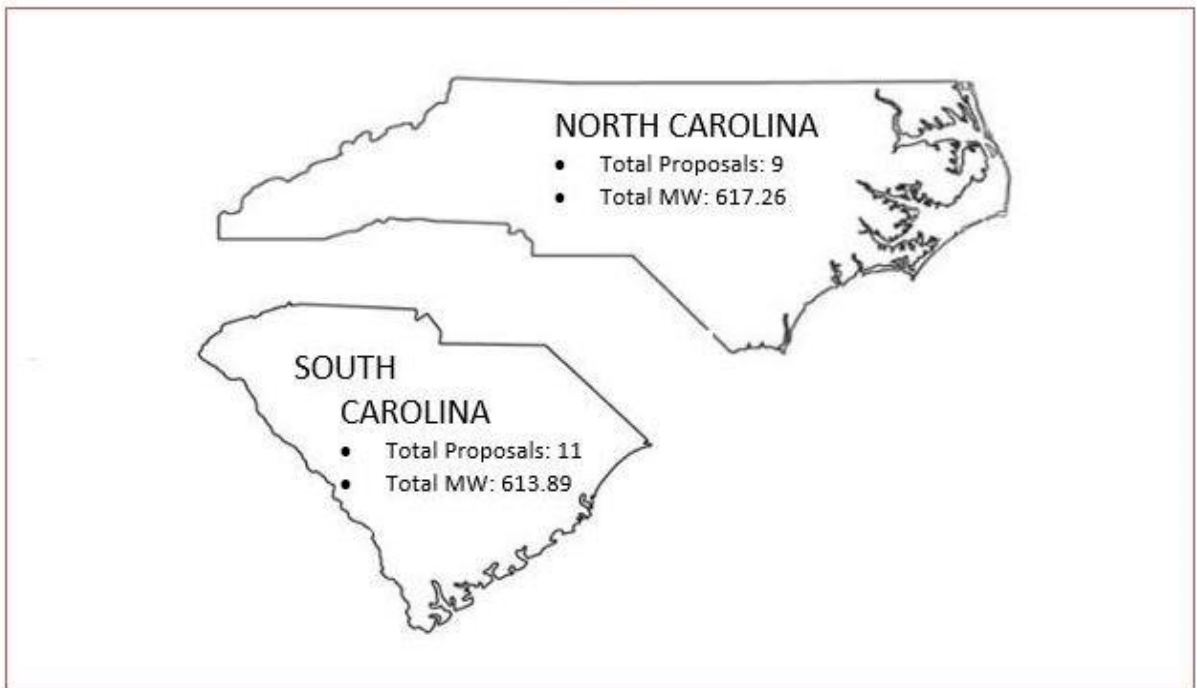


Figure 12



## **VIII. PRELIMINARY PRICING**

The CPRE program requires that each proposal have pricing that is below the levelized 20-year avoided cost identified in the RFP. To assist Market Participants (MP) in complying with the requirement, the proposal form would only accept proposals that were priced with a decrement below Duke's avoided cost for each pricing period. This decrement was a single \$/MWh amount that applied to each avoided cost pricing period. Once the single decrement amount was entered, the IA website automatically converted it into the below avoided costs prices for each of Duke's avoided cost price periods. The proposal form prevented the entry of a negative pricing decrement.

The website proposal form presented the calculated prices for each pricing period so the MP could confirm the pricing proposal was as desired. Also, after the proposal period closed, the IA provided each MP with a summary of their respective proposal(s), and received a confirmation of the MP's intent for each proposal.

At this time, costs for Transmission or Distribution network upgrades have not been incorporated into the bid evaluation. Also, there remains the possibility that certain bids may be removed from the competitive tier during Step 2 of the evaluation process if found to be in violation of any of the RFP requirements. In general, there was a wide range of price decrements submitted. Accordingly, the value of proposals, as a measure below avoided cost, remains fluid and is expected to change before the final projects are selected. Additionally, the pricing component is but one of the factors in the bid evaluation as there are non-price factors that also need to be incorporated into the bid evaluations before the short list is determined. Also, an unknown number of proposals on the competitive tier may fail to provide the required Proposal Security and, thus, the median price of the final short list may differ from this initial calculation which includes all proposals.

Therefore, the initial summary of proposal price decrements, and the range of decrements below avoided cost, should be understood to be preliminary and subject to the variables identified immediately above. In summary, the initial median price decrement for all bids submitted in DEC was 6.73 \$/MWh and in DEP was also 6.73 \$/MWh.

## **IX. CONCLUSION**

The total number of MWs proposed is sufficiently robust for the IA to meet the Tranche 1 CPRE goals for both DEP and DEC. Because of the size of proposals, a large percentage of MPs propose projects that would interconnect to the transmission system. The next report of the IA on the CPRE program is expected to be released in December 2018.