

Attachment A

The Independent Administrator (“IA”) has completed the evaluation of proposals in Tranche 1 of the Competitive Procurement of Renewable Energy Program (“CPRE”). The IA determined that your proposal DEC_129-01 was not selected and has been released from consideration. If you provided Proposal Security for the proposal, it has been released. Thank you for submitting your proposal and it is hoped that you will participate in future CPRE Tranches.

After Duke completes the PPA execution process for the successful proposals, the IA will be available to discuss the ranking of this proposal. If you would like to have such a discussion, please use the confidential Message Board on the IA website to make the request.

Attachment B

From: dukeia@acciongroup.com
To: [Tim Lasocki](#)
Subject: Duke Energy 2019 - Message Submitted by Accion Group
Date: Monday, August 19, 2019 1:44:37 PM

Please do not reply to this auto-generated email.

You have received a message from Accion Group on the Duke Energy 2019 website. Please log on to the website and click the 'Messages' tab to view and respond to the message.

Subject: Message from the IA - Tranche 1 feedback

Body:

Message from Independent Administrator

Debrief Data for CPRE Tranche 1 Proposal: DEC_129-01

Market Participant	Tim Lasocki
Contracting Party	Orion Renewable Resources LLC
Transmission Queue Number	170907-1535
Project size	74.4 MW
Price Decrement submitted & confirmed by MP (1)	1.00
Initial Step One Ranking	Fourth Quartile
Located in predefined constrained area	No
Distribution factor of greater than 3 % (2)	No

Analysis Comments: Step 1 analysis determined that Net Energy Benefit Calculation (Energy Benefit less Proposal Cost) was negative.

(1) During the cure period, immediately after the Proposal period closed, the IA provided a summary of the Proposal and the MP confirmed decrement.

(2) The Distribution factor is a measure of the percentage of a facility's output that flows on a transmission element. Three percent (3%) is a commonly accepted threshold in the industry for assessing whether generators, loads, or transfers may materially impact the flow on a line or transformer.

<https://decprerfp2019.accionpower.com>

Attachment C

ORION RENEWABLE RESOURCES LLC

c/o Orion Renewable Energy
Group LLC
155 Grand Avenue, Suite 706
Oakland, CA 94612
Phone: 510-267-8921
Fax: 510-267-8911

October 25, 2019

CONFIDENTIAL

Tim R. Dodge, Staff Attorney
Public Staff, North Carolina Utilities Commission
4326 Mail Service Center
Raleigh, NC 27699-4300
email: tim.dodge@psncuc.nc.gov

Dear Mr. Dodge,

This letter summarizes the concerns of Orion Renewable Resources LLC ("Orion") regarding the Duke Energy Carolinas ("DEC") Competitive Procurement of Renewable Energy Program - Tranche 1 Request for Proposals ("RFP") as it relates to Orion's Proposal 129-01 for a 74.4 MW project ("ORR Proposal").

The background is as follows:

- Orion submitted the ORR Proposal on October 9, 2018. Pricing in the ORR Proposal was below the avoided cost thresholds stated in Section IV of the RFP.
- Orion was never notified, either by DEC or the Independent Administrator ("IA") that the ORR Proposal had been released from consideration because it was a non-conforming bid.
- On January 9, 2019, according to the IA's Tranche 1 message board, the status of the ORR Proposal was changed from "release" to "competitive tier reserve".
- On February 21, 2019, the message board stated that the IA had identified the ORR Proposal "for additional evaluation on the primary competitive tier".
- On February 21, 2019, the IA notified Orion that it was required to post Step 2 Bid Security, and on March 1, 2019, Orion posted Step 2 Bid Security in the amount of \$1,488,000.
- On April 9, 2019, Orion received a Final Notification Letter stating that the IA had completed the evaluation of proposals in Tranche 1 and "The IA determined that [the ORR Proposal] was not selected and has been released from consideration."
- On April 9, 2019, Orion requested a debriefing from the IA on the ranking of the ORR Proposal, and on April 9, 2019, the IA stated that the debriefing would be within 60 days. On August 19, 2019, the IA scheduled the debriefing for August 21, 2019.
- On August 19, 2019, two days before the debriefing, the IA sent Orion an email stating: "Analysis Comments: Step 1 analysis determined that Net Energy Benefit Calculation (Energy Benefit less Proposal Cost) was negative."
- At the August 21, 2019 debriefing, the IA informed Orion of the following:
 - DEC conducted the Net Energy Benefit ("NEB") calculation for the ORR Proposal.
 - DEC had told the IA that although pricing in the ORR Proposal was below DEC's avoided cost in all three avoided cost periods specified in the RFP, in the "8760" NEB calculation, there were hours when ORR Proposal pricing was above DEC's hourly avoided cost and hours when ORR Proposal pricing was below DEC's hourly avoided cost.

- Because the NEB calculation was negative, DEC did not include the ORR Proposal in the Step 2 Transmission and Distribution Upgrade Cost Analysis and they directed the IA to release the ORR Proposal from consideration.
- DEC did not provide a copy of the NEB calculation to the IA for review.

Orion's concerns are as follows:

- *Irregularities in the evaluation process*
 - The RFP states that calculation of net benefit of each proposal will be used to establish the *ranking* of proposals, not to *disqualify* proposals. (See, for example, "Conclusion of Step 2 Evaluation and Selection of Proposals".)
 - When Orion posted Step 2 Bid Security, we were not informed that our bid could be rejected solely on the basis of the NEB calculation. Rather, the RFP stated that proposals would be rejected if their proposed pricing exceeded the avoided cost in the three avoided cost periods in RFP Section IV, pp.11-12. (Orion ensured that its bid met this criterion.) No hourly avoided costs were disclosed as part of the RFP.
 - Aside from the fact the RFP did not state the NEB calculation would be used to disqualify proposals but merely to rank them, the determination in Step 1 that the NEB calculation of the ORR Proposal was negative is inconsistent with the following:
 - Upgrade of the status of our bid to "*competitive tier reserve*" in Jan.
 - Upgrade of the status of our bid to "*primary competitive tier*" in Feb.
 - Ranking of our bid in the Step 1 rankings.
 - Requiring Orion to post Step 2 security of \$1,488,000 in March.
 - NCUC rules require the IA to evaluate bids and "eliminate proposals that fail to meet the CPRE RFP Solicitation evaluation factors", and DEC's RFP documents state that the IA will have "final decision-making authority" and make the "final determination" about proposals. Instead, DEC alone did the NEB calculation which eliminated our proposal.
- *DEC's failure to procure 600 MW*: NCUC rules and the RFP itself state that the IA is to deliver the final Step 2 rankings to DEC, and DEC is to select bids in rank order until the total capacity sought in the RFP is satisfied. Here, the total capacity sought in the RFP was 600 MW but DEC procured only 464.5 MW. DEC should have selected our 74.4 MW proposal as part of its 600 MW procurement.

In October, Orion reached out to the IA regarding these concerns, and requested more information on the process and standards by which the ORR Proposal was eliminated from consideration. The IA's complete response was as follows: "The information provided in the Tranche 1 final report, as filed with the NCUC, and the debrief provided to this MP is the extent of what will be shared regarding the Tranche 1 evaluation process. We urge you to review those materials."

We look forward to discussing with you the next steps available to Orion to advance these concerns with NCUC Staff, DEC, and the IA.

Sincerely,



Nicholas Hiza
Vice President

Attachment D

ORION RENEWABLE RESOURCES LLC

c/o Orion Renewable Energy
Group LLC
155 Grand Avenue, Suite 706
Oakland, CA 94612
Phone: 510-267-8921
Fax: 510-267-8911

Via email, to tim.dodge@psncuc.nc.gov

December 2, 2019

CONFIDENTIAL

Tim R. Dodge, Staff Attorney
Public Staff, North Carolina Utilities Commission
4326 Mail Service Center
Raleigh, NC 27699-4300

Dear Tim,

Thank you for meeting with us on November 22. During our meeting, what we heard is that Orion's Proposal 129-01 was eliminated from the Duke Energy Carolinas (DEC) Competitive Procurement of Renewable Energy Program - Tranche 1 Request for Proposals (RFP) because of \$455,000 of estimated T&D System Upgrade costs. Specifically, we heard that this \$455,000 estimate of upgrade costs resulted from a "high level" analysis by DEC, and that this amount was determined by the Independent Administrator, Accion Group, Inc. (IA), to have caused Orion's bid price to exceed DEC's Avoided Cost.

Based on this information, we have some follow-up questions for the IA about our disqualification:

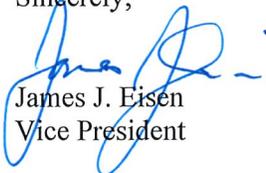
1. In Figure 9 of the IA's April 9, 2019 CPRE Step 2 Report, in which row is Orion's proposal included?

Figure 9

DEC: Summary of Eliminated Bids Progression		
Reason for Disposition	Proposals	MW AC
MP Failed to Post Proposal Security	20	865
T&D System Upgrade Costs Resulted in Proposal Above Avoided Cost	15	794
Result of Step 1 Analysis – Proposal is Above Avoided Cost	3	127

2. In its April 9, 2019 CPRE Step 2 Report (at p.3), the IA states that system upgrade costs were to be evaluated in Step 2, not Step 1: "Proposals were evaluated and ranked by system benefit, first at the conclusion of Step 1. The *Step 2 evaluation of system upgrade costs*, and the imputing of those costs to associated proposals, and proposals were then re-ranked." (p.3). Was DEC's analysis of T&D system upgrade costs for Orion's project in Step 1 or Step 2?
3. If Orion's proposal was not included in DEC's Step 2 T&D System Upgrade Cost analysis used for ranking other proposals, why was it not?
4. Describe the steps used and provide the calculations which concluded that \$455,000 of T&D upgrade costs caused Orion's proposal to exceed DEC's Avoided Cost. We do not believe this is mathematically possible given the project size and its expected annual energy production.

Sincerely,



James J. Eisen
Vice President

Attachment E



MEMORANDUM

TO: CPRE Tranche 2 Files
FROM: Accion Group, Independent Administrator
DATE: February 28, 2020
RE: DUKE CPRE TRANCHE 2 SCREENING AND SELECTION PROCESS

This memorandum responds to requests made during the Stakeholder process that the Independent Administrator (“IA”) provide additional information regarding the evaluation process.

Duke and Accion agree as follows:

1. The ranking and selection of Proposals will continue to be based on the IA Evaluation Methodology using Accion’s detailed evaluation model;
2. The initial Step 1 evaluation will rank Proposals as in the “Competitive Tier” or “Reserve List” based on the economic and non-economic criteria indicated in the CPRE Tranche 2 RFP;
3. If the IA must evaluate Proposals assigned to the Reserve List in order to meet the goals of the Tranche, the Market Participant (“MP”) will be advised of the Proposal’s ranking relative to the initial Competitive Tier, using the iterative process set forth in the RFP;
4. All Proposals will be considered for inclusion in the Step 2 evaluation based on their net benefit ranking, provided that the Tranche procurement targets are not met with better ranked Proposals, and The MP provides Proposal security in accordance with the terms of the RFP.
5. The Step 2 evaluation will include a calculation of the maximum allowable T&D upgrade costs, based on the Proposal’s price decrement below the 20-year levelized Avoided Cost rates identified in the RFP. No Proposal will be eliminated from further consideration if the assigned upgrade costs do not exceed the maximum allowable T&D upgrade costs, even if it has a negative benefit in the IA evaluation. The allowable T&D system upgrade cost will be calculated by present valuing the Proposal’s price decrement savings on an hourly basis across the 20-year PPA term using the Proposal’s hourly production as provided by the MP, applied to Duke’s levelized avoided cost prices posted in the RFP.
6. The IA will include in the Final Report submitted to the North Carolina Utilities Commission (“NCUC”) at the conclusion of each Tranche the identity of all projects that were selected and the identity of all projects that withdrew. In addition, the report shall confidentially identify the ranking of all Proposals based on their net benefit, as calculated using the IA evaluation methodology.
7. The IA’s Project Sufficiency evaluation team will review the PVSyst information and related workpapers for completeness as submitted by the MP for each Proposal. The

IA's review of the PVSyst data is part of the "reasonableness checks" related to load profile, capacity factor, etc. in evaluating the technical viability of each proposal. The PVSyst information will be provided to Duke for Proposals that are identified as finalists.

Duke evaluation personnel believe that the Company is required under the terms of N.C. Gen. Stat. 62-110.8(b)(2) to contract with Proposals that bid at or below the 20 year levelized Avoided Cost (in each pricing period) identified in the RFP, notwithstanding a determination of net benefit under the IA Evaluation Methodology, if doing so is necessary to achieve the procurement targets established for each tranche during the 45 month CPRE procurement period. The IA understands that the Company continues to support the IA Evaluation Methodology as the appropriate approach to ranking all proposals.