

Acquisition Request for Information

North Carolina Offshore Wind

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Prepared and released by: Duke Energy Progress, LLC and
Duke Energy Carolinas, LLC

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1. Acronyms and Definitions

Alternative Submission – Each submittal of an individual Participant which has a material variation from the Minimum Submission. A Participant is allowed to provide multiple Alternative Submissions only after meeting the requirements of the Minimum Submission in Sections 7 and 8 of this Acquisition Request for Information. Under no circumstances will the Utilities or the Independent Evaluator evaluate a Power Purchase Agreement.

ARFI – Acquisition request for information.

ARFI Email – All communications from participants related to the Acquisition Request for Information, including questions and Submissions, are to be directed to dukeoswie@poweradvisoryllc.com email address.

ARFI Evaluation Team – Team established by Duke Energy responsible for administering the Acquisition Request for Information in coordination with the Independent Evaluator, including the evaluation of all Submissions in the Acquisition Request for Information on behalf of the regulated utilities Duke Energy Carolinas, LLC and Duke Energy Progress, LLC.

ARFI Website – Where information related to the Acquisition Request for Information will be shared located at <https://dukeenergyoswarfinorthcarolina.com>.

BOEM – United States Bureau of Ocean Energy Management.

BOT – A build-own-transfer arrangement where the developer designs, finances and constructs a project during the project development and construction period and then transfers ownership of the project to the utility upon an agreed-upon completion milestone.

BMP – Best management practice(s).

Carbon Plan Statute – North Carolina General Statutes § 62-110.9.

Cinergy Corp. Team – Team established by Duke Energy responsible for preparing any Submissions sponsored utilizing the Carolinas Long Bay OSC-A 0546 lease on behalf of the nonregulated direct subsidiary Cinergy Corp.

Commercial Operation Date or COD – The date on which the Project is commercially operational, placed into service, and interconnection operations have commenced.

Commissions – Collectively the North Carolina Utilities Commission, or NC Commission, and the Public Service Commission of South Carolina, or SC Commission.

CPIRP – Consolidated Carbon Plan and Integrated Resource Plan as filed with and reviewed by the North Carolina Utilities Commission in Docket No. E-100, Sub 190. DEC and DEP also filed the same integrated resource plan, including a South Carolina Chapter demonstrating compliance with South Carolina's integrated resource planning requirements (S.C. Code Ann. § 58-37-40), with the Public Service Commission of South Carolina in Docket Nos. 2023-8-E and 2023-10-E. For ease of reference, the North Carolina 2023 CPIRP and 2023 SC IRP will be referred to as the CPIRP in this document, recognizing that the Utilities operate an integrated Carolinas system and are evaluating

the acquisition of offshore wind energy to serve customers in both South Carolina and North Carolina.

DEC – Duke Energy Carolinas, LLC.

DEP – Duke Energy Progress, LLC.

EPC – Engineering, construction and procurement.

Executive Order – Memorandum signed by President Donald J. Trump on January 20, 2025, on the Temporary Withdrawal of all areas on the Outer Continental Shelf from Offshore Wind Leasing and Review of the Federal Government’s Leasing and Permitting Practices for Wind Projects.

HB 951 – 2021 North Carolina General Assembly House Bill 951, S.L. 2021-165.

HVDC – High voltage direct current.

Independent Evaluator or IE – Power Advisory LLC who has been engaged by Duke Energy Progress, LLC and Duke Energy Carolinas, LLC to advise on the development of the Acquisition Request for Information, including Acquisition Request for Information administration and the quantitative and qualitative evaluation of Submissions received in response to the Acquisition Request for Information. Section 4 of this document further outlines the Independent Evaluator’s responsibilities.

IRA - The Inflation Reduction Act of 2022.

LCOE – Levelized cost of energy.

Mechanical Completion – The point in time when the Project (or a subset of the Project) is physically complete, except for a few punch list items. The project (or subset) can be energized safely and is ready for performance testing.

Minimum Submission – For each Participant, the submittal that meets the minimum requirements in Sections 7 and 8 of this Acquisition Request for Information.

MW – Megawatt(s).

MWhr – Megawatt-hour(s).

NC – State of North Carolina.

NC Commission – North Carolina Utilities Commission.

NEPA – National Environmental Policy Act.

NGO – Non-governmental organization(s).

O&M – Operations and maintenance.

OSW – Offshore wind.

Participants, Eligible Participants – Participants are generically eligible parties that respond to this Acquisition Request for Information. Eligible Participants are those who have (or are in the

process of obtaining) the necessary permits and approvals to construct an offshore wind generation facility within an outer continental shelf offshore wind energy lease area regulated by United States Bureau of Ocean Energy Management specified as lease areas OCS-A 0508, OCS-A 0545 and OCS-A 0546.

Placed in Service – A project is considered placed in service when the following conditions have been met: 1) The necessary permits and licenses for operating have been obtained, 2) all critical tests necessary for proper operation have been performed, 3) the Project has been placed in the control of the Utilities by the Participant, 4) the project has been synchronized with the transmission grid, and 5) daily operation of the Project has begun.

POI – Point of interconnection.

Project – The physical generation and ancillary assets described in a Submission to be transferred to the Utilities constructed under the applicable Participant Submission inclusive of all materials, equipment, labor, engineering, design, permitting, leases and use rights up to the Point of Interconnection.

Project Price – The price charged by the Participant associated with delivering the Project identified within an individual Submission.

PVRR – Present value of revenue requirements.

PW&A – Prevailing wage and apprenticeship requirements of the Inflation Reduction Act of 2022 as they pertain to Section 48E and 45X tax credits of the Internal Revenue Code.

Representatives – Participant’s affiliates’ officers, employees, consultants, attorneys, agents, bankers, accountants, Submission Sponsors, and contracting parties.

RFI – Request for information.

RFP – Request for proposal.

ROW – Right(s) of way.

SC – State of South Carolina.

SC Commission – Public Service Commission of South Carolina.

SEPA - North Carolina's State Environmental Policy Act.

SLA – Service level agreement.

SOP – Standard operating procedure(s).

Submission(s) – Each individual Project proposal submitted by the Participant in response to this Acquisition Request for Information. All individual project submittals of a Participant are considered their Submissions.

Submission Sponsor(s) – Financial and/or construction partners or sponsors for Project development. Participants that rely on Submission Sponsors to meet Acquisition Request for

Information requirements must provide evidence that is satisfactory to the Independent Evaluator of a binding legal partnership or similar relationship with such Submission Sponsor.

Submission Uptake Form or Uptake Form – An Excel-based workbook provided as part of the Acquisition Request for Information for Participants providing a standard format for inclusion of certain key, quantifiable information pertaining to a Submission as outlined in Section 8.

Substantial Completion – A point after which Mechanical Completion has occurred when the project is ready to be placed into commercial operation, performance tests have been completed, and any performance guarantees have been satisfied.

Utilities – Collectively, Duke Energy Progress, LLC and Duke Energy Carolinas, LLC.

U.S. – United States.

USD – United States dollars.

WEA – United States Bureau of Ocean Energy Management offshore wind energy lease area.

WEA Leaseholders – Collectively, lease holders of United States Bureau of Ocean Energy Management Kitty Hawk and Carolina Long Bay wind energy lease areas associated with this Acquisition Request for Information.

WETO – United States Department of Energy’s Wind Energy Technologies Office.

2023 CPIRP – Duke Energy Progress and Duke Energy Carolinas Consolidated Carbon Plan and Integrated Resource Plan filed with the North Carolinas Utilities Commission in August 2023, inclusive of the Supplemental Planning Analysis filed with the same Commission in January 2024.

2023 CPIRP Order – Order issued by the North Carolinas Utilities Commission under the Duke Energy Progress and Duke Energy Carolinas 2023 Consolidated Carbon Plan and Integrated Resource Plan docket.

2025 CPIRP – Next biennial update of the Duke Energy Progress and Duke Energy Carolinas Consolidated Carbon Plan and Integrated Resource Plan to be filed with the North Carolina Utilities Commission by September 1, 2025.

2023 SC IRP – Duke Energy Progress, LLC’s and Duke Energy Carolinas, LLC’s Consolidated Integrated Resource Plan filed with the Public Service Commission of South Carolina in August 2023, inclusive of the Supplemental Planning Analysis filed with the Public Service Commission of South Carolina in January 2024.

2023 SC IRP Order – Order No. 2024-767 issued on November 25, 2024, by the Public Service Commission of South Carolina in Duke Energy Progress, LLC’s and Duke Energy Carolinas, LLC’s Integrated Resource Plan Dockets, Docket Nos. 2023-8-E and 2023-10-E.

2. Background

This Acquisition Request for Information (ARFI) seeks to establish a best estimate of the costs and evaluate the unique risk profiles of offshore wind Projects and offshore wind (OSW) Project development toward the potential future procurement of between 800 and 1,100 megawatts (MW) of offshore wind for commercial operation by 2034, and up to a total of 2,200 to 2,400 MW by 2035.

The Utilities' potential procurement of up to 2,400 MW of OSW by the mid-2030s is pursuant to the resource needs identified as part of the Utilities' 2023 CPIRP and 2023 SC IRP, as reviewed and approved for the execution of near-term actions by the 2023 CPIRP Order and 2023 SC IRP Order issued by the NC Commission and SC Commission, respectively.

This ARFI targets the potential for acquisition of offshore wind resources from leased wind energy areas (WEA) off the coast of North Carolina. In November 2017, Avangrid Renewables, LLC (Avangrid) obtained the lease to develop the Kitty Hawk South WEA (OCS-A 0508)¹ approximately 27 miles due east of Corolla, NC. In 2022, Duke Energy's nonregulated direct subsidiary Duke Energy Renewables Wind, LLC acquired an offshore WEA (OCS-A 0546)² in the Carolina Long Bay area east of Wilmington, North Carolina (NC), which is now held by Duke Energy's nonregulated direct subsidiary Cinergy Corp. TotalEnergies Carolina Long Bay, LLC acquired the adjacent offshore wind lease (OCS-A 0545)³ in the Carolina Long Bay in the same Bureau of Ocean Energy Management (BOEM) lease auction;⁴ both Carolina Long Bay lease areas are approximately 22 miles south of Bald Head Island, NC. Avangrid, TotalEnergies, and Cinergy Corp are each actively engaged in development of their respective lease areas (collectively, the WEA Leaseholders) comprising up to 4.6 GW of OSW and are being invited to respond to this ARFI as further described below.

The 2023 CPIRP Order cited the Utilities identified need to conduct an ARFI "so that Duke may update its modeling inputs for offshore wind and provide more accuracy with resource selection" citing that "an ARFI is needed to gather information that would inform the acquisition structure, cost, risk analysis, and scale of offshore wind resources in the next CPIRP."⁵ The 2023 CPIRP Order further directs that the ARFI should be designed to "obtain meaningful and actionable information from

¹OCS-A 0508 BOEM Commercial Lease for Submerged Lands for Renewable Energy Development on the Continental Shelf. Effective Date November 1, 2017. <https://www.boem.gov/Lease-OCS-A-0508/>

²OCS-A 0546 BOEM Commercial Lease for Submerged Lands for Renewable Energy Development on the Continental Shelf. Effective Date June 1, 2022. Originally contracted with TotalEnergies Renewables USA, LLC and assigned to TotalEnergies Carolina Long Bay, LLC on November 14, 2023. <https://www.boem.gov/renewable-energy/state-activities/commercial-lease-ocs-0546>.

³OSA-A 0545 Lease Agreement. Effective Date June 1, 2022. Originally contracted with Duke Energy Renewables Wind, LLC and assigned to Cinergy Corp on July 12, 2023. <https://www.boem.gov/sites/default/files/documents/renewable-energy/state-activities/Commercial%20Lease%20OCS-A%200545.pdf>

⁴Atlantic Wind Lease Sale 9 (ATLW-9); May 11, 2022 Department of Interior Press Release: <https://www.doi.gov/pressreleases/biden-harris-administration-announces-winners-carolina-long-bay-offshore-wind-energy>

⁵2023 CPIRP Order at 132-133.

[Eligible Participants]” and directs that the ARFI should “request information that will expedite procurement of offshore wind if it is confirmed to be a least-cost and viable resource option.”⁶

On November 25, 2024, the SC Commission issued the 2023 SC IRP Order. The 2023 SC IRP Order, among other things, approved the Utilities’ 2023 IRP and directed the Utilities to include in their next South Carolina IRP and IRP Update a summary update on the Near-Term Action Plan addressing ongoing development activities relating to the “[Utilities]’ evaluation of offshore wind through [this] ARFI.”⁷ The SC Commission also concluded that the specific actions included in the Utilities’ Near-Term Action Plan, which includes the Utilities’ issuance of this ARFI, are in the public interest of South Carolina and are reasonable steps to take between the issuance of the 2023 SC IRP Order and the Utilities’ next comprehensive IRP.⁸

Consistent with the foregoing resource planning directives, the purpose of this ARFI is to inform the Commissions on next steps for offshore wind development off the coast of North Carolina and to provide the 2025 CPIRP and the Utilities’ next South Carolina IRP and IRP Update with updated assessments of cost, schedule, risk, and other material Project development elements associated with delivery and operations of the OSW resource(s) and operations and to evaluate the level of confidence of these aspects of the Submissions.

Eligible Participants are reminded that this is a Request for Information, not a Request for Proposals. In accord with the 2023 CPIRP Order, the Utilities also remind Eligible Participants that to the greatest extent possible the Utilities request Eligible Participants provide binding information.⁹

3. Eligibility

Eligible Participants who may respond to the ARFI include those who have (or are in the process of obtaining) the necessary permits and approvals to construct an OSW generation facility within an outer continental shelf OSW WEA regulated by BOEM specified as lease areas OCS-A 0508, OCS-A 0545, and OCS-A 0546 (Eligible Participants, Participants).

Guidelines for BOEM’s Regulatory Framework and Guidelines can be found at the BOEM Website: <https://www.boem.gov/renewable-energy/regulatory-framework-and-guidelines#tabs-12126>.

4. ARFI Logistics

A. Independent Evaluator and Responsibilities

The Utilities have contracted Power Advisory LLC to serve as the Independent Evaluator (IE) and advise on the development of the ARFI, including ARFI administration and the quantitative and qualitative evaluation of Submissions received in response to the ARFI. The IE’s objective is to ensure that the ARFI is administered in a manner that is fair and transparent for all the Eligible Participants

⁶ 2023 CPIRP Order at 144.

⁷ 2023 SC IRP Order at 183.

⁸ 2023 SC IRP Order at 207.

⁹ 2023 CPIRP Order at 144.

and that the evaluation of Submissions received in response to the ARFI reflects their anticipated value to ratepayers.

In support of the NC Commission's 2023 CPIRP Order, the Independent Evaluator's core responsibilities are to: (1) ensure a fair, transparent, and competitive process for all Eligible Participants, and (2) assist the Utilities gathering of information that would inform the acquisition structure, cost, risk analysis, and scale of offshore wind resources in the next CPIRP.

Such efforts specifically include that the IE engage with the Utilities to provide:

1. Oversight in the development and implementation of the ARFI, including supporting and advising the ARFI Team regarding the utility-led process and documentation that may be used to solicit viable, competitive OSW projects and their evaluation in a fair and competitive landscape.
2. Advise in the development of the Asset Acquisition Reference Price: Independent of this ARFI and in parallel with its administration and evaluation, the Utilities will be working with Public Staff – North Carolina Utilities Commission to develop said reference price in accordance with the 2023 CPIRP Order.¹⁰ Power Advisory will advise on the Reference Price's derivation.
3. Synthesis of the processes and outcomes from the foregoing steps into a report to be filed with the NC Commission no later than July 30, 2025, including recommendations and supporting rationale whether: (1) the Utilities should proceed with issuing an RFP for procurement of offshore wind, taking into consideration the updated cost and other relevant information such as Projects' structuring, timing and risk factors, resultant from this ARFI and its comparative evaluation with the Asset Acquisition Reference Price; or (2) an RFP should not be pursued or should be delayed.

Additionally, in support of the 2023 CPIRP Order, the IE's responsibilities extend to facilitate and ensure the Utilities:

4. Engage with the WEA lessees prior to issuing the ARFI regarding the procurement structure, contractual structure and schedules, acknowledging that the Eligible Participants have experience and expertise in offshore wind development that will benefit the ARFI process.

As the IE for this ARFI process, Power Advisory brings extensive renewable energy project procurement, construction, development and financial experience to develop and administer the ARFI and evaluate the Submissions received in response to the ARFI. The IE team members have served as an Independent Evaluator in ten other power supply solicitations and have experience coordinating and managing similar solicitations for several different states and agencies along the Atlantic coast of the United States (U.S.). Team members have further participated in the U.S. Department of Energy's Wind Energy Technologies Office (WETO) Offshore Wind Liftoff Report and

¹⁰ 2023 CPIRP Order at 142-45 (accepting Stipulation Paragraph 30, which provides that this ARFI should incorporate an Asset Acquisition Reference Price that will be developed by the Utilities in consultation with Public Staff and the IE; the Asset Acquisition Reference Price will not be shared with market participants).

have also conducted OSW feasibility studies for BOEM to assess site, competing use, interconnection, technology and cost characteristics across many U.S. regions.

B. Pre-ARFI WEA Leaseholder Engagement

On December 19, 2024, the IE convened and facilitated a meeting between the ARFI Evaluation Team and the WEA Leaseholders. In this meeting, the IE presented the core legal and regulatory frameworks underpinning this ARFI's development and related timelines and process.

Following the first pre-ARFI meeting, questions were solicited of the WEA Leaseholders to the ARFI Email by December 31, 2024, and answers posted to the ARFI Website to ensure equal access to information by all participants and stakeholders more broadly. Additional questions were solicited to the ARFI Email on a rolling basis through the period leading up to the second pre-ARFI WEA Leaseholder meeting held on January 9, 2025, and several questions were addressed after the January 9 meeting. In total, over 56 questions were addressed prior to issuing the ARFI.

Between the first and second WEA Leaseholder Meetings, the Independent Evaluator held one-on-one meetings with each of the WEA Leaseholders to discuss the desired format of the January 9th meeting and to secure input on critical questions to be addressed at the January 9th meeting.

On January 9, 2025, a second pre-ARFI meeting was facilitated by the Independent Evaluator between the ARFI Evaluation Team and the WEA Leaseholders. This second meeting employed an open format and presented an outline of the ARFI's anticipated elements and context regarding the level of detail and precision to be expected in the responses to the ARFI.

C. ARFI Conference

Following the release of the ARFI, the Independent Evaluator will host a conference with Eligible Participants on **Thursday, February 6, 2025, at 11:00 a.m. ET**. Participants will be sent registration links by the IE. The list of Participants and contact information for the ARFI Conference will be kept confidential.

Any materials presented during the ARFI Conference will be made available following the conference on the ARFI online platform.

D. Website and Email Address

The ARFI online platform (ARFI Website) where information related to the ARFI will be shared is located at <https://dukeenergyoswarfinorthcarolina.com>.

All communications from participants related to the ARFI, including questions and Submissions, are to be directed to dukeoswie@poweradvisoryllc.com (the ARFI Email).

Both the website and email address will be administered by the Independent Evaluator for the duration of the ARFI process.

Questions submitted in writing will be responded to expeditiously by the ARFI Evaluation Team. The author of specific questions will be kept confidential, although the question and the Utilities' response may be made public.

All Participant Submissions will be kept confidential (see Section 5).

E. Q&A Process and Deadline for Questions

Following issuance of the ARFI, Participants may submit questions to the ARFI Email on an ongoing basis until **Monday, March 31, 2025, at 3 p.m. ET**. Responses will be posted and made available to all participants via the ARFI Website.

Following submittal, the ARFI Evaluation Team and the IE reserve the right to pose clarifying questions in relation to the received Submissions.

All communications between participants and the ARFI Evaluation Team will be through the Independent Evaluator.

F. Submission Deadline

Participants are requested to upload Project submissions to the submissions portal by **Wednesday, April 30, 2025, at 3 p.m. ET**. Each Participant's unique submissions portal (URL) and instructions for the uploading of Project submissions will be provided following the request by Eligible participants to the ARFI Email by **April 16, 2025, at 3 p.m. ET**. Each Submission will comprise of a narrative and be accompanied by the completion of the Submission Form as further referenced below.

G. Duke Affiliate Separation and Submission Protocols

Duke Energy has established a Cinergy Corp. Team that will be responsible for preparing any Submissions sponsored utilizing the Carolinas Long Bay OSC-A 0546 lease, as well as a separate ARFI Evaluation Team that will be responsible for administering the ARFI in coordination with the IE, including the evaluation of all Submissions in the ARFI. To ensure confidence in the fairness of the evaluation process and no perception of undue advantage arises during the ARFI evaluation process, the Utilities have established separation requirements pursuant to which Cinergy Corp. Team members will not be involved in or responsible for the evaluation of any Submissions (which will be performed by the IE and the ARFI Evaluation Team).

The Cinergy Corp. Team is also required to upload any Submissions no less than 24 hours before the established ARFI Submission deadline. The IE and ARFI Evaluation Team will evaluate these Submissions to provide transparency that Cinergy Corp. Team Submissions are fairly evaluated.

All communications with Participants related to the ARFI should be directed to the IE through the ARFI Website or ARFI Email. The IE will monitor the ARFI Website and the ARFI Email, which will serve as the required vehicles for all ARFI communications. After the receipt of Submissions and to keep a record of written communications, the IE will monitor the ARFI Email and ARFI Website for communications from Participants. If the Utilities require phone communications with any Participant Sponsor, then the IE will participate and monitor the call/teleconference.

Participants should be aware that members of the ARFI Evaluation Team and the Cinergy Corp. Team may work with each other on other projects not related to the ARFI, but are prohibited from discussing or disclosing, directly or indirectly through a conduit. No transfer of an employee of the Utilities shall be used to circumvent this prohibition to create a conduit for the prohibited transfer of Confidential Information.

5. Confidentiality

Each Participant is prohibited from disclosing to others information about the ARFI or the ongoing status of any planned or made Submission, and the information received by the Participant from the Utilities and/or the IE (Process Information); provided, however, a Participant may disclose Process Information to the IE, the Public Staff – North Carolina Utilities Commission, or the South Carolina Office of Regulatory Staff, as well as to the Participant’s affiliates’ officers, employees, consultants, attorneys, agents, bankers, accountants, Submission Sponsors and contracting parties (Representatives) as reasonably necessary for such Participant to participate and perform as a Participant in this ARFI, provided, further, that as a condition to any such disclosure to such Representatives, (i) the Participant must direct its Representative not to disclose the Process Information, and (ii) such Representative must be subject to a contractual obligation to maintain the confidentiality and not disclose Process Information. If the Representative or Potential Counterparty cannot be made subject to a contractual obligation to maintain confidentiality of the Process Information, the Participant must obtain Duke Energy’s prior written consent before making the disclosure.

The Utilities and the IE will not publicly disclose the identity of Participants during the evaluation process. However, at the conclusion of the evaluation process, and in filing of its report with the Commissions, Utilities and/or the IE shall be permitted to publicly identify all 2025 ARFI participants that have provided Submissions in response to any NC Commission or SC Commission inquiries or reporting requirements.

The Utilities will take reasonable precautions and use reasonable efforts to protect any proprietary or Confidential Information contained in a Submission, provided a Participant clearly identifies that such information is confidential on each page on which such Confidential Information appears. Participants are instructed to identify information they desire to be treated as confidential by marking each page of each document “CONFIDENTIAL.” Such information designated by a Participant to be maintained as Confidential may, however, be made available on a confidential basis under the requirements of applicable state or federal law and to the NC Commission, SC Commission, Public Staff – North Carolina Utilities Commission, South Carolina Office of Regulatory Staff or other governmental authorities having appropriate jurisdiction over this ARFI. The Utilities reserve the right to release such information to the IE and such governmental authorities as needed to monitor this ARFI. Under no circumstances will the Utilities or the IE be liable for any damages resulting from any disclosure before, during, or after the ARFI process.

6. Use of Project Sponsors/3rd Parties as Part of Development

The Utilities recognize that Participants may utilize financial and/or construction partners or sponsors (Submission Sponsors) for Project development. Participants that rely on Submission Sponsors to meet ARFI requirements must provide evidence that is satisfactory to the ARFI Evaluation Team and the IE of a binding legal partnership or similar relationship with such Submission Sponsor.

Participants are encouraged to utilize historically underutilized businesses as service providers for the services required to deliver their Projects. Participant's commitment to utilizing minority- and women-owned firms to deliver the services required to complete the Project may be a consideration during the evaluation in any formal RFP process to be conducted subsequent to this ARFI.

7. Minimum Qualifying Submission, Alternative Submissions and Excluded Submissions

A. Minimum Qualifying Submission

The Utilities are seeking information regarding the acquisition of an offshore wind generation facility, whereby one or both of the Utilities would ultimately be the owner of the asset. As the minimum requirement to provide a qualifying Submission to this ARFI, Participants are requested to provide Submission(s) for a "build-own-transfer" (BOT) arrangement for a Project up to 2,400 MW by 2035 with the following construction and commercial operation timelines:

- 800 to 1,100 MW to achieve commercial operation by end of 2034.
- Necessary additional capacity such that a total of 2,200 to 2,400 MW will have achieved commercial operation by end 2035.
- Transfers ownership of the Project (or a subset of the Project) at Mechanical Completion but requires Participant to continue construction and development responsibilities until the Project is Placed in Service.
- Includes the "all-in" purchase price for the fully completed Project.
- Utilizes New Bern, NC as the Point of Interconnection (POI).
- Project Price should be stated as a nominal \$ (USD) value.
- Includes an Operations and Maintenance Plan with estimated costs for a period of 10 years beginning upon Placed in Service consistent with the details requested in Section 8.C - O&M Information.

In the event the Participant is not able to deliver the amount of capacity within the timeframes above either due to inability of lease area to accommodate such amounts or due to schedule constraints, Participant should include in its Minimum Qualifying Submission the amount of capacity and associated cost to deliver such capacity within the time periods specified.

B. Alternative Submissions

Participants may also provide multiple Alternative Submissions to this ARFI; however, the Utilities require each Alternative Submission to be reasonably different and appropriately characterized from the Participant's Minimum Qualifying Submission to ensure variances are readily discernible and comparable. Alternative Submissions may alter some aspect of the "minimum requirement" including capacity, timing, scope of additional services and risk sharing. However, all proposals must at least transfer ownership no earlier than Mechanical Completion but before the Project is Placed in Service. While the Utilities take the position that North Carolina law applicable to the acquisition of offshore wind resources selected in a future CPIRP requires 100% utility ownership of offshore wind resources prior to achieving Placed in Service,¹¹ if a developer submits a proposal that meets the minimum standards including Build-Own-Transfer and 100% ownership by the Utilities, that developer may also submit a proposal(s) into the ARFI with joint ownership structures, which may be considered by the Companies, in their reasonable discretion in consultation with the Independent Evaluator, and provided that the developer would be required to demonstrate in a future RFP issued after the ARFI is concluded and prior to the date that responses are due in any future RFP that such joint ownership structures comply with both the 2023 CPIRP Order and applicable ownership requirements under North Carolina law.¹²

C. Excluded Submissions

While alternative transfer of ownership arrangements beyond build-own-transfer (BOT) will be considered (when provided in addition to the Minimum Qualifying Submission), power purchase agreement Submissions will not be considered as such does not result in the Utilities taking ownership of the asset.

8. Materials Required – Minimum Submission

All Submissions, both Minimum Qualifying and Alternatives, must include the information requested in the following Section 8. In the event information provided in support of one or more portions of Section 8 is identical or substantially the same for various Submissions, the Participant may state which portions are similar across specific Submissions rather than restate all information for each Submission.

For a Submission that results in increments of the total Project capacity being Placed In Service over a period of more than 12 months, the Participant should provide information for each phase of the Project separately for purposes of responding to the requirements of the following Sections:

- 8.B.ii - Project Arrangement;
- 8.B.vii - Energy Production Estimate;

¹¹ N.C.G.S. 62-110.9(2); *see also* *Order Adopting Initial Carbon Plan and Providing Direction for Future Planning*, Docket No. E-100, Sub 179 (Dec. 30, 2022) ("[T]he Commission determines that the plain language of N.C.G.S. § 62-110.9(2) dictates that new generation resources that the Commission selects to achieve the carbon dioxide emissions reduction mandates of N.C.G.S. § 62-110.9 must be utility-owned with costs recovered on a cost-of-service basis").

¹² N.C.G.S. § 62-110.9(2).

- 8.B.xiv - Project Schedule;
- 8.C - O&M Information;
- 8.D - Decommissioning Cost;
- 8.E - Project Financing and Project Cash Flow; and,
- 8.F - Project Structuring Proposal(s).

Participants are to assume that ownership transfer of the Project by the Utilities will take place at Mechanical Completion, prior to Placed in Service for purposes of preserving the Utilities' rights to all federal tax credits and depreciation benefits.

For each Project Submission, Participants are requested to provide documentation and pricing consistent with requirements detailed in Section 8 and complete applicable areas of the Submission Uptake Form provided, per the Instructions tab in the Submission Uptake Form.

A. Applicant Experience

Submissions must demonstrate that the Participant has sufficient relevant experience and expertise to successfully finance, develop and construct its Project. In general, a Participant must show experience in developing and operating offshore wind facilities of comparable size and technology as the Project proposed in the Submission(s).

Each Participant must also describe the experience of the principal members of its project team. Submissions should include information on who will be responsible for design, siting, permitting, financing, construction and on-going operation and maintenance of the Project, if applicable and known. Each member that will lead key aspects of the Project should have experience in leading those tasks on previous projects that are similar to the proposed Project.

Such experience can be established by demonstrating that key members of the development team, including Submission Sponsors, have undertaken relevant project management responsibilities, including: (1) successful development, construction and operation of a similar type of project within or outside of the U.S., or (2) successful development, construction and operation of one or more projects of similar size or complexity or requiring similar skill sets.

Participants must also explain if the Submission Sponsor (the Company or any affiliate) or the Project has previously terminated a contract with a domestic off-taker or failed to accept a winning offer from a domestic off-taker in the last three (3) years.

B. Project Description

Minimum Submissions to this ARFI and Alternatives must include narrative descriptions of the following elements. This narrative will serve as the basis for the qualitative evaluation of Submissions as described in Section 9. Parties are welcome to provide third-party studies to further substantiate the narrative. However, for the avoidance of doubt, such studies are not required for qualified Submissions.

i. Project Site Conditions

Submissions must provide descriptions of planned site characterization studies to be completed in support of deconflicting and derisking the Project. In addition, submitting summaries of studies or

surveys already conducted, including desktop efforts to deconflict the Project, will aid in understanding any environmental considerations (i.e., geological, benthic, species) already accounted for (or those that require inclusion in the mitigation plans requested below) by the Participant. Any consultations with regulatory agencies or recommendations on studies to be conducted within the Project area would be beneficial in understanding buildable areas and feasibility.

ii. Project Arrangement

Submissions must provide a site plan (or plans) including a map (or maps) that clearly identifies the location of the proposed Project site and layout, including acreage, offshore infrastructure locations, the proposed landing location for the offshore submerged cables, the current proposed transmission right-of-way (ROW) width, the specified interconnection point (POI) (or, if applicable, other interconnection points for Alternate Submissions), the related onshore and offshore transmission and interconnection facilities, deployment facilities, and the relationship of the site to other local existing offshore and onshore infrastructure, including transmission facilities and ROWs, federal and state roadways and jurisdictional/classified waters.

iii. Remaining Development and Logistics Plan

Responses must include a descriptive development plan that demonstrates the logistical viability of the Project, including all anticipated specialized equipment (e.g., vessels) that will be necessary to complete Project development. The construction and logistics plan should also consider the applicable maritime law(s), including but not limited to the Jones Act, that support Project compliance. Submissions must demonstrate planning efforts that have or will be taken to secure necessary marine terminal facilities for staging and deployment of major components to the Project area.

Participants should disclose all major project development milestones, including permits that will have to be obtained, the status of each permit, a timeline for the completion of all permits that relate to the Submission, site evaluation and studies conducted to date, and a timeline for completing all outstanding studies.

For the avoidance of doubt, a construction and development schedule is requested in Section 8.B.xiv below.

iv. Turbine Technology

The proposed wind turbine is an important design element of any offshore wind project. The turbine's size and capacity drive key design decisions related to other componentry, and the energy production potential of the turbine is a critical element to overall project viability. Submissions must identify the turbine capacity and anticipated turbine supplier, as well as the status of acquisition of the equipment. Information regarding the turbine power performance curve with cut-in/cut-out wind speeds also should be presented. Relevant technical evaluations and considerations or methodologies used to make selections should be described.

Duke Energy acknowledges that it is common to observe offshore wind proposals which include larger capacity turbine models that have not yet been commercially deployed but which are expected to be available in line with a project's multi-year development schedule.

Given the turbine model development schedules of major suppliers, offshore projects in the U.S. which are expected to be completing construction between 2027 and 2030 are planning for the use of 14 MW-15 MW turbine models from GE Vernova, Siemens-Gamesa, and Vestas. In the event the turbine capacity proposed is beyond the 14 MW-15 MW range, submissions must address the uncertainty which exists with future turbine development schedules by describing how the capacity and supplier were determined and what information, discussions, contractual arrangements, or other factors were included as part of the decision. The overall goal of this description is to provide confidence that the proposed turbine model is a reasonable and low-risk assumption in line with the project's construction schedule.

v. Balance of Equipment Type/Technology

Technological selections with respect to balance of equipment technologies are critical inputs to overall Project viability. Submissions must identify the conceptual designs and selections for foundations and electrical collection and distribution systems proposed for the Project. Relevant technical evaluations and considerations or methodologies used to make selections should be described. Viability may be demonstrated by showing that the technology is commercially available at the time of the ARFI Submission deadline, is reasonably expected to be commercially available prior to the commencement of Project construction, or has been used successfully on other similar projects in commercial operation within or outside the U.S. The overall goal of this description is to provide confidence that primary components can be procured to meet the required development schedule and therefore, reasonable timeline(s) and details for procuring the components from identified suppliers should be included.

vi. Port and Vessel Plan

Submissions must provide a vessel plan that considers use of specialized equipment and exhibits timeline(s) that support compliance with current U.S. laws and regulations (e.g., the Jones Act). Any considerations made for operation windows, including time-of-year restrictions for marine species or stakeholder uses as well as any consultations or negotiations underway with the U.S. Coast Guard or other Port Authorities should be provided. This section may also include information on planned port developments or investments, staging or laydown areas to be utilized by the Project and include any planning that has gone into establishing protocols or routes for tug/tow operations and material transport. In addition to planning phase activities, any agreements or Project plans to utilize local maritime organizations (e.g., commercial fisher personnel or vessels) and local or Tribal community members for survey or monitoring support should be described.

vii. Energy Production Estimates

The estimated energy production of the Project must be presented as a 30-year average P50 net 8,760 (each hour of a representative year) production array (MWhrs). This value should represent the energy at the POI including system mechanical and electrical losses prior to inclusion of planned and unplanned maintenance and other equipment related outages or Project ramp-up

assumptions. Further information is requested to estimate expected net energy delivered to the POI taking into account planned and unplanned outages and Project ramp-up.

In addition to the values requested, credibility of the energy resource assessment and production profiles must be described in sufficient level of detail to demonstrate that the wind resource measurement campaign and energy estimate methodology were according to industry best practices and minimized uncertainties where possible. This should include, at minimum, description of resource measurement campaign, wind resource modeling techniques used, gross energy estimates, and technical loss assumptions and uncertainties.

In the event on-site collected wind resource data does not exist to generate a P50 hourly estimate for the Project area, Participants are required to provide a substitute energy output data set. In such event the Participant must provide information related to the wind data utilized to generate its estimated energy production and associated methodology, including but not limited to period of reference, applicability to the Project site, data collection technology and validation.

As part of the support for the estimated energy production estimates above, the Submission should include the input assumptions related to the following items used in arriving at these values on an annual basis:

- Turbine Availability Losses
- Balance of Plant Availability Losses
- Wake Losses
- Suboptimal Performance Losses
- Environmental Losses
- Transmission Losses to POI

viii. Hurricane and Significant Weather Risk

Submissions should provide documentation that highlights efforts and evaluations conducted or planned to aid in understanding and quantifying the potential hazards associated with hurricane and other significant weather event occurrence within the Project area. This may include studies identifying the likelihood of occurrence and anticipated impact (or level of impact) to the Project and/or may focus on the Project's ability to execute necessary tasks and operational work within a hurricane- or weather-affected area. A description of risk mitigation actions should identify the engineering controls, work practices, and protective equipment or measures that will be implemented by the Project to minimize exposure and impact from hurricanes and other significant weather events.

ix. Permitting Plan

Submissions must demonstrate a complete, credible and achievable plan for successfully obtaining necessary permits within the proposed Project milestones. All required federal, state and local permits must be identified, and the status of each permit must be provided. Submissions must also provide information describing the extent to which support of or opposition to the Project may materially affect the Project's permitting approval timelines.

Projects shall show comprehensive plans or activities completed to date or that will be completed in due course that align with National Environmental Policy Act (NEPA) environmental and North Carolina's State Environmental Policy Act (SEPA). Applicants will be required to demonstrate timely and effective completion of the NEPA process, through the Bureau of Ocean Energy Management and the collaborating agencies, in a manner pertinent to the proposed Project. In conjunction with the overarching NEPA-required studies and applications, the concurrent federal, state and if applicable or currently available, local regulatory requirements should also be outlined with statuses and proposed path for completion (agency, requirement(s), timeline) identified.

x. Environmental Protection Plan

Projects must include initial environmental protection and fisheries mitigation plans for the construction and operation of the Project. These plans should include Best Management Practices (BMPs), proposed mitigation measures, and may include established Standard Operating Procedures (SOPs) of the Participant. Additional detail within the fisheries mitigation plan should include identification of key stakeholder groups and provide considerations made for commercial, recreational, and indigenous fishing impacts and rights. The environmental protection plan shall include, but not be limited to, appropriate region-specific mitigations (based on the latest science or other relevant regional context) to avoid, minimize and mitigate impacts on wildlife, threatened or endangered species, coastal and marine habitats and ecosystem processes, natural resources, and traditional or existing water-dependent uses.

The protection and mitigation plan(s) should include pre-construction, construction and post-construction activities, including monitoring and reporting plans that aid in understanding and addressing effects of facilities on marine and avian species and other ocean uses.

xi. Visual Impact Assessment

The Participant must provide description of the planned project approach, mitigations and record(s) of activities conducted to date related to turbine and other Project components' visibility from shore.

xii. Interconnection Plan

The Participant must provide plans developed to-date that identify Project-specific scenarios and pathways for offshore wind energy delivery to the POI following a radial design. Plans should include, at a minimum, the distance from the offshore substation, the subsea, landing point, onshore route to connect to the POI, the export transmission technology and voltage, location of any HVDC converter station, sequencing, and build-out, that adequately support equitable, affordable, and timely transmission development. Considerations may include various electricity supply scenarios, transmission scenarios (including complementary designs to the radial minimum – e.g., backbone or meshed designs), assessment and studies required or already conducted that identify cost-efficient landfall location(s). Project contributions to overall regional grid reliability and impacts or mitigations to other ocean uses should be described. This interconnection plan should also describe siting and environmental assessments that identify potential developmental constraints and exhibit the Project's ability to consider cumulative impacts while finalizing interconnection.

xiii. Stakeholder Engagement Plan

Submissions must provide a Stakeholder Engagement Plan that describes, to the extent practical, specific measures the Participant will take to foster collaboration and cooperation among Project developers, jurisdictional and collaborating agencies, impacted communities, contractors and suppliers, marine and ocean users, non-governmental organizations (NGOs), environmental NGOs, and labor organizations, and among other stakeholders. Applicants should provide documentation that highlights engagement efforts planned or executed for the Project to date to exhibit the current level of effort being placed on identification, involvement and management of relevant stakeholder groups.

xiv. Project Schedule

Participant shall provide relevant information on the anticipated Project schedule and demonstration of target placed in-service date. Project schedules may be adversely affected by the Executive Order issued on January 20, 2025 on the Temporary Withdrawal of all areas on the Outer Continental Shelf from Offshore Wind Leasing and Review of the Federal Government's Leasing and Permitting Practices for Wind Projects (Executive Order).¹³ However, to allow all Submissions and to assess the impacts of the Executive Order on a consistent basis, Participants shall present a Project schedule that assumes no impact from the Executive Order. Participants are requested to address the potential impacts of the Executive Order in the Project Risk Mitigation section 8.F.iv.

Submissions must include a proposed Commercial Operation Date for the Project. If the Project may progress in phases, multiple Commercial Operation Dates shall be provided with sufficient level of detail on key developmental milestones for each scenario. For example, a detailed Level 2¹⁴ or better project schedule should be provided to demonstrate that the Project can reasonably achieve all permitting, development, financing and construction activities within the proposed timeline.

C. O&M Information

i. Operations and Maintenance Strategy Description

The Applicant should provide a summary of the overall operations and maintenance (O&M) strategy for the Project. This description should include the expected onshore infrastructure, vessels, contractual arrangements and responsible parties necessary to support project operations and reliability. This may include, but not be limited to, onshore facilities, vessel operators, resourcing (e.g., workforce), planned maintenance activities (e.g., monitoring, sensing, inspection and repair) for turbines and other project infrastructure, and unanticipated maintenance for turbines and other

¹³ Memorandum signed by President Donald J. Trump. January 20, 2025.

<https://www.whitehouse.gov/presidential-actions/2025/01/temporary-withdrawal-of-all-areas-on-the-outer-continental-shelf-from-offshore-wind-leasing-and-review-of-the-federal-governments-leasing-and-permitting-practices-for-wind-projects/>

¹⁴ For the purposes of this ARFI, a Level 2 schedule is expected to include delineation to the component level (i.e. monopiles, transition pieces, turbines, inter-array cables, offshore substation topside, offshore substation foundation, export cables, onshore cables, onshore substation), but not to the individual turbine level, and clearly specify the various milestones of development and construction such as, supply contract negotiation, start and end of fabrication, start and end of transport, start and end of installation, commissioning, and completion.

project infrastructure. The strategy description should include expected term lengths for warranties and guarantees, as well as terms for key O&M contracts with third-party equipment, facility or service providers.

ii. Operational Parameters

In the event such information is known as of the date of the submission, applicants are requested to include description of the following operational parameters:

- Any specific outage requirements which are known for the major components of the Project or overall Project;
- Any specific operating constraints which would limit the Project's ability to generate electricity, such as technical or environmental specifications; and
- Reliability expectations for major Project components, such as the turbines and substations, in terms of annual downtime related to planned and unplanned maintenance, testing, or inspection activities.

iii. Minimum 10-year Cost Estimate

Submissions are to include a cost estimate to operate and maintain the Project. Duke Energy encourages Submissions with O&M budget information consistent with the expected lifetime of the project, but at minimum, requests 10 years of operational phase O&M budget estimates. At a minimum this annual cost should be subcategorized into routine maintenance, equipment/materials replacement, vessel and port costs, administrative, and maintenance/replacement reserves.

Staying consistent with the O&M strategy description for the project, including expected terms for major O&M service contracts, Submissions are to include an annual overall O&M cost in addition to a level of detail broadly consistent with the categories listed below. Given each offshore wind Project arrangement is unique, Submissions may provide further detailed breakdowns which better align with the project's O&M strategy and thus, the following list is considered indicative only:

- Project level operations agreement(s)
- Component level service agreements
- Marine logistics
 - planned maintenance
 - unplanned maintenance
- Corrective maintenance
 - planned
 - unplanned
- O&M facilities and onshore equipment
- Lease fees
- Environmental related expenses
- Stakeholder related expenses
- Insurance
- Finance, legal and administrative services.

For the avoidance of doubt, this cost estimate is not an estimate for the Participant to operate and maintain the Project under a service level agreement (SLA) but rather an estimate of the cost to operate and maintain the Project.

It should be noted this O&M estimate should not include items related to the dispatch of the Project to meet load requirements, related ancillary service sales, renewable energy credit registration and sale, market participation-related activities, coordination with transmission providers and ISO/RTO operations, trading and back-office support services. The above request is specific to those O&M activities necessary to keep the Project in operational condition utilizing commercially reasonable industry standards.

iv. Alternative O&M Proposals – Service Level Agreement

In addition, Participants are welcome to offer service level agreements (SLAs) including relevant pricing to provide some or all of the O&M activities in the above sections under contract with the Utilities. Any Submissions including SLAs should provide the same level of documentation as requested in Sections 8.C.i - 8.C.iii for the applicable services provided under the proposed SLA. Pricing should represent the total, fully burdened price to provide such services to the Utilities rather than an estimate of cost to provide. Minimum length of SLA to be considered is 10 years with terms up to 30 years.

D. Decommissioning Cost

Submissions must include a cost estimate for the decommissioning of the project according to federal regulation for renewable energy facilities, notably *Title 30 of the U.S. Code of Federal Regulations, Part 585 – Renewable Energy and Alternate Uses of Existing Facilities on the Outer Continental Shelf*. As such, the cost estimate should include consideration for: (1) the removal of all facilities, projects, cables, pipelines and obstructions to a depth of 15 feet below the mudline, unless otherwise authorized by BOEM, and (2) the clearing of the seafloor of all obstructions created by activities on the lease, including the project easement, or grant, as required by BOEM regulations.

E. Project Financing and Project Cash Flow

Each Submission should describe the plans for acquiring the necessary funds for developing, constructing and operating the Facility, as applicable. Such plans should include a discussion of the Project's legal ownership structure and the expected sources and types of capital that the Participant has committed to secure. If available, letters of interest or letters of commitment from such financial partners or key sources of funding should be provided.

In the event a Participant plans to utilize a Submission Sponsor, the Submission must include a narrative of the contractual arrangement contemplated between the parties including the name of the Submission Sponsor(s), purpose of the activities contemplated, term of the relationship and disclosure of any liens the Submission Sponsor will have against the Project assets during development and construction as to how those liens will be resolved prior to transfer of Project ownership to the Utilities.

The Utilities are requesting Participants provide estimated project development and construction cash flows on a quarterly basis beginning with the assumed contract execution date provided in

Section 8.B.xiv. This information will allow the Utilities to understand the financial commitments of each Submission, provide support to the requested price and be used to validate the construction and development timelines provided. Participants should also specify the estimated expenditures made up through the contract execution date.

F. Project Structuring Proposal(s)

i. Structures, Payment

In addition to the structure and payment requirement of the Minimum Qualifying Submission, Participants may include Submissions that include specific payment, pricing, indexing and risk sharing structures. Such Submissions should include explanations of any risk sharing, price adjustment mechanisms and why these alternatives are more beneficial for retail customers of the Utilities. For all Submissions, Participants must complete all parts of Part V(b) of the Submission Form specifying the timing and amount (or percentage of total Project Price) owed to Participant by the Utilities, as indicated within the Submission Form. The sum of these payments must equal the total obligation of the Utilities to the Participant with respect to the development and construction of the Project. In addition, the Participant is required to include a break-down of the total Project Price as part of its response in the Submission Form.

ii. Construction Risk Insurance, Loss During Construction

Participants shall provide information related to proposed insurance practices and coverage necessary to insure the Project work prior to transfer to the Utilities. For all Submissions, Participant must provide sufficient insurance and risk management policies and practices to cover risk of loss or repair prior to transfer. Participants should provide information related to policy limits, deductibles and exclusions.

iii. Prospective Term Sheet

For the required Minimum Submission and any Alternate Submissions provided, Participants should provide a list of the key items/provisions of a prospective term sheet that would associate such offer if provided as a response to a Request for Proposal (RFP). At a minimum, the prospective term sheet items should address key milestones of which the Utilities are responsible that would affect the offer, timeline for major project milestones, specific pricing and payment information, any events that would give rise to price and/or schedule relief for Participant, the credit support package that Participant would provide, the scope of the warranty provided by Participant, the mechanism for confirming that the Project's performance satisfies minimum capacity requirements, and any events that would trigger termination rights.

iv. Project Risk Mitigation

Participants shall identify strategies and approaches for mitigating known Project risks. This review shall identify all significant project risks and the Participant's strategy for mitigating or managing these risks. While it is up to the Participant to identify these Project risks, these risks may include delays in the receipt of permits, unavailability of vessels or ports, and weather. The Submission shall address the potential impacts of the Executive Order on the Project, including its feasibility, schedule and any other elements of the Project that may be impacted.

G. Compliance with Inflation Reduction Act of 2022

The Inflation Reduction Act of 2022 (IRA) tax credit eligibility requirements for OSW investments are an important component of the evaluation of the net cost of all Submissions. The Utilities and the IE will need to estimate the tax credits available for all Submissions, based on input from the Participant. The Utilities will be responsible for estimating the available tax credits for each Submission.

For all Submissions, the Participant will be responsible for identifying any tax credit impact due to the location of the Project (e.g., located in designated energy community) and must provide such information as part of its Minimum and Alternate Submission(s). Participants should assume the Utilities will claim all tax credits associated with the Project.

Because the Participant is responsible for all development and construction of the Facility, the Participant must provide a narrative supporting their compliance with current prevailing wage and apprenticeship (PW&A) requirements of the IRA. Participants should also provide details related to how their Project proposal will leverage compliance with energy community and domestic content bonus credits, if applicable.

9. Evaluation Overview

The ARFI Evaluation Team will perform the initial assessment of compliant Minimum and Alternative Submissions based on a combination of quantitative and qualitative criteria.

The quantitative evaluation will consider Project costs and output and be structured to facilitate a comparison to the Reference Price.

In addition to the project cost estimates described above, the qualitative criteria specified in Section 8 will serve as the evaluation basis for the Submission's overall risk in terms of the level of confidence with respect to assumptions outlined in the Submission, particularly as they apply to the Project's cost, corresponding contingency assumptions and associated estimates, and COD.

A. Development Risk

The ARFI Evaluation Team will evaluate the development risks of each Participant's Submission. The assessment will consider the likelihood that the Participant will be able to ultimately develop and construct the Project as outlined in the Participant's Submission and will consider the potential impact of the Executive Order on the Project's feasibility, schedule and overall development risks.

B. Technology and Operational Risk

The ARFI Evaluation Team will assess the risks associated with the Project's constructability, layout, equipment, energy modeling and overall performance. The assessment of technology and operational risk will consider the Project's proposed site design/site conditions/access and use of proven and/or currently available technology and suppliers.

C. Environmental Risks

The ARFI Evaluation Team will assess the reasonableness of the Participant's plans for meeting all environmental requirements and the risk of changes to the proposed Project configuration to address environmental considerations.

10. Disputes

Should a dispute arise between the Utilities and a Participant relating to this ARFI, the Participant should provide written notice of the dispute to the ARFI Evaluation Team and the IE, and the parties will attempt to informally resolve the dispute with the involvement of the IE. To the extent Participant seeks further recourse relating to this ARFI, Participants retain the right to initiate a complaint proceeding before the NC Commission. By submitting a Project in this ARFI, Participants expressly agree to pursue any dispute relating to or arising out of this ARFI (other than disputes under the exclusive jurisdiction of the Federal Energy Regulatory Commission) before the NC Commission in the first instance, and not to assert that the NC Commission is an improper forum for any such dispute.

To the extent that a Participant initiates a dispute, complaint, or seeks other further recourse relating to this ARFI and such action causes additional work and billing from the IE, the IE will track those expenses. Whichever party does not prevail in the complaint or dispute will be responsible for these incremental IE expenses, and if a settlement is reached, the payment of IE expenses will be established in the settlement. The Utilities reserve the right to require reasonable financial security or other indicia of financial commitment to fund any IE expenses resulting from such dispute or complaint initiated by a Participant.

11. Notices and Reservation of Rights

The information contained in this ARFI has been prepared solely to assist Participants in deciding whether or not to provide a Submission to this ARFI. The Utilities do not represent this information to be comprehensive or to contain all of the information that a Participant may need to consider in order to provide a Submission. The Utilities reserve the right to modify, supplement or withdraw this ARFI at any time, whether due to changes in law or otherwise, and including by issuing one or more amendments or addenda to this ARFI during this solicitation, which addenda shall become a part of this ARFI.

No part of this ARFI and no part of any subsequent correspondence by the Utilities, its affiliates, or their respective employees, directors, officers, customers, agents or consultants shall be taken as providing legal, financial or other advice or as establishing a contract or contractual obligation on the part of the Utilities. Participants understand and agree by providing a Submission into this ARFI that their Submission is being evaluated pursuant to the terms of this ARFI and no contractual obligations on the part of the Utilities will arise or result from this ARFI process.

The Utilities reserve the right to request from any Participant information that is not explicitly detailed in this document, obtain clarification from a Participant concerning its Submission(s), conduct

contract development discussions with selected Participants as well as provide data to and conduct discussions with the IE as necessary for the IE to satisfy the IE's role and responsibilities.

The Utilities reserve the right to reject any, all or portions of any Submission received for failure to meet any criteria set forth in this ARFI or otherwise subject to review by the IE and the Commissions. Participants that provide Submissions agree to do so without legal recourse against Duke Energy, its affiliates, or their respective employees, directors, officers, customers, agents or consultants for rejection of their Submissions or for failure to execute an agreement for any reason. The Companies shall not be liable to any Participant or other party in law or equity for any reason whatsoever for any acts or omissions arising out of or in connection with this ARFI.

Each Participant shall be liable for all of its costs incurred to prepare, submit and respond to questions related to its Submission and any resulting agreement and for any other activity related thereto, and the Companies shall not be responsible for any of the Participant's costs. In submitting a Project into this ARFI, a Participant agrees and accepts that nothing contained in this ARFI will be construed to require or obligate the Utilities to enter into contracts with any Party. Participants should be aware that submittals, even if marked "CONFIDENTIAL," may be subject to discovery and disclosure in regulatory or judicial proceedings.