

ARFI Conference Q&A

Notes:

The questions provided have been modified to preserve confidentiality. Recommendations and other editorial comments regarding the ARFI structure have been received with thanks from the Duke Energy Team.

Q1. Can Eligible Participants potentially provide a joint development Submission?

Yes. The ARFI does contemplate that an Eligible Participant could partner with another Participant to deliver a joint Submission. In that case, the Utilities expect that the relationship between the two Participants would be that of “Submission Sponsors,” in order to comply with the requirements of the ARFI, and that the Participants would provide evidence of a binding legal partnership or similar relationship (e.g., binding joint development agreement or comparable arrangement), governing their joint Submission. For the avoidance of doubt, however, a binding commitment to offer a joint Submission effectively precludes Participants from also offering separate individual Submissions into the ARFI. Notice of any planned joint Submission should be provided to the IE at Participants earliest opportunity.

Q2. If a Participant submits a “Minimum Qualifying Submission” (MQS), could that Participant also submit multiple “Alternative Submissions” where the proposals not only vary from the “Minimum Qualifying Submission” based on size, COD, and/or interconnection but also technology choice and ownership structure? Or do some variances require additional corresponding “Minimum Qualifying Submissions”?

Each Participant must provide a single Minimum Qualifying Submission that meets the minimum requirements in Sections 7 and 8 of the ARFI Document. One or more Alternative Submissions may be proposed but they should represent a material deviation from the Participant’s Minimum Qualifying Submission. The Alternative Submission could include deviations such as, but not limited to, technology, capacity, services, cost indexing, or risk sharing. To the extent possible, Alternative Submissions should endeavor to follow the complete suite of criteria required in the Minimum Qualifying Submission to aid the Evaluation Team in their assessment of accuracy and risk per Section 9 of the ARFI. As stated in Section 7.C of the ARFI Document, under no circumstances will the Utilities or the Independent Evaluator evaluate Alternative Submissions that contemplate purchased power agreements and do not provide for utility ownership of the Project.

Q3. Is the “Project Site Conditions” section only focused on information on the offshore portion of the project, or also onshore?

While the Submission Uptake Form, specifically Part IV(a-c) has a primary focus on offshore conditions, Section 8.B.i. of the ARFI contemplates Participants evaluate both off-and onshore portions of the Project. The Utilities expect Participants to include in their site plan information about proposed onshore facilities and their prospective locations as stated in Section 8.B.ii. Project Arrangement. The Utilities also expect the Participant, as common practice, to outline the current status of negotiations with affected parties related to access and land use requirements.

Q4. If a Participant is capable of proposing a project that is larger than 1,100 MW by 2034, and would like to submit a proposal for that capacity as it will be more cost-optimized, would Duke allow the Participant to submit the proposal for 2035 as a “standalone” project, without a first phase in 2034? (Theoretically, such a project could be selected for development in addition to a 2034 project developed by another Participant, but not necessarily.)

The proposed project could be offered as an Alternative Submission assuming all other aspects conform with the requirements of a qualifying submission related to ownership of the proposed Project and considering available transmission capacity by 2034 as outlined in the response to Q1 issued on January 7, 2025.

Q5. If a Participant believes they are capable of proposing 2,200-2,400 MW by the end of 2035 assuming certain technology, are they obligated to bid that as part of the Minimum Qualifying Submission?

Unless the Participant is not able to deliver the amount of capacity within the timeframes stated in Section 7.A. either due to inability of lease area to accommodate such capacity amounts or due to schedule constraints, a Submission that is capable of proposing 2,200-2,400 MW by the end of 2035 assuming certain technology should be the Participant’s Alternative Submission. As a reminder, a Participant must provide a Minimum Qualifying Submission, however, may provide Alternative Submissions that are reasonably different and appropriately characterized from the Participant’s Minimum Qualifying Submission.

Q6. Do the limits of 800-1,100 MW by 2034 (+/- one whole turbine) and up to 2,200-2,400 MW by 2035 (+/- one whole turbine) apply to the gross capacity or the net capacity at the onshore POI (net losses)? Given the long offshore cable lengths required by all three leases, we recommend that these limits apply to the net capacity at the onshore POI as opposed to the nameplate capacity of the windfarm.

The referenced limits are stated as “net” at the POI. In other words, these values represent the capacity as metered at the POI and not the rated gross capacity of the entire generation project at its offshore generation location.

Q7. The schedules outlined in Part V(a) and V(b)(ii) within the Duke Energy OSW ARFI Submission Uptake Form go up to Q3 2035. Is the latest allowable Commercial Operations Date Q3 2035 or Q4 2035 (as implied by the ARFI document)?

Confirming the latest Commercial Operations Date acceptable under the ARFI is Q4 2035. The revised Submission Uptake Form dated 02/12/2025 includes this correction.

Q8. Has Duke Energy performed interconnection studies to estimate the grid upgrades required at the New Bern and Havelock substations? Can these studies be shared so that Participants can use the same power flow base case as Duke Energy for their interconnection analysis?

The cost of grid upgrades at any injection point will be based on the amount of generation requested at that injection point. Definitive Interconnection System Impact Studies (DISIS) have not been performed to estimate the grid upgrades required for interconnecting any amount of offshore wind at the New Bern and Havelock substations. Carolinas Transmission Planning Collaborative (CTPC) studies with information relevant to offshore wind interconnections are available at <https://carolinastpc.org/reference/>. The 2020 NCTPC Offshore Wind Report dated June 7, 2021 and NCTPC 2023 Public Policy Study Report dated June 19, 2024 include evaluations of the impact of adding hypothetical offshore wind resources.

Q9. If Duke has not performed such studies, could the ARFI Team guide Participants on the process to get the power flow base case?

Participants can use the DEP OASIS site (link below) to inquire about the process and necessary requirements to obtain the most current completed DISIS study cases from a secure FTP site. Refer to: oasis.oati.com/woa/docs/CPL/CPLdocs/Info.htm

Q10. Will Duke provide physical space for the onshore HVDC converter station, or will the Participant be required to acquire its own real estate?

As previously stated in the ARFI pre-submission Q&A, the Utilities intend to provide commercially reasonable assistance and cooperation to all participating developers throughout the ARFI development and issuance. The extent to which the Utilities and Participants will be required to perform certain land acquisition activities would be defined in any definitive agreement between the Parties and likely specific to the particulars of that Project arrangement.

Q11. How many points of interconnection will Participants be allowed at the 230kV New Bern substation for the project(s)? This information will help Participants size transmission cables appropriately.

The design of the interconnection at a site is dependent on the amount of generation to be interconnected at the POI. It is also impacted by the number of bus lines in the developer's design which affects cost and desired level of reliability. A formal Facilities Study for the MW interconnection requested would need to be performed to definitively address this question, which is premature and beyond the scope of this ARFI.

Q12. How many points of interconnection will Participants be allowed at the 230kV Havelock substation for the project(s)? This information will help Participants size transmission cables appropriately.

The design of the interconnection at a site is dependent on the amount of generation to be interconnected at the POI. It is also impacted by the number of bus lines in the developer's design which affects cost and desired level of reliability. A formal Facilities Study for the MW interconnection requested would need to be performed to definitively address this question, which is premature and beyond the scope of this ARFI.

Q13. Will the ARFI Evaluation Team share any additional guidance on evaluation metrics other than what is available in Section 9 of the ARFI? For example, how will quantitative and qualitative criteria be weighted? How will technology risk be evaluated (and weighted)? Can you please clarify whether every submission is going to be evaluated and go through the same evaluation process?

It is anticipated that each Submission will be subject to the same evaluation process. The quantitative and qualitative criteria will be assessed to obtain a complete perspective regarding the Submission's anticipated cost and overall risk.

Q14. Can the ARFI Evaluation Team please confirm that Participants may submit one set of narrative documents for a multitude of Submissions, if they deem that to be a suitable strategy, and differentiate between each proposal within the narrative responses as necessary (as long as each proposal has a separate Uptake Form)?

Participants must provide a full narrative for their Minimum Qualifying Submission. However, if information related to an Alternative Submission is identical to what the Participant provided in its Minimum Qualifying Submission or other Alternative Submissions in some way, the Participant may articulate such differences within the narrative provided per the requirements of the Minimum Qualifying Submission. Distinct Submission Uptake Forms must be provided for the Minimum Qualifying Submission and for such Alternative Submissions.

Q15. Can you please clarify on the Submission Uptake Form how applicants could potentially provide a joint development Submission, or is the Form limited just to individual leaseholders?

A Submission Sponsor may provide a joint development Submission using Section II - Certifications of the Submission Uptake Form, assuming all criteria are met as outlined in Q&A #1 of this set issued January 12, 2025. The Submitting Party's Name, Authorized Representative Title, Signature, and Contact Information should include the information for the parties submitting jointly under a binding legal partnership or similar relationship as provided to the IE. For the avoidance of doubt, the use of the singular versus a plural tense on this form does not preclude a joint submission.

Q16. Regarding the ARFI's confidentiality, as written, it says, "each participant is prohibited from disclosing to others information about the ARFI or the ongoing status of any..." then lists exceptions for Public Staff, NCUC, South Carolina Office of Regulatory Staff, and a sort of list of subsidiary types. Please clarify how the confidentiality provisions should be understood given the ARFI's broad publication via the ARFI website?

The Utilities do not consider the ARFI or any other documents or information published to the ARFI Website to be confidential. The Utilities do consider any information used to develop the Participant's Submission to be confidential and therefore subject to provisions described in Section 5. Confidentiality of the ARFI.

Q17. Regarding the Operations and Maintenance (a) part of the Submission Uptake Form (Part IV in the spreadsheet), the ARFI document states that we need to provide a minimum of 10 years and then says optional for the 30 years through the life of the project. The form shows all the way to 30 years, please confirm that years 11 to 30 are optional.

Years 11 to 30 are optional. The form anticipates Participants either providing estimates up to 30 years or offering Service Level Agreements for one or more Submissions. To be clear, the ARFI requests Participants provide an estimate of the cost to provide operation and maintenance services for a 10-year period beginning upon the Placed in Service date for their Minimum Qualifying Submission. And, as stated in Section 8.C.iii, 10 years is the minimum length of time for the Participant's operational phase O&M budget estimate. Thus, years 11 to 30 are optional.

Q18. Regarding the O&M part of a Submission, please confirm whether the first 10 years of the O&M proposal would be considered to be the estimated costs and that those costs provided beyond 10 years would be perceived as estimations for an SLA proposal.

All values entered into the O&M portion of the Submission Uptake Form would be considered cost estimates unless the Participant specifically offers a Service Level Agreement for a particular Submission. In that case, the Utilities would assume the values entered into the Uptake Form represent an offer to provide such services for the amounts and duration in the Form. Please also see Q&A #6 as issued January 8, 2025.

Q19. In the ARFI document and the Submission Uptake Form, there seems to be a discrepancy where the ARFI document states the project price should be provided in a nominal value and in the Uptake Form it shows it should be base year 2025 dollars. Please clarify whether all costs can be provided in real dollar terms with base year 2025.

All dollar values should be provided in nominal terms. The revised Submission Uptake Form dated 02/12/2025 includes this correction.

Q20. There is a narrative prompt in Part III of the Submission Uptake Form, “how does this proposal contribute to reducing Winter and/or Morning Electricity Price Spikes?” which does not align with a specific section of the ARFI document, like the narrative prompt. Can the ARFI team clarify expectations for this portion of the response and whether a detailed quantitative analysis is expected as part of each submission?

Such assessment will be undertaken by the Evaluation Team in consideration of the production profiles provided in Part IV of the Submission Uptake Form. Participants may disregard. The revised Submission Uptake Form dated 02/12/2025 includes this correction.

Q21. The ARFI notes the stipulation in the Commission Order to “request binding information to the greatest extent possible.” Please confirm that that is a call for accuracy and not binding information.

Please refer to Pre-ARFI Q&A published Jan 3, 2025 Q#18. The ARFI has been designed to solicit Submissions consistent with the CIPRP Order’s expectation that the ARFI should “obtain[] meaningful and actionable information from the market participants” and that “the ARFI should to the greatest extent possible request binding information for the procurement of between 800 and 1,100 MW of offshore wind for commercial operation by 2034, and 2,200 to 2,400 MW by 2035 is a reasonable and appropriate next step for Duke.” CIPRP Order at 144. In consideration of the CIPRP Order, the Utilities anticipate Participants’ Submissions should make best efforts to provide actionable information and capture all relevant costs and risks that would be considered within a binding offer. Participants may also explain and/or further qualify their Submissions as presenting non-binding information to the extent they believe such qualification is necessary and will be informative to the Utilities and the Commission’s further evaluation of the cost and availability of offshore wind.

Q22. Pertaining to Part IV(d) – Project Schedule – Permitting Milestones, how should milestones for permits that are not required, such as SAP, be documented in Part IV(d) Project Schedule of the uptake forms? Is there an opportunity to explain why a permit is not required within the uptake form?

An optional notes column has been included in the revised Submission Uptake Form dated 02/12/2025.

Q23. Pertaining to Part V(b)(i) & (b)(ii), is the Minimum Qualifying Submission a lump sum single payment without any milestone payments and any milestone payment structures proposed is an alternate submission? Please reconcile Part V(b)(ii) “Total Project Price to Utilities – Payment Milestones”, which states is required, with Part V(b)(i).

Correct. Per Section 8 of the ARFI, the Minimum Qualifying Submission must include a Lump Sum (Single Payment) that assumes 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. The revised Submission Uptake Form dated 02/12/2025 includes this correction, requiring either the Total Project Price in Part V(b)(i) - Lump Sum, or, Part V(b)(ii) - Payment Milestones, as applicable, for Alternative Proposals.

Q24. Pertaining to Part V(b)(i) & (b)(ii), if the Minimum Qualifying Submission is a lump sum single payment, is this fixed price and any payment structure would be considered an alternate submission?

Correct. As described in the foregoing question, for Minimum Qualifying Submission, Participant must provide a single payment Total Project Price in Part V(b)(i). Alternative Submissions may elect to either provide a Total Project Price in Part V(b)(i) - Lump Sum, or, Part V(b)(ii) - Payment Milestones, below. All Alternative Submissions must complete one or the other of Part V(b)(i) or Part V(b)(ii) as required information.

Q25. Pertaining to Part V(a), multiple project milestones are anticipated to occur in the same quarter. Could you please provide directions on how milestones that occur in the same quarter should be documented in Part V(a)?

In the revised Submission Uptake Form dated 02/12/2025 Part V(a) and Part V(b)(ii) have been modified to enable the Participant to specify the Time Period (Year, Quarter) from a dropdown menu to tailor their Submission.