

ARFI Post-Issuance 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. Given the long lead time of the proposed projects, the variability of potential suppliers and their countries of origin, the variability of tariffs over time, and the likelihood that imported components are unlikely to be delivered until the early 2030s (under the current federal administration) to align with the target CODs, does it make sense for Participants to include speculative calculations regarding tariff impacts in their Submission Uptake Forms (in response to the April 7 Q&A)?

The tariffs are highly dynamic, and there is concern that a requirement to try to quantify tariff impacts at this early stage, in which sourcing strategies are still immature and policies are in flux, will require Participants to submit pricing that is guesswork. Further, there is concern that including speculative tariff impacts could compromise Participants' ability to compete with the Reference Price, which may not have been calculated with tariffs in mind. On this point, Participants highlight the fact that the tariffs are technology-agnostic and will also affect the costs of other new generation sources; if it is a requirement for Participants to factor tariffs into their pricing at this stage, there is concern that offshore wind prices would be unfairly disadvantaged when inevitably compared to other generation sources in the calculation of the Reference Price or in the modeling of the IRP, when tariff assumptions are likely to be different in the future.

The ARFI team acknowledges the challenges raised by Participants regarding the volatility of tariff regimes and the uncertainty of long-term sourcing strategies. These are valid considerations given the extended timelines of proposed offshore wind projects and the current dynamics in trade policy.

Nonetheless, as outlined in the Q&A issued April 7, Participants are encouraged to clearly indicate in their Submission Uptake Forms whether and how tariff considerations have been reflected in pricing. This can be accomplished through simple notations within the Project Price Detail section (e.g., "includes tariff impact," "tariff not applicable due to sourcing strategy," etc.) or, where appropriate, by estimating a "Project Tariff Impact" as a distinct project cost line item. These

approaches are intended to accommodate a range of planning scenarios while allowing flexibility to reflect varying levels of certainty.

Participants are not required to assume a specific tariff policy or outcome but should qualify their pricing assumptions accordingly and explain how Participants are considering or evaluating the cost or schedule risks of tariffs in relation to their Submissions. Such feedback directly from Participants will help inform analysis related to cost and schedule risk. This helps ensure transparency while minimizing the need for speculation and preserving comparability across Submissions.

Importantly, the information collected through the ARFI process will contribute to the report due to the North Carolina Utilities Commission (NCUC) on July 30, 2025. The purpose of this report is to inform the 2025 Carbon Plan and Integrated Resource Plan (CPIRP) proceedings and assess the industry's current expectations regarding price and schedule, including associated risk analysis, for the Commission's consideration of offshore wind as a resource option in North Carolina's future energy mix.