



Duke Energy Carolinas Standard Purchase Offer for Renewable Energy Certificates (“REC’s”)

Duke Energy Corporation has identified renewable energy development as a strategic initiative and regulatory requirement as the world moves toward a lower-carbon use future. Along with many other states, North Carolina has recently enacted a Renewable Energy and Energy Efficiency Portfolio Standard (“REPS”) to diversify electricity generation resources and to encourage investment in renewable energy technologies. The REPS bill, also known as NC Senate Bill 3 (“SB3”), has generated substantial interest in renewable energy generation development in the Company’s service territories.

In order to comply with the REPS requirements Duke Energy Carolinas plans to develop renewable energy and energy efficiency resources and purchase Renewable Energy Certificates (“RECs”) from qualifying renewable energy facilities. RECs represent the renewable energy or “green” attribute of renewable energy supply and will be used to document compliance with the North Carolina REPS law. A REC is equivalent to one megawatt hour (1,000 KWH) of renewable energy supply.

Duke Energy Carolinas has received a number of requests from customer generators including small hydroelectric, solar photovoltaic, solar thermal, and other renewable energy generators who have RECs they would like to sell to help North Carolina achieve its renewable energy requirements. Because of this interest, we are establishing a standard offer for the purchase of Renewable Energy Certificates (RECs) from smaller projects to help meet Duke Energy Carolinas’ North Carolina REPS requirements. Information about this standard offer is provided on the following pages of this document.

If you are interested in entering into an agreement to provide RECs to Duke Energy Carolinas from your qualifying renewable energy facility, please contact:

Steve W. Smith, PE
Manager, Wholesale Accounts and Non-Utility Generation
Duke Energy Corporation
Mail Code: EC04C
PO Box 1006
Charlotte, NC 28201
Phone: (704) 382-9618
Email: Steve.Smith@duke-energy.com

Duke Energy Carolinas Renewable Energy Certificates (“RECs”) Standard Offer

- All offers to provide RECs to Duke Energy Carolinas must be made in writing.
- The owner of each renewable energy facility must register and receive approval of the North Carolina Utilities Commission as a certified renewable energy facility.
- Customer’s facility must generate RECs from one of the approved renewable energy resources under NC REPS (e.g. solar electric, solar thermal, wind, hydropower, geothermal or ocean current, a wave energy resource, biomass resource, landfill methane, waste heat derived from a renewable resource, or hydrogen derived from a renewable resource).
- RECs must be produced from a 'New renewable energy facility' which under SB3 is defined to be a renewable energy facility that either:
 - *a. Was placed into service on or after 1 January 2007.*
 - *b. Delivers or has delivered electric power to an electric power supplier pursuant to a contract with NC GreenPower Corporation that was entered into prior to 1 January 2007.*
 - *c. Is a hydroelectric power facility with a generation capacity of 10 megawatts or less that delivers electric power to an electric power supplier.*
- RECs must be able to be counted as North Carolina “in-state” REC’s from projects interconnected with the Company’s electric grid currently delivering or planning to deliver energy to Duke Energy Carolinas.
- RECs must have been generated after January 1, 2008 in order to qualify for REPS compliance, and may be purchased up to 3 years after generation.
- General REC Purchase Agreements must provide a minimum of 50 MWH per year (50 RECs) up to 5,000 MWH (5,000 RECs) per year. Projects that are able to provide more than 5,000 general RECs per year are not eligible for this standard offer and should submit an unsolicited bid proposal to supply energy and/or RECs to Duke Energy. (see <http://www.duke-energy.com/suppliers/carolinas-rfp.asp>)
- Solar REC Purchase Agreements must provide a minimum of 35 MWH (35 RECs) per year up to 1,500 MWH (1,500 RECs) per year. For example, a 25 kilowatt solar PV system will produce approximately 35 RECs per year. Projects that are able to provide more than 1,500 solar RECs per year are not eligible for this standard offer and should submit an unsolicited bid proposal to supply energy and/or RECs to Duke Energy. (see <http://www.duke-energy.com/suppliers/carolinas-rfp.asp>)
- RECs Purchase Agreements minimum term is five (5) years up to a maximum of fifteen (15) years.
- REC pricing is reviewed quarterly. To qualify for the pricing below, RECs Purchase Agreements must be negotiated prior to **September 30, 2009**.
- This REC purchase program is not a tariff rate. Therefore, Duke Energy may close this standard offer at any time based on its need for RECs.

Duke Energy Carolinas Renewable Energy Certificates (“RECs”) Standard Offer (cont’d)

Duke Energy Carolinas Standard Offer RECs Pricing			
<u>Year</u>	<u>Year</u>	<u>General REC Price</u>	<u>Solar REC Price</u>
1	2008	\$6.00	\$ 30.00
2	2009	\$6.00	\$ 30.00
3	2010	\$6.21	\$ 31.05
4	2011	\$6.43	\$ 32.14
5	2012	\$6.65	\$ 33.26
6	2013	\$6.89	\$ 34.43
7	2014	\$7.13	\$ 35.63
8	2015	\$7.38	\$ 36.88
9	2016	\$7.63	\$ 38.17
10	2017	\$7.90	\$ 39.50
11	2018	\$8.18	\$ 40.89
12	2019	\$8.46	\$ 42.32
13	2020	\$8.76	\$ 43.80
14	2021	\$9.07	\$ 45.33
15	2022	\$9.38	\$ 46.92