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May 23, 2016

VIA ELECTRONIC FILING

Ms. Gail L. Mount
Chief Clerk
North Carolina Utilities Commission
4325 Mail Service Center
Raleigh, North Carolina 27699-4300

**Re: Amendment to Renewable Energy Facility Registration Statement
for H.F. Lee Combined Cycle Station
Docket No. E-2, Sub 1099**

Dear Ms. Mount:

On March 18, 2016, by Duke Energy Progress, LLC (“DEP”) filed to register H.F. Lee Combined Cycle Station (“Lee”) as a new renewable energy facility under N.C. Gen. Stat. § 62-133.8 and Commission Rule R8-66.

With this filing, DEP intends to amend its Registration Statement for Lee to include information with regard to a contract for the purchase of renewable energy resources to be used at Lee to generate electricity for DEP’s customers. To that end, enclosed for filing are Amended Attachments 2 and 4. The Supplemental Attachments are intended to be in addition to the original Attachments 2 and 4 filed with the Registration Statement on March 18, 2016. These additional Attachments reflect DEP’s contract with Optima KV, LLC. Under this new contract with Optima KV, LLC, and as more fully explained in the Attachments, DEP will purchase directed biogas, which is pipeline quality methane, injected into the pipeline system and nominated to Lee. The methane is derived from swine waste resources that will be captured at Optima KV, LLC’s plant. Optima KV, LLC’s plant will be located in eastern North Carolina.

Portions of these attachments contain trade secrets and proprietary, confidential, and commercially sensitive information. If this commercially sensitive information were

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to be publicly disclosed, it would allow competitors, vendors, and other market participants to gain an undue advantage, which may ultimately result in harm to the ratepayers. Therefore, DEP is filing this information under seal and requesting that this information be treated confidentially pursuant to N.C. Gen. Stat. § 132-1.2 and protected from public disclosure. DEP will make this information available to other parties pursuant to an appropriate confidentiality agreement.

Nothing in the enclosed filing alters any of the information set forth in the previously-filed Lee Registration Statement. This supplemental information is in addition to the information already filed at the Commission. Therefore, DEP respectfully requests that the Commission accept this additional information about its contract with Optima KV, LLC for a renewable energy resource to be used to generate electricity at Lee.

Sincerely yours,



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Enclosure

cc: Parties of Record

31. What entity does (or will) read the facility's energy production meter(s) for the purpose of issuing renewable energy certificates?

33. Does the facility participate in a REC tracking system and if so, which one? If not, which tracking system will the facility participate in for the purpose of REC issuance?

Duke Energy Progress, LLC ("DEP") has entered into a contract to purchase Directed Biogas from Optima KV, LLC ("Optima KV"). The Directed Biogas will be captured from five swine farms located in Duplin County North Carolina, as more fully described below. The Directed Biogas will be nominated for delivery to DEP's H.F. Lee Combined Cycle "Lee CC" facility, where it will be combusted to generate renewable energy and associated RECs, in compliance with Senate Bill 3's swine waste set-aside requirements. Accordingly, DEP will read the Lee CC facility's energy production meter.

In addition, the generation of renewable energy at the Lee CC facility is dependent upon it receiving a "renewable energy resource" (*See* N.C.G.S.A. § 62-133.8(a)(8)) as the compliant fuel source. For this transaction, the renewable energy resource consists of both the Directed Biogas together with necessary environmental attributes and representations. Under the terms and conditions of the contract between Optima KV and DEP, Optima KV, as ("the Seller") of the renewable energy resource will record, meter, and attest to the amount of swine waste it is producing, and will also deliver to DEP certificates that attest to the production of the underlying fuel. The unbundled Directed Biogas will be physically transported via an interconnection with Piedmont Natural Gas using Duke Energy's natural gas trading desk to Lee CC for combustion and renewable electricity generation. DEP will rely upon the delivered Directed Biogas and attestations to determine the amount of renewable energy resource that is delivered to it, and based on the heat rate and efficiency of the Lee CC facility will determine the amount of renewable energy as associated RECs it will generate. DEP will then register those RECS in NC-RETS.

42. **Example calculations for the energy production associated with each fuel used by the facility as required by Appendix C (Multifuel Generation) to the operating procedures for the North Carolina Renewable Energy Tracking System. These calculations must ultimately show the electrical and thermal energy (if any) attributable to only the renewable fuels and how the number of renewable energy certificates is determined.**
43. **A description of each fuel to be used by the facility.**
44. **A description of how the heat content of each fuel was determined.**

SEE RESPONSE TO 31 AND 33 IN ATTACHMENT 2.

The renewable energy resource will be Directed Biogas that will be captured by Optima KV from five swine farms located in Duplin County North Carolina. Optima KV will install digesters at each of the farms, collect the resulting biogas and pipe it to a central location for cleaning and injection into the natural gas pipeline. The Seller will also provide to DEP certificates that will attest to and deliver to DEP the necessary environmental attributes and representations of the nature, source, and quantity of the fuel source. The Commission has previously determined that Directed Biogas is a renewable energy resource in its *Order On Request for Declaratory Ruling*, issued on March 21, 2012, in Docket No. SP-100, Sub 29,

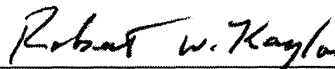
Inasmuch as the fuel consists of Directed Biogas, its heat content will be that of unbundled pipeline quality methane delivered in the customary manner by Piedmont Natural Gas. The efficiency heat rate of the Lee CC facility will be used to determine the amount of renewable energy (MWh) generated using the fuel. With respect to the extent of fuel delivered from swine waste, DEP will rely on the Commission-approved multi-fuel methodology applicable to Optima KV, as well as the necessary attestations delivered by Optima KV.

Additional information on the Optima KV project is attached as a “Confidential” exhibit.

CERTIFICATE OF SERVICE

I certify that a copy of Duke Energy Carolinas, LLC's Amendment to Renewable Energy Facility Registration Statement for Lee Combined Cycle Station, in Docket No. E-2, Sub 1099, has been served on all parties of record either by electronic mail, hand delivery or by depositing a copy in the United States mail, postage prepaid.

This the 23rd day of May, 2016.



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