DUKE ENERGY

GRADE: B-

Duke Energy Florida (DEF) serves 1.8 million customers in North and Central Florida. DEF receives an overall grade of B- for reducing its dependence on coal, increasing solar to 13% by 2029, offering community solar options, and promoting electric vehicles and energy storage. DEF is still behind the curve on reducing gas reliance and has only lackluster energy efficiency offerings.

Renewable Energy and GHG Reductions: Duke makes good strides increasing solar from 0.5% of its total energy mix in 2019 to 12.7% in 2029. The company has set a nonbinding carbon reduction goal, and uses a carbon compliance cost in its planning starting in 2025.

Gas Over-dependence: Duke relies too heavily on gas, not doing enough to reduce its customers' vulnerability to fuel price risk and stranded assets. Duke's gas reliance hovers between 76-79% over the ten year reporting period. Duke is doubling down on big gas infrastructure, adding 452 MW of new gas (investments that are not subject to pre-construction approval by the PSC).

Uneconomic Coal: Duke shifts away from coal over the ten year planning period, going from 9.7% coal energy in 2019 to 7.7% in 2029 — but still remains higher than the other Florida IOUs and not quite reaching the 5% or less mark.

Consumer Protection and Affordability: Duke has set aside a robust low-to-moderate income carveout in its community solar proposal that matches the percentage of its low-to-moderate income customers (27%), which we see as a new best practice. It proposed deep efficiency savings for low income customers, but is still only reaching a small portion of its neediest customers. Duke's energy efficiency performance is very poor compared to peers nationwide achieving only 0.16% savings as percent of sales. In response to COVID-19, DEF instituted an open-ended disconnection grace period that will continue to protect customers through August, but there is little certainty about when protections will lapse.

Market Competition: There are nearly 6 GW of solar in Duke's interconnection queue, with over 80 active projects being developed. Duke estimates that it will buy 675 MW of independently owned solar over the next decade. That said, qualifying facility purchases fall from 4.1% in 2019 to 0% in 2029. As a sign of progress, Duke has committed to competitively solicit solar projects for its proposed Clean Energy Connect program, including some third party developed projects.

Customer Choice: Duke Energy Florida's service territory has an active rooftop solar market, and Duke anticipates total production to continue to grow. In fact, Duke has the highest percentage of NEM customers of all the utilities reviewed in this report, at 1.3 percent. It has also followed FPL's lead and has a large community solar program in the works with strong access provisions for low-income customers.

Investment in Resilient Storage: Duke is falling behind peer utility FPL in terms of grid-scale storage investments. But, it is leading on microgrids with its recent commitment to study solar and storage projects on critical emergency facilities for back-up power. Duke has a microgrid energy storage pilot underway with the University of South Florida, and is planning a 50 MW storage pilot for early 2021.

Electric Vehicle Promotion: Duke includes projections of EV adoption in its load forecasting. It is also conducting a three year $400,000 pilot on EV education and awareness, and data collection.

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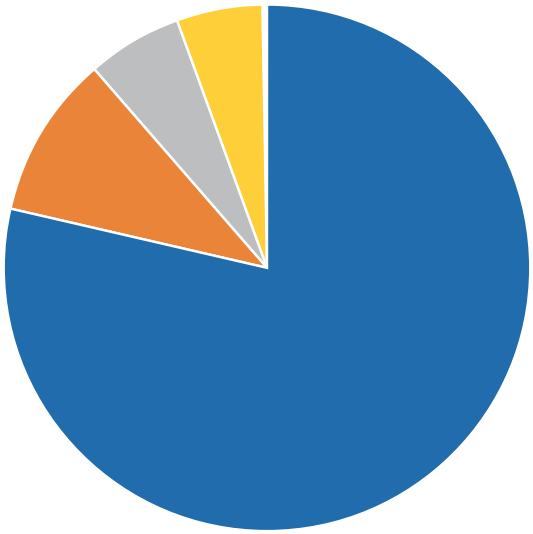
Duke Energy Mix, 2019 (Actual)



Duke Energy Mix, 2029 (Planned)