

# The Road Ahead:

## An Update on the Atlantic Coast Pipeline

Partner companies Duke Energy and Dominion Energy in 2014 began a multistate infrastructure project to serve the growing needs of consumers and businesses across a three-state region. The 600-mile underground pipeline was to deliver needed supplies of natural gas to public utilities for cleaner electricity, home heating and manufacturing, especially important to a growing state like North Carolina.

A series of permitting delays and legal challenges resulted in spiraling costs and pushed back the project's in-service date. New court rulings—in particular the Nationwide Permit 12 decision in Montana—have added more uncertainty and risk to the project, leading to its cancellation.

Absent the ACP, Duke Energy will continue to work toward its vision of a cleaner energy future with an increasing focus on renewables and battery storage in addition to a diverse mix of zero-carbon nuclear, natural gas, hydro generation and energy efficiency programs. While we're disappointed that the ACP will not move forward, Duke Energy will continue to collaborate with stakeholders to build a shared vision to meet the energy needs of customers in North Carolina.



### 1. Why is the Atlantic Coast Pipeline project being canceled?

- Despite our victory at the Supreme Court, the Montana district court decision in the Keystone Pipeline case vacating Nationwide Permit 12, which allows pipelines to cross water bodies and wetlands, has the potential to delay the ACP project another construction season.
- Dominion, lead developer, constructor and operator of the ACP, announced a sale of its interstate gas infrastructure business core to the project, reducing our confidence that the project can be completed on schedule and on budget.
- In addition, there are other permitting delays and legal challenges that have the ability to materially affect the timing and cost of the project.

### 2. Why now after you just had a big win at the U.S. Supreme Court?

- Even with the strong 7-2 decision from the U.S. Supreme Court, there was the potential for significant delays to the project schedule.
- It is increasingly difficult to assess the probability of success against pending and anticipated future legal challenges to the project, making it impossible to estimate project costs, timing and probability of success with reasonable certainty.
- As a result, investing additional time and money into the project is imprudent, even though we believe we would be ultimately successful under long-standing reading of the applicable law and regulation.

### 3. Does this mean Duke Energy is abandoning natural gas?

- Absolutely not. Natural gas remains an essential part of our company's clean energy strategy and our path to net zero emissions.
- Natural gas supports our ongoing transition from coal and allows us to bring more renewables on the grid by keeping the lights on when wind and solar are not generating electricity.
- Natural gas remains a vitally important energy source for home heating, cooking and manufacturing.

### 4. What will fill the energy/fuel gap left by ACP?

- In our recent Climate Report, we shared a vision of a cleaner energy future with an increasing focus on renewables and battery storage in addition to a diverse mix of zero-carbon nuclear, natural gas, hydro and energy efficiency programs. The company will continually evaluate the optimal combination of these solutions to enable our jurisdictions to achieve clean energy goals in a timely fashion.

- In September 2020, Duke Energy plans to file its Integrated Resource Plans (IRP) for the Carolinas after an extensive process of working with the state's leaders, policymakers, customers and other stakeholders.
- The IRPs will include multiple scenarios to support a path to a cleaner energy future in the Carolinas.
- For our natural gas distribution business, we will evaluate multiple options to ensure the needs to eastern NC are met in the near and long term. Options could include additional infrastructure to strengthen the eastern part of the state, and natural gas storage and compression investments.

**5. You said the ACP was a critical piece of Duke Energy's decarbonization strategy, essential to facilitate coal to gas conversions, which would reduce greenhouse gas emissions. Does this mean your climate goals are in question?**

- Our climate goals remain intact.
- Natural gas is important to achieve our net-zero carbon goal and to facilitate retirement of coal. To accomplish this, we will need existing gas infrastructure in the state as well as alternative supplies.
- Absent the ACP, the company will continue advancing its ambitious clean energy goals by investing in renewables, battery storage, energy efficiency programs and grid projects.
- In our recent Climate Report, we shared a vision of a cleaner energy future with an increasing focus on renewables and battery storage in addition to a diverse mix of zero-carbon nuclear, natural gas, hydro and energy efficiency programs. The company will continually evaluate the optimal combination of these solutions to enable our jurisdictions to achieve clean energy goals in a timely fashion. Many of these investments will benefit eastern North Carolina.
- We remain committed to providing reliable, affordable and clean energy in the state, consistent with our objective of attaining net-zero carbon emissions by 2050.

**6. ACP was a beacon of economic development hope for eastern North Carolina – and eventually hopefully down into South Carolina. What does this mean for those communities?**

- The ACP was an ideal solution to meet the energy needs of our customers. However, ongoing delays and increasing cost uncertainty have led the partners to cancel the project.

- Eastern North Carolina deserves the same opportunities for job growth and economic development as the rest of the state. Clean, reliable and affordable energy is the foundation for growth, and we will continue to work for ways to meet that need, while investing in both our electric power and natural gas distribution businesses in that part of the state.

**7. Will Duke Energy's electric or natural gas customers be responsible for any of the project costs?**

No.

**8. What will happen to the easement agreements already signed with landowners and land secured through eminent domain or condemnation?**

- In the coming months we'll be evaluating the best path forward for resolving existing easement agreements with ACP landowners. Landowners will keep any compensation they have received.

**9. How will any environmental disturbance from partial construction be addressed?**

- In the coming months we will seek approval from FERC and other agencies to complete restoration for areas of the right of way that have been disturbed and review easement agreement provisions to retire in place any pipe that has already been installed. North Carolina has minimal installed pipe.
- This is a common practice for underground infrastructure. It is safe and does not pose a risk to the environment or public safety.
- In fact, there would be more environmental disturbance if we were to remove the pipe. Additionally, where appropriate, we will seek all necessary approvals to decommission project facilities.

**10. Does the cancellation of the project mean there will be natural gas supply shortages and/or higher energy prices for NC?**

- With the benefits of the ACP unrealized, longstanding challenges in eastern North Carolina remain.
- The lack of additional natural gas infrastructure in the region hinders the ability of existing businesses to grow and is an impediment to new businesses locating in the region.
- Duke Energy will continue to collaborate with stakeholders to build a shared vision to meet the energy needs of customers, especially in eastern NC.