



PROGRAM DESCRIPTION

Energy Subscription Service (ESS) – A subscription service offering incentives for participating in multiple Duke Energy programs. The service includes the following programs.

Your FixedBill (“FixedBill”)* – A flat monthly energy bill for a full year with no settle-up costs regardless of usage.

ESS Renewable Energy Certificate (REC) Matching: To stay green, we match all the energy you use while on FixedBill with renewable energy sourced from a network of sustainable resources.

Optional: Thermostat Optimization – Enroll your existing smart thermostat in a program that helps us manage peak demand and you become more energy efficient.

Thermostat Incentive: Upon enrollment, the customer will receive an electronic gift card between \$50 and \$75. Gift card offer valid for the first 2,000 customers through August 15, 2021.

Note: Enrolling your smart thermostat in thermostat optimization is optional and only available to customers who enroll in the FixedBill offering. Unenrollment from FixedBill will cause a participating customer to be removed from Thermostat Optimization following the process outlined in this document.

General: If you have additional questions or concerns, please refer to the Program FAQs, which may be found at myenergybundle.duke-energy.com. If you do not find an answer to your question, you may email MyEnergyBundle@duke-energy.com or call 800.676.2989.

DEFINITION OF TERMS

Your FixedBill (“FixedBill”) Terms

1. FixedBill Monthly Payment Amount – The FixedBill Monthly Payment Amount is calculated using at least 12 months of past actual energy usage to determine the customer’s predicted weather normalized monthly energy usage over an annual period of normal weather. Energy usage at the 50th weather percentile is defined as predicted weather normalized energy usage under normal weather and is derived using Weather Normalization Modeling. Each predicted weather normalized monthly energy usage is increased by any applicable Usage Adder and converted to dollars using expected non-fuel energy and fuel charges. Each resulting monthly payment amount is increased by an applicable Risk Adder. Each monthly payment amount is adjusted for expected applicable credits and the expected customer charge. The sum of the 12 monthly predicted payment amounts is divided by 12 and rounded to the nearest dollar to derive a FixedBill Monthly Payment Amount. The formula used to calculate each monthly predicted payment amount to determine the FixedBill Monthly Payment Amount is shown below.

$$[(\text{Predicted Weather Normalized Monthly kWh Usage} \times (1 + \text{Usage Adder})) \times (\text{expected Non-Fuel Energy Charges including expected Cost Recovery Factors, expected Fuel Cost Recovery Factor and expected Asset Securitization Charge})] \times (1 + \text{Risk Adder}) - \text{expected applicable credits} + \text{expected Customer Charge}.$$

The FixedBill Monthly Payment Amount does not include applicable taxes and other charges such as service charges, lighting and nonregulated products and services. Applicable taxes and fees will be applied to the FixedBill Monthly Payment Amount and included in the total amount due.

2. Weather Normalization Modeling – Duke Energy uses regression modeling as the means to predict a customer’s energy usage under various weather conditions. A customer’s expected usage response to weather is determined by using the customer’s actual usage history (minimum of 12 months, maximum of 48 months) and running a regression analysis using 40 years of weather history. The predicted energy usage outputs from the regression analysis are then evaluated in deciles. Energy usage at the 50th weather percentile is defined as predicted energy usage under normal weather or weather normalized energy usage.

*The terms governing eligibility for the FixedBill programs and the appropriate rate structure are tariffed in accordance with the Florida Public Service Commission. A link to the document may be found [here](#).

3. **Risk Adder** – This adder is used to compensate Duke Energy for the risk associated with weather-related consumption and non-weather-related impacts. This adder will not exceed 6%.
4. **Usage Adder** – This adder is used to compensate Duke Energy for the risk associated with increased usage by customers in their first year while on FixedBill not associated with weather. The initial usage adder will be 6%. This adder will only be applied during the customer’s first year on the FixedBill program.
5. **Applicable Removal Charges** – Charges incurred when the customer discontinues FixedBill service before the 12-month Service Agreement period expires. Duke Energy will calculate what the customer would have paid under the Standard Residential Tariff during the FixedBill Service Agreement period. If the customer has paid less than the Standard Residential Tariff, the customer will be charged the difference. If the customer has paid more than the Standard Residential Tariff, the customer will not be credited the difference.
6. **Predicted Weather Adjusted Total kWh Usage** – The customer’s predicted total usage (kWh) for the applicable time period based on actual weather. It is derived using Weather Normalization Modeling.

Thermostat Optimization Terms:

7. **System Peak Demand** – The period of highest electricity consumption on any given day throughout the Duke Energy Service Network.
8. **Smart Thermostat** – A programmable, internet-connected device connected to your home’s heating and cooling systems. This device must be accessible over the web and is typically controlled through a website or app.
9. **Demand Response** – The process of adjusting your thermostat settings to reduce total energy consumption during times of System Peak Demand.
10. **Demand Response Event** – Also referred to in this document as an “event.” This is the instance/time period during which Duke Energy is adjusting your thermostat, the frequency of which is laid out in the relevant terms and conditions below.
11. **Override** – The decision of the customer to adjust their thermostat set-point during an event.
12. **Daily Optimization** – The process of adjusting your thermostat settings to reduce energy consumption throughout the day. Actual Daily Optimization and operation is personalized for the individual customer, but essentially the enrolled thermostat “learns” the customer’s personal comfort band and runs at the edge of it to reduce energy usage while maintaining comfort. Customers can override at any time by adjusting their thermostat. The optimization program then takes that override into account in its learning algorithm for future daily optimization schedules. This “Daily Optimization” is similar to other thermostats on the market that are described as “learning.”
13. **Gift Card Fulfillment Partner** – The third-party provider responsible for providing customers with applicable gift card codes and aiding in fulfilling those codes.
14. **Thermostat Optimization Partner** – The third-party vendor responsible for managing adjustments to the customer’s thermostat during Demand Response Events.

ELIGIBILITY REQUIREMENTS

Your FixedBill (“FixedBill”)

The FixedBill element of the program is available to customers taking service under Duke Energy’s Standard Residential Tariff Rate Schedules who have lived in their current residence for the previous 12 months, have had their electricity priced on Duke Energy’s Standard Residential Tariffs for the previous 12 months, have a load profile that can be modeled with reasonable predictability, and are current on their electric service bill. Within the last 12 months, the customer may not have:

1. Defaulted on a payment arrangement;
2. Entered into a multi-month payment arrangement;
3. Had a payment that was not honored by a financial institution; or
4. Been disconnected for nonpayment of electric service.

Optional: Thermostat Optimization

Thermostat Optimization is available to Duke Energy Florida residential electric customers enrolled in the ESS Program. In order to be eligible, the customer must:

1. Have the electric service in their name.
2. Have a whole-home, centrally controlled, electric-based heating and cooling system operated by a smart thermostat. Heat pump-based HVAC systems and central AC systems matched with electric furnace heating controlled through a single smart thermostat are examples. Customers with window AC, individually controlled room heating via baseboard units and mini-splits (heat pumps individually controlled) are not eligible.
3. Have installed an eligible internet-connected smart thermostat that our Thermostat Optimization partner can successfully connect to.
 - a. Currently eligible smart thermostats are Nest, Ecobee and Emerson Sensi.

TERMS AND CONDITIONS

1. **Timing of Payment** – The customer will enter into a Service Agreement with Duke Energy that will specify the FixedBill Monthly Payment Amount that the customer will be required to pay. By choosing to participate in the FixedBill portion of the ESS program, the customer agrees to pay the FixedBill Monthly Payment Amount for electric service to the designated residence/premise shown on the Offer Letter for the initial 12-month Service Agreement period, beginning with the customer’s next monthly electric service bill.
2. **Duration of Service** – The term of the customer’s Service Agreement will be for twelve (12) months. Duke Energy will calculate a new FixedBill Monthly Payment Amount for the next 12-month contract period and notify the customer of their new contractual amount before their current 12-month period expires if they still meet the eligibility requirements of the program. Eligible customers will be automatically renewed at the new FixedBill Monthly Payment Amount for another 12 months unless the customer notifies the Company of their intent to be removed from the FixedBill program. Customers that no longer meet eligibility requirements will be notified that they will not be renewed.
3. **Flat-rate** – The customer will not receive any refund or credit for amounts paid under FixedBill if the amount of the electricity actually used during the program would have resulted in a billing amount under the customer’s previous rate that is less than the amount for which the customer has been billed.

4. **Jurisdiction** – The FixedBill program is offered as an option by Duke Energy and is on file with the Florida Public Service Commission.
5. **Budget Billing rollover** – Customers on Budget Billing must be removed from the Budget Billing program in order to enroll in the FixedBill program. Once an account is removed from Budget Billing, any credit or deferred balance must be billed prior to FixedBill enrollment.
6. **Smart Thermostat enrollment** – Customers who decide to bring their own smart thermostat as part of the enrollment in ESS and give Duke Energy access to adjust their thermostats as defined below would receive an extra incentive between \$50 and \$75 in the form of an electronic gift card. **In order to enroll your smart thermostat, you will need to read and accept the terms and conditions presented to you by our Thermostat Optimization partner at the time of enrollment.**
7. **Reward Redemption** – Gift card rewards shall be issued within 14 days of the customer’s program enrollment data. **In order to receive the gift card, you may need to read and accept the terms and conditions presented to you by our gift card fulfillment partner at the time of enrollment.** While the fulfillment partner may request additional information during the redemption process, Duke Energy provides only the following customer details:
 - A. Decision to enroll in the program
 - B. Email address the customer uses to enroll in the program
 - C. First name and last name
8. **Thermostat adjustment** – Customers that have enrolled an eligible thermostat in exchange for a gift card reward acknowledge that Duke Energy shall adjust their thermostat settings according to the terms outlined for each event type below:

A. Demand Response Events

- i. There will be two seasons throughout the year:
 1. Summer (June-September). Events will occur between the hours of 1-7 p.m. on weekdays/weekends. There will be an average of 4 events per month with the total number of events not to exceed 16 in this season.
 2. Winter (October-May). Events will occur either between the hours of 6-10 a.m. OR 1-7 p.m. on weekdays/weekends. There will be an average of 3 events per month with the total number of events not to exceed 24 in this season.
- ii. Events shall have a duration of 1-3 hours.
- iii. Thermostat temperature adjustments shall be between 1-4 (one to four) degrees Fahrenheit. The most common range for thermostat temperature adjustments is 1-2 (one to two) degrees Fahrenheit.
- iv. Customers shall receive at least one notice of when an event is beginning – through an appropriate medium (e.g., text, email, app notification, device notification) using the customer information provided during enrollment.
- v. Customers may override an event by making changes to their thermostat’s temperature set-point at any time during an ongoing event.
 1. Should the number of overrides occur with a frequency or to a degree that is detrimental to the effectiveness of the program, Duke Energy reserves the right to remove the customer from the optional Thermostat Optimization program. Unless otherwise stated, the removal from this optional program will not affect a customer’s participation in FixedBill.

B. Daily Optimization – Emerson Sensi customers will automatically enroll in the events defined above as well as Duke Energy’s Daily Optimization algorithm.

- i. Customer adjustments from daily optimization temperature points outside of event times do not count as overrides and are encouraged as they help the smart thermostat “learn” the customer’s preferences.

9. Thermostat Unenrollment – A customer may choose to unenroll their thermostat at any time by emailing MyEnergyBundle@duke-energy.com or calling [800.676.2989](tel:800.676.2989).

10. Removal from the ESS program – A customer shall be removed from both the FixedBill and optional Thermostat Optimization portions of the ESS program for any of the following reasons.

- a. Move from Current Residence – If a participating customer moves from their current residence before the 12-month Service Agreement period expires, Applicable Removal Charges will apply.
- b. Delinquent FixedBill Payments – If a customer becomes delinquent on a FixedBill payment, Duke Energy will follow standard procedures for Standard Residential Tariff customers. If the customer is disconnected for nonpayment, the customer will be removed from the ESS program and Applicable Removal Charges will apply.
- c. Increased Actual Energy Usage Above Expected Usage (Excess Usage) – Duke Energy reserves the right to terminate the customer’s FixedBill Service Agreement if the customer’s total Actual Energy Usage in months three (3) through nine (9) of the contract year exceeds their Predicted Weather Adjusted Total kWh Usage by at least 30% for at least three months. If the customer is removed from the program due to excessive usage, Applicable Removal Charges will apply. Duke Energy will notify the customer in advance if they are at risk of being removed from the program due to excessive usage.
- d. Customer Voluntary Removal – If a customer chooses to leave the FixedBill portion of the program prior to the end of their 12-month Service Agreement, the customer will be removed from FixedBill and Applicable Removal Charges will apply. After the end of each Service Agreement period, eligible customers will automatically renew for the next FixedBill Service Agreement period unless the customer indicates their intention to return to the Standard Residential Tariff. If the Standard Residential Tariff election is made prior to the automatic renewal of the FixedBill Service Agreement, no Applicable Removal Charges will apply.
- e. Other Reason – If the customer leaves or is removed from the ESS program before the end of the FixedBill Service Agreement period for any other reason, Applicable Removal Charges will apply.
- f. Emergency Conditions/Deceased Customers – Duke Energy shall have the right to waive the Applicable Removal Charges if the circumstances giving rise to the application of such charges are directly related to a natural disaster or other similar conditions for which an emergency has been declared by a governmental body authorized to make such a declaration. Duke Energy shall also waive the Applicable Removal Charges if presented with evidence that the customer is deceased before the end of the 12-month Service Agreement period.