EDITED TRANSCRIPT

2020 ESG Investor Day

October 9, 2020 / 10:00AM

THIS TRANSCRIPT HAS BEEN EDITED FOR BREVITY AND CLARITY.

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PRESENTATION

Bryan Buckler – Duke Energy Corporation, Vice President Investor Relations

Good morning, everyone. And welcome to Duke Energy's Inaugural ESG Investor Day. I'm Bryan Buckler and I head up our Investor Relations Group. We are so happy you are here with us and we're very much looking forward to discussing our environmental, social and governance practices. You know, here at Duke Energy we are laser focused on bringing a cleaner energy future to our communities, while also creating great value for our shareholders.

Over the next two hours, you're going to hear us speak to many ESG matters. But I promise you, we're going to leave plenty of time for your questions. Before I go over the agenda, I just need to take care of a couple of housekeeping items.

Today's discussion will include the use of non-GAAP financial measures and forward-looking information within the meaning of the securities laws. Actual results could differ materially from such forward-looking statements. And those factors are outlined in the appendix herein and disclosed in Duke Energy's SEC filings. A reconciliation of non-GAAP financial measures can be found in today's materials and on dukeenergy.com. Please note the appendix for today's presentation includes supplemental disclosures.

All right. Let's dive into the agenda. We have a great day ahead of us. And you're going to hear from several members of our Senior Management Committee. Leading our discussion today is Lynn Good, Chair, President and Chief Executive Officer. Lynn is going to share her long-term vision for Duke Energy. And she's also going to provide a broad overview of our ESG focus areas.

After Lynn you're going to hear from Julie Janson and Cari Boyce. They're going to discuss our clean energy strategy across all of our jurisdictions and how we will achieve our carbon reduction goals. Cari is also going to do a deep dive into our Carolinas' IRPs.

Next CFO Steve Young will discuss our very significant infrastructure needs in our communities over the next 10 plus years. And he's going to translate those into the capital investment opportunities for Duke Energy and our shareholders.

After Steve, Sasha Weintraub will provide an update on our natural gas business. Then Doug Esamann is going to speak to renewables, battery storage and emerging technologies while Dhiaa Jamil is going to give an update on our carbon free nuclear strategy.

And just before we get to your questions, Lynn Good is going to host a discussion with Bill Kennard. Mr. Kennard is a member of our Corporate Governance Committee of the Board of Directors. Bill and Lynn are going to discuss human capital management, governance and strategy.

All right. So let's get started. It is my pleasure to introduce Paul Draovitch. Paul oversees environmental health and safety for the company and does an amazing job for us. Paul is going to give the safety moment for today. Paul?

Paul Draovitch – Senior Vice President, Enterprise Health & Safety

Thank you, Bryan. And good morning, everyone. We're going to start this meeting just like we start every meeting at Duke Energy. Let's take a moment for safety. You might be working remotely, possibly in a location that's not designed to be worked in 8 to 10 hours per day. Now remote work may have some benefits, a shorter commute or no commute. And to be quite honest, when my Pomeranians walk into the room, it's really a pleasure. But remote work is not without risks. So here's some tips that can help. First, check your work area every day for tripping hazards, a loose extension cord, possibly a toy left behind by a child and even that pet that has wandered into the area unknown to you.

Second, make certain you've got a comfortable chair but sit straight, knees bent, feet firmly planted on the floor. And lastly, make certain you take frequent breaks. Get up and walk around and stretch. It will certainly improve your focus when you get back to work.

All right. Let's talk about Duke and our performance. First, safety is a core value at Duke. It's been a core value since our inception more than a Century ago. And we don't just define safety as the safety of our workforce. It also includes the safety of the communities we serve and the environment. So how are we doing?

Well, let's compare ourselves against our EEI peers. For the fifth, that's five consecutive years, we will lead our EEI peers in overall safety performance. Let's get a little more granular. Total incident case rate, that's the standard by which OSHA measures safety. Our ticker will improve for the 10th consecutive year. Both of those accomplishments are measures of sustained excellence. But guess what? We're not satisfied. We look for ways to improve each and every year. I can't tell you how proud I am to be surrounded by a workforce that takes safety first.

Now let's look at the environment. There's not a standard by which the utility industry measures environmental compliance. So they drive our performance. We created our own. And guess what, our performance has improved every single year since its inception.

So I leave you with a few things that I'd like you to remember with regards to Duke and safety and the environment.

First, we're just not a leader in the utility workforce safety. We're the leader in utility workforce safety. Second, when a metric didn't exist to drive our standards and improve our performance, we created it. And it's benefitted us every day since. And lastly, our workforce takes safety first and foremost in everything they do, every task, every job, every day. What a wonderful culture to be a part of.

At this time it is my pleasure to introduce our Chair, President and CEO Lynn Good.

Lynn Good – Chair, President & CEO

Paul, thank you so much. And let me add my welcome to all of you. We're delighted you're here with us today. And we're going to make this remote opportunity to talk together work for you. I know how important ESG is as you think about evaluating companies and making investment decisions. And we also believe at Duke Energy that environmental stewardship, social responsibility and strong corporate governance is a foundation for sustainable value. We put together on the first slide a bit of a tag line to introduce this discussion. And when you see the words transform and reshape, I'd like you to think about the very bold vision that we have set out around the notion and the important task of carbon reduction, net zero by 2050, at least 50% by 2030.

We'll hear a lot about that today as we talk about the plans to change our generation mix and introduce more clean energy. But we've also included in this tag line the words our role in society. And I don't know if the words are perfect, but it's intended to capture the very important focus that we place on social responsibility, on employees, on diversity and inclusion, on commitment to our community, whether it's the foundation or volunteerism. And the commitment to stakeholders, you'll hear a lot about stakeholders today. And these two elements of environmental responsibility and social responsibility are underpinned by the importance of strong corporate governance.

And I'm really delighted that Bill Kennard is joining me today. I think it will supplement the discussion to hear the board's point of view on these very important topics.

So, I'm going to start us out with the E, which is environment. And on this slide, we have captured both the progress we have made to emphasize where we stand today but also our vision for the future. And if you look at this slide, we are standing here today at 39% carbon emission reductions, which is a very proud number for Duke Energy. It's well ahead of Clean Power Plan and Paris commitments. It's been something we've been working at for some time as we've retired coal and added renewables to our system, 8,000 megawatts of renewables.

But we're not going to stop there because the future is also bright for us. We look at the next decade, and we will aggressively pursue further carbon reduction getting to at least 50%. And our home state of North Carolina has an aspiration to get to at least 70% carbon reduction. So how will we do that? By more retirement of coal and also by adding more renewables and battery storage. And we'll have an opportunity to dive deeply into this in the Carolinas. But we also see opportunities in Indiana and Florida as well. As we moved beyond 2030 and continue our transition with renewables and battery storage, we also see the need for new technology to get to that ultimate goal of net zero. This is hydrogen. It's advanced nuclear. It's longer duration storage. And Doug Esamann will have an opportunity to share with you how we are participating in that important development of technology to make our goal of net zero achievable.

We'll also have a chance today to hear from Sasha Weintraub introducing a new methane goal because methane is also a part of this equation. And we intend to be a leader in reducing methane emissions.

If you bring all of this together, it's not only a compelling vision of policy and how we will pursue climate change, carbon reduction and all of those important factors, but it's also a compelling investment story. And as we pursue this clean energy transition, we see the path to accelerate capital investment and deliver a 7% rate-based growth by the end of this planning period. And we also see an opportunity with this capital investment as well as the great work we're doing around productivity and cost reduction to have the opportunity to earn at the high end of our 4% to 6% earnings guidance range. And Steve Young will take you through the specifics on how we're thinking about these great opportunities for our investors.

Before we turn to the Carolinas and the IRP and hear from Julie and from Cari, I wanted to spend just a moment on the important topic of social responsibility and also corporate governance. It starts with the purpose of the company. I thought that would be a nice framework for the conversation. And our purpose is to power the lives of our customers and the vitality of our community. That statement is underpinned by a talented, diverse workforce at Duke Energy. Employees who report to work every day with a mission to serve and who have an opportunity at Duke to pursue their career aspirations and develop into leaders. It is also underpinned by our commitment to diversity and inclusion. And I'm not sure there's been a stronger call to action than 2020. As we think about the tragic death of George Floyd and others, it's an opportunity for us at Duke to have conversations. We've held over 400 of them. We call them pathways to inclusion conversations. It's an opportunity for our employees to talk about how these events have impacted them. And I believe it will be a catalyst for change for us to continue driving diversity in our supply chain and diversity in our leadership. Our work is not done.

And stakeholders, you'll hear a lot about them today, particularly as we focus on the transition and the energy policy and the stakeholder engagement necessary to make decisions that work for our policymakers and for our customers. We see this as critical to our success and we're delighted to be involved in so many stakeholder engagements that we think will make a real difference for our communities but also a real difference for our investment profile.

Our foundation and commitment to community has been a long part of the heritage of Duke Energy. We invest about $30 million into our communities on initiatives and on projects that matter. And certainly in 2020 it's been all about COVID and it's been around racial and social injustice. And we have been a part of that conversation donating into important projects, important initiatives, important social service agencies that are working in these areas in a way that will make a real difference. And I'm not sure there's a better example of how all this comes together than our response to COVID where we focused on health and safety of employees and really health and safety of their well-being with paid time off and stipends and other things to help employees during this time and also worked with our customers, waiving fees, discontinuing disconnects and working generously and flexibly around deferred payment arrangements.

All of these things, I hope, begin to paint a picture for you on how we take that purpose and turn it into something that really matters at Duke Energy. And as I said before, the foundation of all of this is strong corporate governance. Our board is a diverse board. Our board is focused on refreshment and bringing new skills into the board so that we continue to have the right skills to move us forward. And they're also focused on holding us accountable. We have had a number of metrics across a broad spectrum of operational and customer success for a long time. But in 2021, we will add a metric around climate and how we are doing in achieving these bold aspirations that we have set before you. We've included a few metrics for you on the right. We continue to measure our success and continue to engage with all of you on the metrics that really matter.

So with that introduction of environment and of the vision for the future and how we think about social responsibility and governance, I want to thank you again for being here. Our commitment to these elements we believe will deliver sustainable value for our investors and for our communities. So we're going to take a quick pause and then we'll hear from Julie and Cari as they talk about clean energy in the Carolinas, Indiana and Florida.

Intermission Video

By 2050 Duke Energy plans to achieve net zero carbon emissions. It's ambitious but we're well on our way. Since 2005, we've exceeded expectations and lowered our carbon emissions by 39%. We've accelerated our timeline to retire coal plants, expanded our renewals portfolio and we're on a mission to do more.

We're a clean energy leader and will do our part to tackle the challenges of climate change by generating cleaner energy, modernizing the electric grid and building a future that creates value for our customers, our communities and our shareholders.

Julie Janson – Executive Vice President, External Affairs & President, Carolinas Region

Wasn't that a terrific glimpse into the men and women that make our company great? Good morning. I'm Julie Janson. And I lead our sustainability and stakeholder engagement work across the enterprise as well as the regulatory and legislative work in the Carolinas. And I'm joined here today with Cari Boyce, who is our Senior Vice President of Enterprise Strategy and Planning.

You know, our customers, our communities, all of our stakeholders really want for us to lean into the important issue of climate change. And we need to balance that with continuing to provide the affordable, reliable and safe energy that they've come to depend upon from us. And so we're excited about doing just that in the coming years. As we think about our transition, we are so hopeful that it provides an opportunity for our communities to come back better and stronger than ever before from the pandemic. We believe the transition will create high paying jobs, generate tax revenues for schools as well as increasing the economic development capacity of our communities.

If you indulge me for a second, let's look back. You know, Lynn talks a lot about our bold goal around carbon reduction and this is not new for our company. Moving toward a cleaner energy goal is something that is not new. In fact we led the industry in 2010 with a carbon reduction goal a decade ago and we're so proud of the progress that we've made over the last decade. Something you may not know, and this is super important is we're also a national leader in low carbon intensity. You know, carbon intensity is really the great equalizer and we're proud to lead the industry as well. In the Carolinas we're 37% below the national average.

Looking ahead we're preparing to transition our coal fleet in the largest move from coal in our industry. That probably bears repeating, the largest move away from coal in the industry. And we're moving to renewables, to storage, to emerging technologies. And we're very excited about that transition and in fact it is all of this progress that gives us confidence in moving forward. But we cannot do this alone. It is really our ability to engage with our stakeholders and our communities that will bring great success. And, you know, the slide that's up now is a word map. These are our stakeholders' words, not ours. When I look at the word partnership, I think about all of the progress we've made particularly in the last year around rate case settlements, around moving our grid investment plan forward, around solar reform efforts in the Carolinas. And partnership is front and center as we lean into with 40 other stakeholders, North Carolina Governor's Clean Energy Plan where we're having meaningful conversations about the ability to move this state forward in terms of carbon reduction. Solid plans, our integrated resource plans in the Carolinas that Cari is going to talk to you about in just a moment. We're so excited. They are innovative. They are new. And we solicited and received a lot of shareholder and stakeholder feedback from approximately 200 participants and that feedback made those plans better. And finally direct engagement. You know, the ability to have those conversations, we may not always agree with our stakeholders, but the outcomes are better when we lean in and have those conversations.

Also with engagement, our commitment to environment justice is front and center. We are really working on our principles for environmental justice, working those internally and externally, getting feedback so we can get those just right because protecting those communities where we put our projects and interacting with our communities is of the utmost important.

And so you've heard a lot about stakeholders, I'd like you to hear from them.

Intermission Video

Stephen Kalland (Executive Director, NC Clean Energy Technology Center): All across the board in North Carolina, everyone has become more and more in tune with where we're going with regard to climate change.

Gary J, Salamindo (President & CEO, NC Chamber): As efforts continue, dialogue and collaboration are going to be the key going forward.

Dionne Delli-Gatti (Director, Regulatory & Legislative Affairs SE Climate and Energy): In fact, polling shows that the majority of North Carolina voters actually support putting a limit on carbon and help get that job done.

Gary J, Salamindo (President & CEO, NC Chamber): Duke's an integral piece of that puzzle. They're an innovative leader in the utilities, among utilities across the country. It's taken a lot of effort and engagement on their part. We have some of the most affordable energy rates in the country.

Katherine Kollins (President, Southeastern Wind Coalition): We see a lot of opportunity in the wind space for both policymakers and utilities and NGOs to work together. We have a lot of different stakeholders to engage. And having the utility work with NGOs and work with the citizens of North Carolina to really show the kinds of benefits that will be derived from resources like offshore winds I think are going to be critical.

Peter Ledford (General Counsel & Director of Policy NC Sustainable Energy Association): In order for North Carolina to reach its carbon reduction goals, the electricity sector, and therefore, Duke, is going to need to decarbonize. And in addition this provides Duke a real strong opportunity to lead in the area not only among other utilities in the Southeast but among North Carolina based companies as well.

Stephen Kalland (Executive Director, NC Clean Energy Technology Center): And I think in the last, you know, few months, what we really have seen is a lot of effort from Duke to participate in these larger working groups that are being administered by state policymaking bodies and to participate in group activities that are going to help drive us towards a better consensus where everybody has input on the front end and we really work towards trying to come to a common understanding.

Cari Boyce – Senior Vice President, Enterprise Strategy & Planning

Wow. What a great video. I'm Cari Boyce. And as Julie mentioned, I lead our enterprise, strategy and planning group here at Duke Energy. I never thought I would use the words innovative or exciting to describe an integrated resource plan, but this year is totally different.

On September 1 we filed integrated resource plans, or IRPs, for our two electric utilities that operate in the Carolinas. These are detailed options to meet customer demand over the next 15 years. While called plans, they're really more planning documents that outline six potential pathways to the future. These are the first IRPs that we have filed in the Carolinas since we announced our climate goal last fall. And we took a whole new approach. Robust stakeholder engagement informed our modeling and our portfolios. And our analysis was underpinned by multiple detailed studies, many of which had their own stakeholder process. In all of our portfolios, we retire all our coal only units by 2030. All include significant investments in renewables and storage. All require investment in the grid, both transmission and distribution. And in most portfolios, there's still a role for gas, balancing the variability of renewable resources on the system.

You can generally think of our portfolios in four buckets. First, delivering least cost consistent with current energy policy. Second, retiring coal as quickly as possible. Third, we've included portfolios that deliver at least 70% carbon reduction by 2030 and finally a no new gas portfolio. In all of these portfolios, we continue to meet the needs of our growing communities. And we remain on track to achieve net zero by 2050.

As you can imagine, there are tradeoffs inherent in every pathway. I'll share a few highlights. First it's important to note that even in our least cost portfolios, we continue to make significant progress in transitioning to clean energy. Renewables and storage take center stage with additions double to quadruple what's on the system today. For the first time, we've included new insights around customer bill impacts, transmission and technology requirements to give

policymakers and regulators the data they need to make informed policy decisions. Based on stakeholder feedback, we included a no new gas portfolio. In this portfolio our coal units actually operate a little longer to allow time for new technologies, such as small modular reactors, offshore wind or pump storage hydro to be integrated into our system.

Here you can see the varying levels of carbon reduction across each pathway ranging from 53% to 74% by 2035. As a utility, we have a responsibility to meet customer demand every hour of every day. And while North Carolina is second only to California in solar, the sun doesn't always shine when our customers need it most. Solar output is variable and it's not available on those cold winter mornings at times of peak demand. Even with storage, which can shift energy a few hours, we still have a need for a dispatchable resource to make sure that the lights come on when our customers flip the switch. A lot of people have looked at this. There are multiple third-party studies. This is where there's a role for gas to serve as that dispatchable resource and enable that cost-effective transition to decarbonization.

As we look to the future, we are excited to build on the progress we've made to date, continuing the transformation that's underway, retiring coal and investing in carbon free generations. Our focus on carbon reduction extends beyond the Carolinas. And I want to spend a few moments talking about the progress we've made in Florida and Indiana.

In Florida, we've invested a billion dollars to bring 700 megawatts of solar online by the end of 2022. And our recently filed shared solar program would bring another 750 megawatts to the state by the end of 2024. And our storm protection plan approved in August details the investments we'll make over the next decade to improve resiliency, protecting against storms and cyberattacks.

Moving to Indiana, we continue to focus on accelerating the closure of our coal plants. We've retired 1,100 megawatts since 2010 and we've got more to do. Our recent IRP details how we will retire coal and invest in renewables over the next few years. And we're actively participating in a state led task force to look at generation resources and emerging technology for the state. We plan to file an updated IRP in 2021. We'll continue to focus on retiring coal and diversifying our fleet. And similar to the Carolinas, stakeholder engagement will play a key role in the planning process.

I've given you a lot of information but here's what I want to leave you with. We have an ambitious goal to achieve net zero by 2050 and it requires new ways of planning and operating the system. We're exploring all the options to best serve our customers' needs. And we're taking action to accelerate the clean energy transition in all of ours states, working collaboratively with stakeholders to reduce carbon, improve reliability and keep rates affordable.

With that, I am pleased to turn it over to Steve Young, our CFO.

Steve Young – Duke Energy Corporation, Executive Vice President & CFO

Thanks, Cari. Well, now you've heard about the portfolio options in the Carolinas that when implemented will result in carbon output reduction between 55% and 75%. What I'm here to talk about is the investment opportunity that these options provide. And it's an exciting opportunity.

I want you to think about two numbers, $20 billion and $50 billion. Those amounts represent the range of incremental investment required over the next 15 years to implement these options. So let's think about these numbers a little bit. Look at this graph on this page. It shows two descending dotted lines. That represents the range of potential carbon reductions from these options. The two ascending lines represent the cumulative investment opportunity under the various options. The lower line leads to $20 billion of incremental investment opportunity. That is associated with the base case runs, the scenarios that yield roughly 55% carbon reduction. The upper line accumulates to $50 billion. And that is associated with scenarios that drive to 70% to 75% carbon reductions.

Let's talk a little bit about these numbers. The $20 billion number, I would think about it as being composed two-thirds renewables investment, one-third non-renewables investment. The renewables investment is composed primarily of solar, which is more accommodated on our system in the Carolinas. These is some wind and there's some battery storage in that number as well. The non-renewable investment piece consists primarily of gas peaking facilities, as Cari described, and transmission investment that's required to integrate all of these additional renewables.

Now let's take a look at the $50 billion number. That number I would break out and think about $30 billion of it being

related to renewables and $20 billion being non-renewables. Now of that $30 billion, roughly half of it we would estimate to be solar facilities. The other half would be consisting of wind and battery storage. The $20 billion of non-renewables investment potential, that consists of three buckets that I would describe, again, gas peaking facilities, transmission investment, more of it's required to accommodate the more accelerated retirement of coal. And the third area represents an investment to expand an existing pump storage facility. Bad Creek pump-storage facility on our system can be expanded and that produces carbon free capacity and energy. So that's how I think about the $20 and $50 billion. And that represents the cumulative incremental investment required to put these options together and that's irrespective of ownership.

So, let me have you move to the next slide if we could. Before I talk about what this means to our overall capital plan, I want to remind everybody about the grid. When you put our utilities together, we have the largest grid in the country. And it consists of transmission and distribution investments. The impacts of these portfolio options on the transmission system is part of the numbers I'm describing. The impacts on the distribution system have not been quantified yet. Our distribution system is our biggest body of assets. And we're modernizing that grid for storm hardening and other purposes and we have been doing so and will continue to do so. The impacts of these scenarios are not reflected in the distribution system at this point in time.

Let's take a look at what this means to Duke Energy's capital plan and our growing rate base. If we can move to the next slide. Thank you. What we see here on the left-hand side is the evolution of our five-year capital plans over the past several years and on the right-hand side we show our rate base. Now we've had to make some assumptions here about what amounts of renewables investment would Duke Energy be able to make here. Those details have not been determined yet. They will over time. I think under any circumstance we will have a significant role to play in making investments in renewables in the Carolinas. We've made assumptions here. I think they are very reasonable assumptions based on what we've seen around the country, what we've seen in our service territories. They may be a bit conservative, but I think they're reasonable, certainly.

So let's take a look at the numbers. Again, on the left-hand side of the page, we show the evolution of our five-year capital plans. It wasn't that long ago in 2019 that we had a five-year capital plan that was in the neighborhood of $50 billion. Well as we got our arms around the need for renewables on our system and the need for grid modernization, that was increased to $56 billion. That's the number we rolled out earlier in 2020. When we start to think about the impact of the various portfolio options that Cari described, that pushes the five-year capital plan from '20 to '24 up to $58 billion. So, again, we've moved from $50 billion just in 2019 looking forward five years to $58 billion looking forward five years from 2020.

Now, look at the period of time, the five-year period 2025 through 2029. There we see a real acceleration of the capital as we transform and retire coal and build other facilities. There we could see a five-year capital plan in the neighborhood of $65 to $75 billion, depending on the options selected.

Now what does that mean for our rate base? On the right-hand part of this page, we show our rate base projections. We start with a yearend 2019 rate base of $77 billion. We see that growing to roughly $105 billion by the end of 2024. That's a 6-1/2% growth rate. Very solid. For the next five-year period ending in 2029, we see that growth rate accelerating to 7% as more capital kicks in with this transformation. Keep in mind we have a very good track record of earning our allowed returns on a growing rate base. So this is a very exciting picture for us.

Now a logical question you would ask is how can you keep customer rates under control with this type of investment coming to you? Well we never make a capital plan without thinking about customer rates. And there are a number of offsets to the increased capital costs that will come about that will help keep our customer rates competitive. Some of these will happen naturally. As you transition out of coal, you will have lower fuel costs. As you transition out of coal, you will have lower non-fuel owing in. There are less people. The outages are less complex. The third area is our continual pursuit of efficiencies across our footprint to our business transformation model. We have a good track record here as well. We will continue to find digital applications to automate processes. We will use data analytics to tell us how to do things and when to do it better. And we have learned from the pandemic how to virtually move our workforce from areas of lesser importance to emergent work to help us displace the need for contractors.

In addition to these potential offsets, we service areas that are seeing significant customer growth, particularly in the Carolinas and in Florida. The more customers you have, the more kilowatt hour sales you have. You can spread costs over a larger number. That helps keep customer rates competitive.

So let me recap, $20 to $50 billion of incremental capital required to bring about these options, a growing rate base at 6-1/2% to 7% with a track record of being able to earn our allowed return on that rate base and the ability to keep customer rates competitive.

With that, I will turn it over to Sasha Weintraub, who runs our gas businesses.

Sasha Weintraub – Senior Vice President, Natural Gas Business

Thanks, Steve. I'm excited to be here today to share with you the future of the natural gas business, the segment with consistent earnings growth and stellar customer performance.

Natural gas is versatile. It can be used as a fuel for baseload generation. It's ideal for peaking units and it provides reliability for renewable energy and battery storage. Our customers rely on natural gas for residential heating, commercial cooking, manufacturing processes and economic development. Beyond that this segment directly supports our broader emission reduction targets as we protect the environment.

Today is a big day for our natural gas business. We're rolling out a new goal for our gas distribution companies, net zero methane emissions by 2030.

Now our two local distribution companies, or LDCs, Piedmont Natural Gas in the Southeast and Duke Energy in the Midwest have already made great strides in reducing the methane emissions, but we're going to do more. Let me tell you how. First we're moving forward with advanced technology to increase our monitoring and measurement of methane emissions. We've started a pilot for the use of fixed wing and satellite detection of methane leaks. We're analyzing the effectiveness of these techniques to detect leaks compared to our traditional means that we've used. Second, we are improving our operational efficiencies and damage prevention initiatives. Now we've already made good progress in achieving this goal with all of the work we've done to eliminate our cast iron and bare steel main piping from our LDCs, a significant source of methane leakage. We may need some offsets in order to achieve these goals. And if we do, we'll be using renewable natural gas.

Now it's important when you think about methane to also consider the upstream component. And we're doing just that, by partnering with the industry to have a bigger impact. We've joined One Future, a coalition of natural gas companies nationwide working together to voluntarily reduce methane emissions. The collective goal of One Future is to reduce the methane intensity across the entire natural gas supply chain to be less than 1% by 2025. This is going to require coordination and collaboration. We'll be using our purchasing power to encourage our natural gas suppliers to use low methane emission practices while maintaining affordability for our customers. By purchasing responsibly produced and transported natural gas, we can reduce methane emissions across the entire natural gas supply chain for Duke Energy and the industry.

This next decade is going to be transformative for the natural gas business and our LDCs. And as we transform, we are not going to lose sight of our customers and our communities. When you think about the future of this business, renewable natural gas stands out as a cleaner viable option to continue serving our customers and supporting economic development. We're executing a five-year plan to be a leader in the renewable natural gas space.

When I reflect on where we're going, I'm reminded of the tremendous success that we've already achieved and the incredible foundation to launch us into the next decade. It's clear the Piedmont Natural Gas acquisition has been a great success. Not only does the business deliver consistent earnings, we've also seen increased customer satisfaction, improved safety performance with lower customer rates. And the work continues as we expand our customer base and improve the customer experience with new products and services. For years, our gas companies have received national and regional accolades for their customer services. This reminds us of the innovative solutions that we need to do as we strive to exceed our customers' expectations in the future.

So let me summarize for you what's ahead for the natural gas business over the next decade. Net zero methane emissions by 2030 and lower methane emissions across the entire natural gas supply chain. Renewable natural gas as a cleaner, viable fuel source and a growing strong business segment with excellent customer service and affordable rates. I can't wait.

Now let me hand it over to Doug Esamann, who oversees our renewable business and customer solutions. Doug.

Doug Esamann – Executive Vice President, Energy Solutions & President, Midwest Region

Thanks, Sasha. And thanks to you all for being here today. I hope you're staying safe.

So you're getting a glimpse today into the transformation that's underway at Duke Energy. As we think about our mission to decarbonize, there are really four critical paths that we need to hit on in order to make sure that we can reduce the carbon emissions and meet the goals that we have laid out. Those four areas are renewable energy deployment, energy storage, electrification and emerging technology. At Duke Energy we have a long history of innovating and leading the way now and in the future. That won't change. So let me go into each of these in a little more detail and tell you a little more about how we're going to deploy these, starting with renewable energy.

So from 2020 to 2050 we expect to deploy renewable energy at a pace that we've never deployed before. Large amounts and drastic increases in the amount of renewable energy we'll invest in will be necessary. So think about today. We have 8 megawatts of contracted owned or operated renewable energy across the entire Duke footprint. By 2025 we'll double that. By 2030 we'll triple it. And in order to meet our net zero carbon goals by 2050, it will take six times the amount of renewable energy that we have on our system today. Most of that will be in the regulated businesses. By 2050, the majority of the energy in our regulated utilities will be from renewable energy, representing about 40% of the capacity.

If you think about where we stand today, we're a top 10 leader in ownership in wind and solar and we expect to continue that leadership position going forward. In our commercial renewables, we're also seeing growth. Currently, we own about 3,500 megawatts of renewable energy and by the end of next year that will grow to 5,000 megawatts. In our regulated utilities, the Carolinas has really been a lot of where the solar investments have been coming. But as we see policy changes, customer demand, economics, we'll continue to move in favor of renewables. We see more and more opportunities coming in the Midwest and Florida.

To complement that, we need a lot of energy storage. I'd like to talk a little about energy storage now. So we've been in the storage business for a long time. If you think about our hydro stations, not what we currently think about in terms of battery storage, but they've been around for decades. And they were really storage opportunities for us. In the 70s we built pumped hydro storage. You heard Steve Young talk about Bad Creek hydro capacity. That's over 2,000 megawatts of pump-storage where we literally in the low cost time period pumped water up to higher level reservoirs. And then in the times of the most need for energy released that and at peak times and in high cost energy, instantaneously produce energy. That's a big storage facility for us and that's something we're very proud of and it sets us apart.

More recently you can see on the slide we've been investing in a number of battery storage technologies. The early stage investments were really utilized to demonstrate the value of battery storage on the Duke Energy system, a relatively low cost system across all of our jurisdictions. But as we've moved forward and deployed more battery storage, it's because of the economics supporting it and the business case supporting that deployment. And our file in the commissions with the business case show why battery storage is the best option and that's been the result of approved investments that you've seen in the near-term years here. So storage has great benefits. It has great benefits in resiliency. It has good storage. It actually has benefits to capacity and energy benefits, the ability to microgrid an island. And so it's great storage and great capacity for our system. When you think about the costs coming down, which we know will happen in the battery storage area and you think about the functionality as it continues to improve, we see more and more battery storage deployment on our system, especially as we talked about the levels of renewable energy a little while ago. Eleven thousand megawatts by 2050 will be the total investment we expect to make in energy storage.

And in our five-year plan, we are also investing in energy storage. In addition to the up rates at our pumped hydro storage, we are also investing $600 million in additional battery storage, $100 million of which is in Florida at a 50 megawatt deployment project that we have going on right now. So storage is very critical to us. It's very important to us. And it will be important as we continue to move along the path of decarbonization.

So I'd like to shift focus now if I could to electrification. And I know many of us think about electrification of vehicles as

is it going to be here to stay? If you think about evolution of vehicles from the Prius to the Tesla to new models coming out, there's always a question of how sustainable is it? And I'm here to tell you I believe it's extremely sustainable. And there's a real driving force for that. The driving force is economy-wide carbon reductions. The transportation sector now is the highest carbon emitting sector in the US economy. And you need to be able to address those carbon emissions and the best way to do that is through electrification. And if you think about supplying clean energy to support the electrification of vehicles, you get a 2X carbon reduction, which are really going to be important for us as we think about substantial decarbonization. And customers are demanding more vehicles and more are coming to the marketplace. There're benefits for the utilities. There're benefits for the economy. There're benefits for the environment for sure.

We have 43,000 vehicles across our Duke Energy jurisdictions today. And that's just scratching the surface. There's much more come. What's been holding it back is charging infrastructure and the ability of charging infrastructure in the marketplace. And we believe we're in a great position to at least jumpstart the marketplace by putting in charging infrastructure across all of our jurisdictions. And that's really the push behind why we filed in all of our jurisdictions to help move electrification of vehicles forward, to develop a foundational charging infrastructure across our service territories so that customers when they want to drive, they want to get from place to place, they know they have a fueling option and a charging station. And we've recently got approval in Florida and we're actually almost finished with deployment, 530 charging infrastructure stations in Florida. In South Carolina we got approval a few weeks ago to move forward with a smaller project that's similar in nature. And we have pending pilots in North Carolina and Ohio. In all those cases, I'm really proud of the work we've done to promote stakeholder engagement and brings group together to help support the filing of these pilots and requesting approval at the Commissions.

The other thing that you can think about from an electrification standpoint is the load pickup that we get. So in 10 years we believe that our load will grow by half a percent just because of the existence of electrification of vehicles. And by 2050 we think the load component could grow to 2% to 4% from electrification. There's also grid investment, which is helpful for us as we look to make sure the capacity exists to supply those vehicles.

And the last point I want to make on electric vehicles is a really important one. Our pledge to take our own fleet and to reduce the emissions from that fleet by electrifying 100% of our light duty vehicles by 2030 and 50% of our medium, heavy duty and off road vehicles with hybrid electric, electric vehicles or carbon free fuels. We're really proud of that pledge.

So now I'd like to transition if I could to my last topic and that's emerging technology. And it's emerging and called emerging for that very reason. It's not ready to be deployed at scale basis throughout the system. What is critically important for us is you've heard us talk about the 50% carbon emission reductions leading to net zero. Many technologies can get us today to the 50% and then will carry us through net zero, but they won't fill the gap that we need to get to net zero by 2050. We need new clean energy technologies.

Hydrogen is a good example of one of those technologies. We're testing hydrogen now. It's really not in full scale deployment. But we believe that hydrogen as a clean fuel has expansive capabilities to change the dynamics of what's available for us in clean fuel technologies. We're working with our partners now at Clemson -- Siemens is part of that -- to take a combined heating and power plant we put in on the Clemson campus a few years and put hydrogen as a fuel source. We're applying at the DOE for a grant to actually demonstrate that technology can work in that scale of an investment. And we're working with our partner in Bloom Energy. We've invested in a few of their fuel cell portfolios to see if we can't move forward with fueling those fuel cells with hydrogen fuel. So those are some great examples on the hydrogen side.

There are other emerging technologies and you heard them mentioned earlier today, advanced nuclear, long duration battery storage, carbon capture and many more. Those are things that we're needing to work on as a group collectively, not only Duke Energy but industry companies and others. And so we've been an anchor partner in the Electric Power Research Institute Low Carbon Resource Initiative. And that is a five-year plan bringing together a number of companies and resources to focus on taking clean energy alternatives from their demonstration scale to large scale deployable in the utility space. And that, at its core, involves reaching to universities, DOE research labs, NGOs, regulated groups and policymakers to help build that coalition on what we believe will get us to net zero carbon not only as a company but as a country.

The last thing I want to focus are something called ZELFRs. And if you've read our climate plan, you've seen ZELFRs mentioned. What is a ZELFR? Well a ZELFR is a zero emitting load filing resource. And essentially what that means

is as you bring a lot of intermittent energy on, you bring a lot of distributed energy on, something that we won't be able to control as a utility to make sure it's there for the grid, we need a clean energy fuel source that can be dispatchable. That can be brought up and down as we need it to make sure that we can keep the grid reliable. And that's what a ZELFR is. And any one of these emerging technologies I mentioned or combination thereof we believe will help fill that ZELFR gap to allow us to manage the grid and continue to deliver the good product that our customers come to expect today.

So it's a profound time to be at Duke Energy. We are working hard on the transformation and the transition and adapting to all the changes ahead. And we are very excited about using these four pillars that I mentioned to getting us to a clean energy future.

At this point I'd like to turn it over to my colleague, Dhiaa Jamil, our Chief Operating Officer. And Dhiaa is going to talk about our generation portfolio and in particular nuclear energy.

Dhiaa Jamil - Executive Vice President & COO

Thank you, Doug, and good morning. Folks, I'd like to start by going back in time for a moment. I've been with this company for over 40 years. And I've seen the transformation of the fleet firsthand from growing the largest regulated nuclear fleet in the country to methodically reducing our reliance on coal plants to moving full speed ahead and increasing our portfolio of renewable in storage. That is our plan going forward as well. Now I realize that others in the industry have gone through similar transformation. I'd like to share how we compare to those in that space.

This chart shows a number that should jump out of the page, that is 24%. Only 24% of our generation comes from coal. Does that surprise you? Do you also know that over 53% of the energy that we provide in the Carolinas comes from carbon free generation? If that is not a surprise to you, I want to thank you. That means you've been watching the great transformation that's taking place at Duke and also recognize the strong leadership position that we have taken in this space, largely driven by our aggressive approach to renewable energy and our best in class nuclear fleet.

That fleet is made up 11 reactors. They are not only responsible for a vast majority of the carbon free generation that we produce, but they are also a key reason for why our rates are below the national average. And to say that fleet is reliable is really an understatement. The capacity factor of the fleet, a measure of reliability, has been over 90% for the past 21 years. In fact that number last year was an impressive 95%. So when we plan ahead, our initial focus is on extending the licenses of these nuclear reactors. These licenses currently expire from 2030 to the mid-2040s. We will follow a well-established NRC process to go through and ensure that that resource is available to us well into the second half of the century.

Now as we look ahead, further ahead in the future, our modeling would suggest that we will need new carbon free generation that not only can be dispatched on demand, but also can be available and reliable through the various weather events that we could have. That will complement our aggressive approach to renewable. There are few opportunities out there. Some are further in development than others. I would like to highlight a couple of them.

One is the SMRs, the small module reactors. As the name suggests, they are modular. They come in a variety of smaller sizes up to 300 megawatts. They are of the light water reactor technology that means they are similar to the reactors we currently run. And they are further in development so they can be ready to be deployed late 20s, early 30s.

The second exciting opportunity is the advanced non-light water reactors. These are carbon free generation that also have the distinction of being designed to load follow from zero to100% on demand. That is the type of breakthrough capabilities that we're looking for in the mid-2030s and beyond to supplement our growing renewable portfolio. So that's the future.

Meanwhile, we're preparing for that future. And the way we do that is by focusing on the reliability of the fleet and also continuing to focus on reducing the cost of generation. We're doing it through a variety of ways, relying on digital technology is one, reskilling our workforce and, of course, adapting best practices from the industry.

So, folks, this is really a very exciting time for us to be in this industry. It's an exciting time to be at Duke. We've had a

track record of changing and transforming the fleet. And we plan to continue to sunset legacy resources as we build anew and scale up new carbon free technology in the future. Nuclear will continue to be a vital part of that transformation. We will continue to deploy capital in that space to grow that resource.

Thank you for being with us today. In a moment, you will hear from Lynn Good.

Intermission Video

The task at hand is complex but our path forward is clear. As a leader, we recognize our opportunity to create a more sustainable industry.

And just as we always have, we'll rise to the challenge and call on all of our employees to innovate, embrace diversity, explore new endeavors and deliver results the right way, all while providing electricity that's reliable and increasingly clean.

FIRESIDE CHAT

Lynn Good – Chair, President & CEO

Well, Bill, thank you. I'm joined today by Bill Kennard, a member of our board. Bill has had a distinguished career in public policy and in business and serves in corporate roles in a number of companies and has really made a big impact on our company.

He chairs the Finance and Risk Management Committee so he gets to see all the investments and all the risks. And he also serves on the Corporate Governance Committee. And I thought it was a complement to all that you have heard today about management's objectives and vision for the future that it would be helpful to have the Board's perspective as well.

And I thought I would start with the whole topic of ESG, Bill, and how the board thinks about its oversight of ESG topics and maybe more specifically oversight of climate and our carbon reduction goals.

Bill Kennard - Director

Well thank you, Lynn. First, it's great to be included in this presentation and have an opportunity to speak directly to our investors.

You know, on environmental and ESG, I think I can speak for the entire board in saying that we really feel that it's a privilege to be able to work in a company that we think can play a leading role in addressing what is the most important challenge facing the whole planet today. And we take that role very seriously. And what I took from the presentation today is that we're seeing that our financial goals are aligned with our goals to lead on climate, which is really an exciting time to be in the company.

In terms of how we operationalize that on the board, a couple of years ago the board decided to task the Corporate Governance Committee with oversight over sustainability. So as a member of the Corporate Governance Committee, I and my colleagues on that committee are very engaged on sustainability issue, reviewing many of the plans that investors heard about today.

But I do want to emphasize that this is not an issue that is confined to one committee on our board. As you know, because of the centrality of climate to our business model and our future as a company, it's really discussed at all levels, all of our committees and always at the full board level.

Lynn Good – Chair, President & CEO

I appreciate that, Bill, because it has so many dimensions to it, policy, compensation, risk, investment and all of those things. Why don't we talk about risk for just a moment because in your role as the chair of the Finance Committee, you get to see a wide variety. And I know risks are often on the mind of investors whether it's climate risk or cybersecurity risk.

And maybe you could talk a little bit about the Finance Committee and then, again, how the full board addresses risk more broadly in the various committees.

Bill Kennard - Director

Sure. Well the Finance and Risk Management Committee is responsible for, I would say, overseeing enterprise risk more broadly and compliance risk. But when you're delivering energy at scale like a company like Duke, there are lots of risks that we have to deal with. And so every committee of the board has responsibility for risk management. So maybe it would be helpful if I sort of gave an overview of how we have assigned the responsibility for risk management in our various committees.

So the Audit Committee is responsible for a number of areas of risk, but principally cyber risk, grid security, obviously financial regulatory compliance, our Operations and Nuclear Oversight Committee, a really important committee when it comes to risk management because that committee oversees operational risk, environmental, health, safety, oversees risk involving operating our nuclear fleet. This is a committee that before every board meeting they literally do a site visit to one of our nuclear plants and meet with the team. They get a safety review. It's a really intensive oversight of the nuclear fleet.

We have a Regulatory Policy Committee that oversees regulatory risk. And I do though, want to emphasize that a lot of these risks, although they are - the committees will delve deeper into risk management, they often will reach the full board level. And particularly the issues around climate risk is something that the full board will often discuss.

Lynn Good – Chair, President & CEO

You know, I find there is a curiosity on the part of the full board on how enterprise risk comes together so we've put enterprise risk into that retreat for that reason, our longer board committee because of the depth of that.

You know, moving to corporate governance maybe just for a moment because I think board skills go with this notion of risk because we need to make sure that we're refreshing skills and we have the right people to oversee them.

And I think given the importance of diversity and inclusion as part of our social responsibility, I think that's also an element. So maybe you could talk about how the board approaches finding the right skills for the right board members and how the overlay of diversity and inclusion is also important.

Bill Kennard - Director

Sure. Well I joined the board in 2014. And I was really at the front end of what has been a major board refreshment at Duke. In the last four years we've recruited seven new directors. And we've used that as an opportunity to pretty dramatically increase the diversity on our board. We have 40% of our board members are racially gender ethnically diverse, 31% women. And we've also used this board refreshment opportunity as a means of also really deepening the scope of our expertise on the board. So we've recruited people with deep experience in nuclear safety and nuclear operations. We have recruited people with really deep financial experience, utility experience. We have recruited Ted Craver, who ran Edison out in California. And a number of new people who just broad experience in leading large complex industrial businesses.

So I think we're well-positioned to cover a lot of the areas and problems that rise to the board level.

Lynn Good – Chair, President & CEO

How about diversity and inclusion more broadly, Bill? In overseeing human capital management, the Comp Committee certainly has a role. I think the board has been very interested in that.

And I think particularly about this year with whether it's been COVID response where employees have been front and center with customers or the social and racial injustice issues that have been front and center.

Maybe talk a little bit more about diversity and inclusion and human capital and how that has been overseen at the board.

Bill Kennard - Director

Well in my experience I've served on now 10 public company boards. And this issue is always discussed at every company. It has been discussed historically and even more so. Now in my experience the only way you make meaningful progress on diversity and inclusion is to have a commitment and engagement at the top.

And I know, Lynn, you are passionate about this issue. You have been for a long time. Our board is passionate about this issue. And I think we've shown results. If you look at targets and goals, we have a workforce that is 25% women, 20% minority. And we're close on those goals. Workforce-wide we have just under 24% of women and under 19% minority. A lot more to do but we've made a lot of progress. I think it's also a really important historical moment in our country. You mentioned earlier the George Floyd murders and the problems that we've seen on the streets of this country. And it is a moment of real reckoning in the country where I think people are - everyone is touched in different ways.

I see in various companies that I'm involved with that people are redoubling their efforts to recruit a diverse workforce and build the pipeline. We're doing that at Duke. We have partnerships with historically Black colleges and universities. And we have a number of affinity group of minority groups that help us build the pipeline and also are important in retention and just creating an environment of inclusion. But, again, you know, in my experience and as an African American professional, I've been dealing with this issue my whole life. And what is clear to me is that you can have as many numerical targets as you want, but if you don't address the culture of an organization, you're not going to have sustainable meaningful change.

So the thing that we have done at Duke, which I think is really significant, is the convening of conversations around this issue, to give employees a safe place to talk about how they're feeling about what's happening in the country and what their customers are feeling. You have used this term at the board, which stuck with me. You talked about courageous conversations, that we have to confront them as people. And that's the only way we're going to make really sustained change on this issue.

And I'm glad to see that as a board and as a company we're rising to this challenge. We have more work to do. No question about it. But I think we're on the right path.

Lynn Good – Chair, President & CEO

You know, Bill, the conversations we had, I mentioned, you know, about 400 of them. And what was interesting, the ones that I participated in, there was a real emotional connection in those conversations. You heard personal stories about - you know, a young woman in my group. She and her husband excitedly moved to a new subdivision. Her husband is a runner. He runs in the neighborhood and in the first year he was stopped, you know, a half dozen times by the police.

And I feel like I will always remember that story because my husband is a runner. He has never been stopped by the police in my neighborhood. And that emotional connection I'm hoping spurs us from good intention to more action.

Bill Kennard - Director

It's really important. It's really important. It's about that connection and that understanding to see life through the eyes of other people that you work with. And that is the basis for understanding what they are facing day-to-day in the workforce. So it's a really important component of making progress.

Lynn Good – Chair, President & CEO

I agree with that. Well compensation may be a good topic to transition to because the board has an important role to hold us accountable, accountable for the behaviors that are going to be necessary whether they're cultural or performance for investors or recruiting top talent.

So maybe talk a little bit, Bill, about the board's role in compensation and how you see that important role of accountability.

Bill Kennard - Director

Compensation is critical because in my experience it's where the rubber meets the road, right? It's the way you align mission strategy and execution. And because of Duke's size and scale, we have a lot of objectives and goals in our compensation plan.

We have a lot of traditional metrics and goals like TSR. But we also incent operational performance around health and safety, reliability, efficient production of energy. But what I think is really important when I look at a comp plan is to make sure that it is evolving with the strategy of the business. And at Duke what we've done is as the business changes, as the strategy changes, as we have to meet new challenges, our comp plan is evolving.

So we've incorporated objectives around diversity and inclusion. We have incorporated objectives around incentivizing work with stakeholders so that we can incent good outcomes for our shareholders and customers. And I think as you mentioned earlier, what's really exciting now is that we're now incorporating incentives to achieve the ambitious climate goals that we've been talking about recently.

This is going to be really important, I think. And, again, it's where the rubber meets the road in terms of moving our strategy forward.

Lynn Good – Chair, President & CEO

I agree with that because it also aligns an organization with what's important and what progress we can make. Well, Bill, maybe one last topic before we transition, political expenditures and disclosures.

I think it's been kind of front and center in our industry this year with a number of events that have gotten attention. And strong governance around political expenditures has been an important topic at our senior management level but at the board level as well. On the governance committee, you have an opportunity to see all of that. Maybe you could comment on political expenditures and involvement.

Bill Kennard - Director

Sure. We have a very highly regulated business. And if we're going to be successful we have to be engaged in the political process. Because regulatory outcomes, political outcomes are really, really important to our ability to achieve our goals.

So you know, I would say more so than most companies I've been involved with historically, the board is really engaged in the whole political engagement of the business. So we have, I would say, sort of the best practices around approval of political expenditures. They come before you as CEO, before the corporate governance committee and also the full board. But because of the centrality of our political engagement to executing our strategy, I would say that

our board is more engaged on these issues than other boards I've seen.

And we have steadily increased our disclosures to investors. We've gotten a lot of investor input over the years. I see a lot of this on the Corporate Gov Committee. And we have been disclosing more of our political involvement and hopefully investors find that more satisfying as well.

Lynn Good – Chair, President & CEO

And I think, Bill, the emphasis that I certainly emphasize to the group, and I know the board does as well is all of this in the context of integrity and the value to the company. And I think that strong governance is what makes that, you know, important political involvement work.

Bill Kennard - Director

Yes, absolutely.

Lynn Good – Chair, President & CEO

Well thank you for being here today, taking your time to share perspective on these topics. And what we're going to do at this point is transition to investor questions.

Intermission Video

Duke Energy started in 1904 with renewable energy. As the industry evolved, we evolved too, bringing new sources of energy to the grid and using new technology that made it cleaner and more efficient. Today we continue that tradition, providing customers with reliable, affordable power they need to build the lives and community they want.

We know our future depends on embracing innovation to deliver the smart solutions and clean energy our customers demand while creating value for investors. And that's exactly what we're going to do.

QUESTIONS & ANSWERS

Due to technical issues, questions were submitted via email and asked by Bryan Buckler, VP Investor Relations

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Bryan Buckler – Vice President Investor Relations

The first question is around offshore wind. And President Trump's office had a recent order around leases off the coasts of many states. But if you could speak to the potential impact of that to our plans in North Carolina.

Lynn Good – Chair, President & CEO

Sure. And I'd like to talk first of all about the growing momentum in North Carolina around wind in general and around offshore wind. It's a part of the conversation. And I actually think the beauty of the integrated resource plan as well as the clean energy discussions going on in the Carolinas as we're having an opportunity to fully explore this important resource. And I believe we're building momentum.

The governor and the administration is looking at what could the economic development impact of offshore wind be to the state? So, of course, we're watching the executive order. We're trying to learn more about it. Our preliminary thinking is that it does not impact existing leases. But I think we'll learn more. And in the meantime, we're working to build momentum because we see wind as an important complementary resource to the solar resource we have here in the Carolinas as well as carbon free nuclear.

Bryan Buckler – Vice President Investor Relations

Very good. So we're still waiting to get more questions in. But a question we've received often from our engagement with various investors is how we make sure we're doing as much as we can on the renewables front, in particular, you know, looking at the proper mix of natural gas with renewables and storage. And, Lynn, if you wouldn't mind just sharing a little more perspective on that.

Lynn Good – Chair, President & CEO

Sure. You know, Bryan, I think the headline from today is that we are aggressively pursuing carbon reduction. And as part of that aggressive pursuit we will add substantial renewables, 8,000 megawatts today, 16,000 by 2025. I think Doug said tripling by 2030, six times as many by 2050.

But there's also a need for us to balance our environmental aspirations with reliability and affordability. And that's where we see a role for natural gas at least at this point in time when the technology development and resources are not quite where they may be in the 2030s. And so we see it as a peaking resource. We see it as important, retiring coal. And I thought Cari's slide, to give you a sense of what a winter peaking utility looks like, gives you an idea that we need to move those renewable resources more than a couple of hours to meet the peak in the wintertime.

So we'll be thoughtful. Gas resources will be fully vetted. We understand the importance of getting this just right. We've run a variety of scenarios in the integrated resource plan lessening the life of gas and the models still pick it because of this need to balance reliability.

So I think this is an area that will be continually tested year after year as we go through not only integrated resource planning processes, but CPCNs and stakeholder engagement, and all with the headline of reducing carbon and doing so with the right resources to balance affordability and reliability.

Bryan Buckler – Vice President Investor Relations

Excellent. And we have the questions rolling in now. We have got a nice queue. First question is from Stephen Byrd from Morgan Stanley. Thank you, Stephen. His question is, and I'm going to read this straight as they came to me.

Lynn, how do you and the board think about the potential evolution of executive compensation to further include ESG oriented goals? Any potential changes or topics that may arise in importance?

Lynn Good – Chair, President & CEO

Yes, Stephen, thank you for that question. And as Bill Kennard highlighted, we are continually looking at our compensation plan to see if we have the right emphasis on the items of strategy. And so customer satisfaction is in there. Safety is in there. Environmental safety is in there, diversity and inclusion. And we'll be adding a climate goal in 2021 just to ensure that we are making the progress that we need to make not only on investments but on advocacy and public policy to achieve these goals.

So I would confirm to you that executive comp is always under review to make sure it is aligned not only with ESG objectives but broadly on earnings and stock price and growth in a way that incents the right behavior for the executive team to achieve our objectives.

Bryan Buckler – Vice President Investor Relations

Great. And Stephen had one follow-up. If Congress were to extend the renewable tax credits and extend the tax credit for storage, how might that impact your renewables adoption plan

Lynn Good – Chair, President & CEO

You know, I think the tax incentives had been an important part of incenting investment. But I would also say, Stephen, that there is a tailwind around incentive around renewables even without the tax credits because of the important work to reduce carbon and the policy support and the stakeholder support.

The tax credits can make it less expensive. And I think for things like battery technology and new technology they can be quite impactful. So we will, of course, take advantage of everything that we can on behalf of our customers and continue to move towards the goals that we've outlined today.

Bryan Buckler – Vice President Investor Relations

Great. The next question is from Julien Smith from Bank of America. Can you speak to the ranges of $140 to $150 billion? What is reflected in the low end and high end with respect to the Carolinas IRPs? And further what does the $2 billion represent as far as preliminary assessment with respect to the IRPs?

Lynn Good – Chair, President & CEO

Sure. And those are, I think, capital investment, that Steve Young shared with us? And, Steve, if I could turn it to you to give us perspective on that question?

Steve Young – Executive Vice President & CFO

Sure. The $2 billion in the near five-year period is represented by some of the early conversions, some of the investments in renewables, primarily solar and some transmission underpinnings with that as well. Moving beyond the five-year period ending in 2024, that's where you'll see the acceleration of investment.

And depending upon which scenarios are ultimately selected, that would impact the capital plans and the rate base growth. When we talk about $140 to $150 billion, that represents the range of rate base estimate for the total company. The high number would represent a more rapid Carolinas deployment of renewables. The lower number there would represent the less rapid, more the base case. So that represents the range as we see our investment profile going forward.

Again, it's a mix of renewables, transmission and some gas assets as well. The renewables piece is more heavily solar in the Carolinas. So I hope that gives you a little guidance on what those components are.

Lynn Good – Chair, President & CEO

And the only thing I would add to that is that also includes transition underway in Indiana as well as the transition and the addition of solar in Florida. So we will continue to identify opportunities to accelerate, transition to clean energy as the state's policy continues to develop. But it also includes an expectation of more investment in those states as well. Next question, Bryan?

Bryan Buckler – Vice President Investor Relations

Yes. And then a good follow-up from Julien here is can you speak to the process around translating IRP in the CAPEX over time?

Lynn Good – Chair, President & CEO

Sure. And, you know, Julien, I would like to talk about two things. On the integrated resource plans themselves, it has been an ongoing discussion with stakeholders and a lot of dialogue has been going on. They will both be reviewed, the North and South Carolina Commissions will both review the IRPs in 2021 and provide us some feedback. We'd expect hearings potentially in both North and South Carolina to really understand these plans more broadly.

And I think it served as a great foundational discussion also for the Clean Energy Plan the stakeholder process that has been going on in North Carolina. That process is addressing not only carbon reduction and retirement of coal, but it's also addressing regulatory modernization that would enable and incent carbon reduction. We expect both of those processes to develop recommendations toward the end of the year. And that will also feed into the momentum in 2021. So I see 2021 as just a really important year to begin taking action around these plans. And I would also emphasize that the base case, the one that is completely consistent with existing regulation, achieves over 50% carbon reduction and retires all coal units by 2030. And our objective is to get moving on that as quickly as we can.

Bryan Buckler – Vice President Investor Relations

Great. The next question comes from Guggenheim and Partners, Shar Pourreza and Kody Clark. And they gave me a lot of questions on here, but I think we've answered most of them. One other question from that team that we have not addressed is how are we going to get gas supply into North Carolina, in particular the eastern part of the state?

Lynn Good –Chair, President & CEO

Sure. So gas supply is something that is important in the Carolinas because particularly in the winter months gas supply is constrained. So we are looking at expansion of infrastructure into the eastern part of the state and also looking at some options upstream to identify ways we can get more transport capacity.

And, Sasha, if I could turn it to you to add any additional color. I know you've been actively working these plans around gas supply.

Sasha Weintraub – Senior Vice President, Natural Gas Business

I think I would only add that as you mentioned we're working on our own infrastructure plans to bring in more natural gas for both the Piedmont Natural Gas customers in the eastern part of the state as well as for generation. And those talks are ongoing. And we look forward to really working and coming up with finalized plans over the next several quarters.

Bryan Buckler – Vice President Investor Relations

Great. Let me go to the next question. This is from UBS, Paul Cole. Lynn, can you speak to the environmental goals of the State of North Carolina and when the governor's task force might issue its report and then how it will fold that into next year's legislative session?

Lynn Good –Chair, President & CEO

Sure. You know, Governor Cooper, just by way of background, issued an executive order setting a target for North Carolina to achieve at least 70% carbon reduction. And under the leadership of his head of Department of Environmental Quality, Secretary Regan, the state has convened very diverse stakeholder discussions throughout 2020 not only on carbon reduction but on regulatory modernization.

And as I said a moment ago, those processes are moving toward recommendations toward the end of the year. And

we have found that the integrated resource plan that we filed in early September has been quite complementary to those discussions because it put some modeling and maps to the 70% reduction. And we're finding a lot of interest in those models and particularly that goal of 70% carbon reduction by 2030. We'll know more at the end of the year and keep you informed along the way.

Bryan Buckler – Vice President Investor Relations

Great. The next question is Steve Fleishman from Wolfe Research, the first two questions are similar. Are we using 2021 as our base for our high end of the 4% to 6% EPS growth rate to 2024? How should they think about EPS growth relative to a 7% rate base CAGR in the second half of the decade?

Lynn Good – Chair, President & CEO

Sure. And 2021 is the base year. We've talked about that in connection with our second quarter call. And, Steve, if I could turn it to you to give your perspective on that back half growth and how you see rate base growth translating into earnings growth.

Steve Young – Executive Vice President & CFO

Again 2021 will be our anchor year as we move forward. And we do see the ability to earn at the high end of the range. What we are starting to see as we implement these portfolio options in the Carolinas is the capital will start to build at the back end of the range. And that will give us the opportunity to build these assets and participate in this process and incorporate those into our rate base.

And, again, we see other activities in our distribution system as it grows organic customer growth. We think all of this, underpinned by our capability to control our costs and to find optimization around our various capital projects, it will allow us - to give us comfort that we can earn at the high end of the 4% to 6% range.

We'll be updating all of this as we move into the third quarter and the fourth quarter results and refining this. But adding in this generation transformation in the Carolinas into our capital plan really strengthens our rate-based growth and gives us confidence in our earnings growth potential.

Lynn Good – Chair, President & CEO

And, Steve, the thing I would emphasize and what we're excited about today is we see alignment and momentum in the states around this important goal of achieving carbon reduction. And using the tool of the IRP and using the expectations of getting the goals by 2030 we can give you more visibility into what capital can look like so that you know it's just not between now and 2024 or now and 2025.

That it represents a very strong investment thesis over the decade, coupled with our focus on controlling costs and driving productivity not only to drive earnings but to maintain affordability so we can make these investments for our customers. I think we've got a great investment profile here that puts together a strong plan for the company and for the Carolinas and Indiana individually as well and Florida.

Bryan Buckler – Vice President Investor Relations

One more follow-up from Steve Fleishman, he asked about how a potential Biden victory in the presidential election could impact our clean energy plans.

Lynn Good – Chair, President & CEO

Steve, we've been following the presidential election and really the conversations around climate and carbon at the state and the federal level. And I do believe there is an increase in conversation at the federal level around carbon reduction and you've seen that in a lot of the debates and in the conversation.

I think there will be work. Once you get into Congress and try to begin passing laws, there will be a lot of work to do to get those crystalized. But what I like about our position is we have been at the discussion and the emphasis of the importance of getting after carbon reduction in all of our states for some time. We've got task forces. We've got stakeholders engaged. We've got policymakers focused on it in a way that I think our states will be prepared to react with us to what might happen at the federal level.

I feel like Duke Energy is at the table with the right conversations, the right plans to be a part of shaping those policies in a way that makes sense for our customers. I also like the fact that these plans are talking about the need for research and development and investment in technologies that will be necessary to get to net zero. And so we're also active, as Doug mentioned, through EPRI, through the national labs and through advocacy to make sure that enough resources are being to those investments so that we can keep going to net zero.

Bryan Buckler – Vice President Investor Relations

Great. I'm going to continue on with the email questions. And here's a question from Jonathan Arnold, from Vertical Research Partners, regarding ZELFRs. So our favorite acronym, right? Which of the potential technologies that you have talked about do you feel most optimistic about?

Lynn Good – Chair, President & CEO

So it's interesting, Jonathan. We are studying all of these. We have folks focused on advanced reactors and small modular nuclear. We have folks focused on hydrogen. We have people focused on long duration batteries. We have continued to look at carbon capture, frankly, and have for some time.

But let me ask Doug and Dhiaa just to comment because they have teams that are focused on these new technologies. And I think you may hear a little bit of enthusiasm in both. So, Doug, could I start with you and then turn to Dhiaa?

Doug Esamann – Executive Vice President, Energy Solutions & President, Midwest Region

I think as we look at some of the plans and the plans in the Carolina IRP, we see small modular reactors in those plans. And so that's certainly one that we believe has the potential and I think Dhiaa can talk more about the excitement around that.

I think hydrogen, too, even though it's early stage from our perspective, I believe hydrogen has the potential as a clean fuel to be able to, you know, very quickly work its way into the mx for us. For instance hydrogen can be blended in turbines today that burn gas. So we could begin to use hydrogen now and begin to make some of these machines essentially 100% hydrogen in the future.

So those are two, I think, that really excite me about, you know, possibly being there for us in the future in terms of a ZELFR that we need on our system. And I'll let Dhiaa add anything he would like to that.

Dhiaa Jamil - Executive Vice President & COO

Well I agree on both of them, Doug. I would add the advanced non-light water reactors. I really hold a lot of promise for that one. We are actually in partnership with TerraPower and GE-Hitachi on their natrium reactor. That is really a

breakthrough technology. It's the same type of reactor that this country has had history with. They're non light water reactors but we do have history with those reactors. You couple that with the temperature is high enough that you could use a medium of molten salt as a third loop per se to store the energy. So the reactor continues to run 100% regardless of what the load is doing. The energy is transferred to a storage mechanism. And as the variable nature of the renewable varies, you direct the energy to the load or you keep it stored. That is really a breakthrough technology. These are the type of ZELFRs that we've been waiting for.

Hydrogen is another one. Doug mentioned it. Hydrogen could be coupled with our base load operation, like nuclear plants. Through the process of electrolysis you could change the water or the vapor, the steam that is produced, into stored energy in the form of hydrogen that can be blended with natural gas to produce low carbon generation.

Bryan Buckler – Vice President Investor Relations

Thank you. That was my favorite question and answer of the day by the way. Here's a question from Jeremy Tonet from JPMorgan. Lynn and Steve, or whoever is the right one to answer, can you quantify how the revenue requirements presented on your slides for the Carolinas' IRPs translate to annual customer bill increases on a percentage basis?

Lynn Good – Chair, President & CEO

Thank you. Because customer affordability is front center - and I'm actually going to ask Cari Boyce to take this one. Because it's Cari's team that does all those present value revenue requirements. And it was a new thing this year to put in the IRP customer impacts. So, Cari, if you could take this question.

Cari Boyce – Senior Vice President, Enterprise Strategy & Planning

I'd be glad to, Lynn. And thanks for the question. The present value revenue requirements (PVRR), and that's a mouthful for us, actually go out to 2050 just so we have an apples to apples comparison of the cost of the various technologies. The rate impacts that we show go through the planning horizon to 2035 and we see a range of impacts to customer bills. And, again, these are just focused on the resources that we're adding in the IRP and would be offset, as Steve mentioned, by some of the transformation efforts underway.

But in our base case from around, you know, 1% annual increase to customer bills up to about 2-1/2% to 3%, depending on the portfolio you're looking at.

Lynn Good – Chair, President & CEO

I would say the pace of transition of resources is the key ingredient to the customer bill impact and as I understand it, this has been involved in the stakeholder process. That pace of transition and the speed with which new technologies are introduced has been a fruitful area of discussion because we're always keeping our eye on affordability.

Bryan Buckler – Vice President Investor Relations

So I actually have a question here directly from an investor that I'd like to ask. We don't always get those on our quarterly calls. This is from Hermes Investments. Has Duke Energy assessed if its capital allocation strategy enables the company to meet its net zero carbon emissions goal or more broadly the goals of the Paris Agreement?

Lynn Good – Chair, President & CEO

I believe we have. We are ahead of the goals of the Paris accord right now with the amount of the carbon reduction that we've achieved. And as we look at the capital allocation that we've shared with you over the next five years, that

capital allocation is completely consistent with achieving at least 50% and more carbon reduction by 2030, which I think will keep us on a good path.

And, Cari, you might jump in here on how these integrated resource plans fit with the Paris accord.

Cari Boyce – Senior Vice President, Enterprise Strategy & Planning

Sure, Lynn. As I mentioned when I was speaking, even our low-cost portfolios keep us on track to meet our carbon goals. And what's important about that is that keeps us on track to meet or exceed what's been set forth with the Paris Agreement. And certainly getting to net zero by 2050 would help keep those global warmings well below 2 degrees and as close to 1-1/2 degrees Celsius as possible.

Bryan Buckler – Vice President Investor Relations

And a follow-up question from this same investor. As Duke moves towards its carbon reduction goals and retires fossil fuel assets has a just transition strategy been considered? I think it's about workforce transition.

Lynn Good – Chair, President & CEO

You know, it's a front and center topic for us. And I think about the transition that has already been underway. We closed a nuclear plant in Florida. We closed a coal plant in Asheville, North Carolina in connection with transition. We generally can see these activities coming several years ahead. We work on agility of our workforce, really focused on the skills that they have so that we can offer other opportunities, either within the case of our nuclear fleet - within the nuclear community or in the case of our fossil fleet in connection with our renewables or even nuclear engineers and others looking at the skills that they have and whether we can point them to something new in the company.

And we have launched in the last year a skills-based deployment and re-deployment strategy for employees so that we are ready for all of the changes that we see. And it's not just in connection with generation. It is changes throughout the company as we perceive productivity. It's taking IT professionals and making them cyber professionals. It's taking finance professionals and making them project management professionals. We think this is an important way for us to continue to drive productivity and create career opportunities for our employees.

As I think about the community, we have been very active with our foundation and our support of community colleges and other things in areas impacted by transition of our work and transition of our fleet.

And I know Julie and her team have been very active in supporting communities. So Julie if I could turn it to you for any additional perspective on how we'll support communities as we go through this transition.

Julie Janson – Executive Vice President, External Affairs & President, Carolinas Region

Sure. Thank you. And, you know, I mentioned in my prepared remarks a bit about our focus on environmental justice as part of a just transition as well. And, you know, we've always had within our code of business ethics and just our general operating principles a focus on building trust and strong communities with investment.

But I think we're going to go a layer deeper to really say and look at how those projects affect those communities and how we can evolve our principles, again, to be just right with respect to how we interact with our communities.

Bryan Buckler – Vice President Investor Relations

I think we have time for two more questions. I've got a couple really good ones here. One is a follow-up from Jonathan Arnold. It's for Steve. On distribution CapEx Jonathan says, Steve, can you give us a sense of materiality

and direction of the distribution spend? What is the process and timing for determining that element? And then he says, if I heard you correctly the IRPs include T but not D?

Steve Young – Executive Vice President & CFO

That's correct. The IRPs do include transmission but not distribution. Distribution, as I said, is our biggest asset base. Our T and D combined is 40% to 50% of our capital spend and distribution is the largest piece of that by far. We've been doing distribution grid work. Storm hardening, smart meters, those types of capabilities. Those are going to continue. We've got riders in the Midwest. One coming in Florida and other proposals in the Carolinas as well.

The distribution aspect of our asset base is going to continue to grow. I think the acceleration of renewables in the Carolinas will put more capital into distribution. We haven't quantified that yet. We're working on it. But I think you're going to have some distribution needs as well to accommodate all of these renewables and particularly battery storage. I haven't quantified it yet. I think it's another upward potential investment area in our rate base.

Bryan Buckler – Vice President Investor Relations

Let's go to our last question. And before I do that, I want to apologize to you. If I didn't get to your question, I'll be glad to talk to you this afternoon. I had a question from Michael Weinstein and Michael Lapides but now I can't find them.

But here's a really good question from Anthony Crowdell from Mizuho. Given the push towards ESG investing, how do you believe investors should view or rate the success of a company's ESG plan in progress over time?

Lynn Good – Chair, President & CEO

That's a really good question. And, you know what my mind goes to is all of these metrics, metrics, metrics. And we work hard to focus our attention on the metrics that matter to you all because I know that they become a part of your analysis of whether we're making progress. But I feel like on what we've talked about today, which is investments to achieve carbon reduction with very specific goals of what we want to achieve over the next 5 or 10 years, I feel like on the investment around environment and on transition of our fleet we should be able to give you very clear milestones and markers on how we have achieved those objectives.

I think in the area of social responsibility, you can monitor diversity and inclusion. You can get a sense of how we're engaged with our communities and stakeholders. We take time in our sustainability report to talk about a number of those elements to give you a sense of whether we're moving fast enough.

And then on corporate governance there are a variety of metrics, ISS and others. And engagement with our board occurs in the fall of each year with our investors to give you a chance to have conversations with them about their important role.

So I think it's things like we're doing today where we're talking about our objectives and then hopefully sharing with you our progress along the way that will help you get a sense of our true commitment to these important areas of environment, social responsibility and governance.

CLOSING REMARKS

Lynn Good – Chair, President & CEO

We've enjoyed the opportunity to focus on this part of our company because it has been a hallmark of Duke Energy to make progress, to demonstrate leadership and environmental responsibility, demonstrate leadership with our employees and our communities on social issues. And we pride ourselves on having strong corporate governance.

I hope that progress has been clear but as importantly our vision for the future, net zero. Net zero on methane also on pursuing doubling of renewables by 2025 and achieving at least 50% to 70% carbon reduction across the company and in the Carolinas.

And I feel like not only do we have a compelling agenda for ESG but we have a compelling agenda for investors. Because we will take this vision and aspiration into investments that will drive growth and drive a solid dividend that I know you all count on.

So I appreciate your attention today. I appreciate your questions, your investment in Duke Energy and thanks again for joining us.