



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

NEWS RELEASE

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Aug. 19, 2010

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Duke Energy Changes Focus of Coastal Wind Demonstration Project with UNC

Duke Energy Carolinas will no longer pursue a plan to place up to three demonstration wind turbines in the Pamlico Sound.

Instead, the company and the University of North Carolina at Chapel Hill will refocus their collaboration to study and help enable large-scale offshore wind development on the ocean side of the North Carolina coast.

Since the project was announced in September 2009, in-depth analysis and engineering have been conducted. Duke Energy concluded that the fixed costs associated with permitting, design and construction of the small-scale coastal wind demonstration project were no longer economically viable.

“As the team tackled this first-of-its-kind project, we realized that encouraging large-scale development of offshore wind resources is a better approach than enabling small demonstration projects that lack economies of scale,” said Paul Newton, senior vice president of strategy for Duke Energy’s franchised businesses. “The cost of the project simply exceeds the benefits our customers would receive if we were to continue.”

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The relatively high fixed cost of developing, permitting and installing the first turbine makes a small demonstration project much less cost-effective than a large-scale project. For example, the Duke Energy team determined the cost of the first turbine to be \$88 million, while the second turbine would cost \$14 million.

Additional challenges included the need to use modified shallow water construction techniques and a greater than expected potential of disturbing underwater vegetation.

“The work completed on this project was successful in showing that North Carolina is well positioned to develop offshore wind generation, and we encourage state lawmakers to consider legislation to enable affordable large-scale wind generation off the coast,” Newton added.

“If we want North Carolina to become a leader in wind energy, we must go where the wind is and that’s offshore,” said State Sen. Marc Basnight. “As a state government, we support this effort, but also understand that if the private sector is bearing the costs of developing wind energy, it must be economically feasible.”

“I am pleased that Duke Energy is retooling their focus and moving forward with additional study of offshore wind as a commercial power source of the future,” Basnight added.

Duke Energy will fund the completion of UNC-Chapel Hill’s yearlong study of bird populations begun through the coastal wind demonstration project.

In addition, Duke Energy will provide \$405,000 for the university’s coastal wind ocean-side study, which began with a review of available historical data as part of a feasibility

study requested by the N.C. State Legislature. These research efforts will bring North Carolina a step closer to making large-scale wind power generation a reality off its coast.

“My colleagues and I are grateful to be able to continue important research that will advance our knowledge of birds along the coast and refine offshore wind resource assessments, where we agree there is great potential for wind energy development,” said Dr. Harvey Seim, professor of marine sciences at UNC-Chapel Hill. “Duke Energy’s commitment to the ocean-side studies, together with funding from other partners, will enable us to identify and assess the areas with the highest potential for successful wind power generation.”

In September 2009, the university and Duke Energy Carolinas signed a contract to place up to three demonstration wind turbines in the Pamlico Sound. The purpose of the pilot project was to study the potential for coastal wind generation off the coast of North Carolina.

Under that contract, the company would pay for the turbines and their installation, while UNC-Chapel Hill would conduct research on wind resources, ecological impacts and synergies, and initiate engineering studies of structural integrity during hurricanes. The turbines would have been among the first placed in waters off the U.S. coast.

Duke Energy Carolinas owns nuclear, coal-fired, natural gas and hydroelectric generation. That diverse fuel mix provides approximately 19,000 megawatts of electricity capacity to approximately 2.4 million customers in a 22,000-square-mile service area of North Carolina and South Carolina. Headquartered in Charlotte, N.C., Duke Energy is a Fortune 500 company traded on the New York Stock Exchange under the symbol DUK. More information about the company is available on the Internet at: www.duke-energy.com.

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