

Act 236 2.0 Stakeholders Committee
Meeting Notes: July 24, 2018
SC Chamber of Commerce

PRELIMINARIES:

Maeve called the group to order and asked that participants introduce themselves.

Trish and Maeve discussed “rules of engagement,” sparked by the realization that one or more members of the group had spoken to reporters, who in turn called ORS to ask questions about positions and outcomes. Points raised:

1. If a group is not committed to working collaboratively toward a possible solution, but rather trying to battle it out in the court of public opinion or the legislature, no one will think less of them if they save their resources and stop participating.
2. What is discussed in the room stays in the room, so that we can have candid discussions.
3. Nanette added that she presumed the contacts with the press were inadvertent, and not intended to skew the process. She also noted that she would not comment on anyone’s position and hoped that others would follow suit.

BACKGROUND:

Much of the discussion about the future of solar is bound up in discussions of rates, and, discussions of what is appropriately included in the Basic Facilities Charge and what is appropriately included in the energy charge or the charge for kWhs actually used.

Dukes Scott (who noted that he is neither affiliated with, nor paid by, any organization) provided an historical perspective. The discussion was rich and interesting, and difficult to capture on paper.

However, these points should be noted:

1. The Basic Facilities Charge has not reflected true costs of providing service in at least 40 years--when changes are made, they are made incrementally, and based on what is acceptable, not scientific principles. The remainder of the cost of providing service to a facility is charged through the kWh rate.
2. While the word “subsidy” is used freely, we need to bear in mind that many meters are not attached to a facility using enough electricity to fully cover the cost of providing service. Those receiving “subsidies” go well beyond rooftop solar generators and include those with second homes that are used sporadically, fish camps, energy efficient condos, and so forth. The issue is widespread and needs to be addressed on its own and not necessarily as an adjunct to solar.
3. If the fixed cost covers all costs of providing service, it won’t matter whether the owner of the meter installs solar, or only uses the premises one week a month, or is located far from the nearest substation--the cost of a kWh will be low enough that it won’t matter.
4. HOWEVER, this approach discourages energy efficiency, in that the savings from insulating an attic, for example, will be measured at a cost of (let’s say) \$0.02/kWh rather than \$0.14/kWh, making payback much longer. Similarly, it could have a chilling effect on the economics of self-generation through solar, wind, etc.
5. This approach could also be disproportionately hard on low income customers. PURPA raised the issue of a low-income life-line rate back in the ‘70’s, and no action has been taken. Dukes reminded the group that low income does not mean low energy use, and often means the opposite due to drafty housing stock.

Some stakeholders reiterated that solar was only one aspect of what needed to be adjusted in rates and the rate-making process. With reference to discussions about utility peaks, it was suggested that the group talk about “solving” for peak, rather than “building” for peak, and mentioned the need for a larger conversation about how we do resource planning, with cost of service being a necessary element of the IRP process.

Others echoed the importance of finding a solution for low income customers but cautioned against oversimplifying and focusing in on one thing to the exclusion of the bigger picture. For example, improving housing stock is a fundamental issue that a focus on solar will not address.

ORS, augmented Dukes rate discussion by discussing the dynamics of charges added to bills to support programs. Because of caps to these charges written into Act 236, they are being carried forward, with carrying charges, and are likely to be collected for 20 or 30 years beyond the end of the incentives and programs they supported, if no changes are made. ORS emphasized that the \$1/month residential charges now appearing on bills will not cease when the DER program ends in 2021.

Trish Jerman reminded the group that the Settlement Agreement followed Act 236. It specifies a methodology for calculating the value of solar, allows for cost recovery, and specifies the 1:1 net metering rate until the 2% cap is reached or the period covered by the agreement ends December 31, 2020. In some cases, it may be interpreted differently than the legislation, but it binds those entities that signed it. The settlement agreement specifically notes that all parties agree not to challenge the agreement.

NEXT STEPS:

To this point, Nanette stated that although she believed the PURC was expecting recommendations for the next iteration of Distributed Energy Resources legislation, she heard the concern over the net metering cap, and had tried to find a short term solution to get us past the immediate concern so we can focus on the bigger picture.

While the Settlement Agreement is binding, she believes that if all signatories either sign a revised agreement or agree to let one go forward without challenging it, the PSC *might* agree to address the issue. However, this is a stretch, since all would have to agree, the PSC would need to provide 30-day notice (per APA), and would need to agree to act quickly, even though there is no statutory requirement that they do. If members of the group were willing to come together to do the legwork, Nanette offered a willingness to assist as appropriate. She asked for volunteers to work on the issue; those organizations were asked to confer briefly after the meeting. Those offering to work on the issue were: CCL, ECSC, SACE, Upstate Forever, Vote Solar, TASC/Sunrun, Central Electric, SunStor Solar, CVSC, and SELC. She apologized for not having provided folks with advance knowledge of this option and recognized that the IOUs would have to check with their organizations before committing.

If the PSC approach will not work, she offered a willingness to pivot and work on a slightly larger path forward--legislation to which all, or most, participants could agree, that could be pre-filed this fall. Several members acknowledged that this was the timeframe they thought we were working toward.

Duke Energy offered to explain the buy all/sell all tariff they anticipate using for all solar customers applying after August 1.

E3 STATUS:

Nanette thanked those who submitted comments on the scope, and said the final incorporated “something from everyone but not everything from anyone.” The final will be shared with the group. She called attention to the list of those offering to provide funds to cover travel expenses for E3 and asked that everyone give us a yes/no answer by the end of the week, Santee Cooper, Southern Current/SBA and Vote Solar were added to the list of those who offered to provide support.

NEXT MEETING:

Due to a conflict likely to affect many in the group on August 14, the decision was made to move the next meeting to August 7, from 2:00 - 4:00, at the State Chamber.