



Energy+Environmental Economics

# South Carolina Act 236: 2.0

## Proposed Report Outline



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# Goals and framing of this report

## + Goal - to present a legislative audience with:

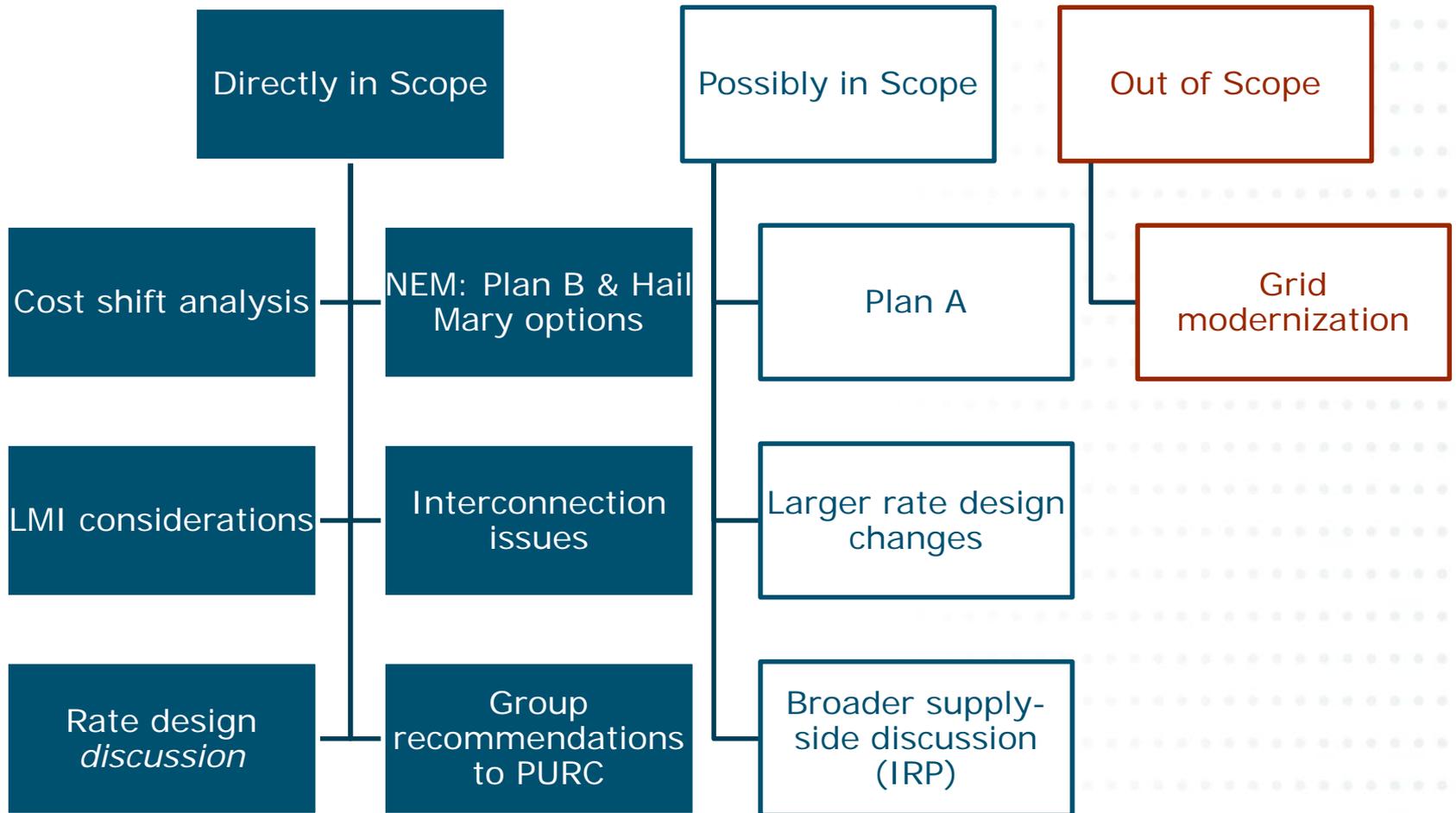
- 1) A holistic view of the issues and questions raised and discussed by the stakeholder group throughout the ORS-led process; and
- 2) Relevant lessons learned and best practices from other jurisdictions, including illustrative examples of how some solutions or compromises could be implemented in SC
  - E.g., stakeholder compromises, PSC order, legislative action to create a formal IRP process, etc.
  - Highlight of current barriers relevant to legislators

## + Framing - a reflection of the comprehensive nature of the original Act 236

- Ultimately, not every issue can (or necessarily should) be addressed, but this report aims to speak to the principal concerns raised by the stakeholders



# Report Scope





# High-level Outline

- + Background
- + Cost shift report (update)
- + Low-to-moderate income customers
- + Interconnection, PURPA and Utility Scale issues
- + Rate design: discussion of principles and tradeoffs
- + Areas for further consideration

Anticipated report length:  
~20 pages



# Background

## + Act 236: Progress to date

- Installed capacity, number of DER customers, employment data, etc.

## + Current state of NEM in SC

- E.g., DEP / SCE&G subscription status and anticipated timelines; DEC time-limited extension of NEM

## + Value of Solar methodology

- Short-term and long-term outlook
- Component valuation (i.e., deriving non-zero values)
  - Practices employed in other jurisdictions\*
- ORS role (authority and limitations)

## + Issues faced by the stakeholder community

\*Note: ultimately, the PSC will decide on the proper component valuation methodology.



# Cost Shift Analysis

- + **Starting point: 2015 Cost Shift analysis ([link](#)), updated with current data**
  - DER adoption and the associated costs borne by different entities
  - Expenditures on DER programs
  - Ratepayer impacts



# Low-to-moderate income (LMI) customers

## + LMI customer assessment\*

- Number of customers/utility, differences in usage patterns and bills between LMI customers and other residential customers, etc.

## + Potential cost shifts specifically affecting LMI customers

## + Community Solar

- Accessibility to LMI customers
- Potential bill impacts (i.e., do community solar programs save LMI customers money?)

\*Analysis of LMI customer characteristics (e.g., load and usage patterns) will depend on data availability



# Interconnection

- + Assessment of interconnection timelines and compliance in SC**
  - Where are bottlenecks occurring, and how can they be alleviated?
  - Cost allocation between / among utilities and developers for necessary system upgrades
- + Discussion of best practices taken from jurisdictions facing (and overcoming) similar challenges**
  - A particular area of interest: dispute resolution processes
- + Review of interconnection process in SC**
  - ORS role in / authority over interconnection (abilities and limitations)



# Rate Design

- + Discussion of potential rate structures for SC customers**
  - Economic efficiency vs. complexity\*
    - Alternative approaches (e.g., TOU w/out demand charges, lower demand charges option, “do nothing” option, etc.)
  - Hurdles (e.g., customer acceptance, need for additional AMI, etc.)
- + Analysis of the anticipated impacts potential rates would have on:**
  - Cost shifting
  - The value proposition of DER (w/ a particular focus on solar)
    - Potential impacts on solar providers / the local SC solar industry

\* Including clear definition of economic efficiency in this context, and inherent assumptions



# Areas for further consideration

## + Important considerations which we identify as litigated in other avenues

- Avoided cost of solar, and role of solar in each utility's IRP, have strong effect on NEM and rate design but are better litigated in avoided cost and IRP proceedings directly

## + Important considerations and issues that are not within the scope of this report

- Holistic rate design to better align costs and benefits (for both DER and non-DER customers)
- Grid modernization