

**BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
COLUMBIA, SOUTH CAROLINA**

CM #20-01

January 3, 2020

10:30 ~ 10:46 A.M.

COMMISSION MEMBERS PRESENT: Comer H. ‘Randy’ RANDALL, *Chairman*; and COMMISSIONERS John E. ‘Butch’ HOWARD, Florence P. BELSER, Thomas J. ‘Tom’ ERVIN, Swain E. WHITFIELD, and Commissioner G. O’Neal HAMILTON

COMMISSION MEMBERS ABSENT: Justin T. WILLIAMS, *Vice Chairman*

ADVISOR TO COMMISSION: David W. Stark, III, Esq.
LEGAL ADVISORY STAFF

PRESENTING AGENDA: Josh Minges, Esq.
LEGAL ADVISORY STAFF

STAFF PRESENT: Jocelyn Boyd, Chief Clerk/Executive Director; Jerisha Dukes, Esq., and C. Jo Anne Wessinger-Hill, Esq., Legal Advisory Staff; John Powers and Norman Scarborough, Technical Advisory Staff; Janice Schmieding, Clerk’s Staff; Melissa Purvis, Livestream Technician; and Jo Elizabeth M. Wheat, CVR-CM/M-GNSC, Court Reporter.

**TRANSCRIPT / MINUTES
OF
SPECIAL COMMISSION BUSINESS MEETING**

PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

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In accordance with S.C. Code § 30-4-80(E), the Public Service Commission hereby certifies that it has notified all persons, organizations, local news media, and all other news media requesting notification of the time, date, place, and agenda of this public meeting, by posting a copy of the Notice in its principal office, by e-mailing such Notice to all who request same, and by posting the Notice on the Commission's official Internet website.

P R O C E E D I N G S

1
2 **CHAIRMAN RANDALL:** Please be seated. Good
3 morning. I want to welcome everyone to this
4 morning's meeting. Before we begin, I want to ask
5 everyone to please bow your head for a moment of
6 silent reflection.

7 [Brief pause]

8 Amen. Thank you.

9 Okay. Before we start with Mr. Minges, I want
10 to turn the mic to Commissioner Ervin.

11 **COMMISSIONER ERVIN:** Thank you, Mr. Chairman.

12 In my e-mail response to a nonparty, I
13 reiterated and repeated in that e-mail my duty and
14 responsibility was to be fair and impartial to all
15 parties. That is what I've done and that's what I
16 will continue to do. However, since some of the
17 Intervenors have requested that I recuse in this
18 docket, and out of an abundance of caution and to
19 avoid any potential appearance of impropriety, I am
20 recusing myself from any further participation or
21 proceedings in the three avoided-cost dockets,
22 which are 2019-184-E, 2019-185-E, and 2019-186-E.

23 Mr. Chairman, I'd also like the record to
24 reflect that I did not participate in the
25 briefings, nor did I participate in any
26 deliberations in the dockets today, or in the Duke
27 Energy Carolinas and Duke Energy Progress order
28 that's been filed.

29 **CHAIRMAN RANDALL:** Thank you, Commissioner
30 Ervin. It will be noted that you are recusing and
31 that you did not participate.

32 **COMMISSIONER ERVIN:** Mr. Chairman, may I be

1 excused?

2 **CHAIRMAN RANDALL:** Yes, sir, you may.

3 **COMMISSIONER ERVIN:** Thank you, sir.

4 [WHEREUPON, Commissioner Ervin departed
5 the proceedings.]

6 **CHAIRMAN RANDALL:** Okay. Mr. Minges.

7 **MR. MINGES:** Good morning, Mr. Chairman,
8 Commissioners. Staff proposes, for our next
9 business meeting, Wednesday, January 8th.

10 **CHAIRMAN RANDALL:** Wednesday, January 8th.
11 And that's 2 o'clock?

12 **MR. MINGES:** Yes, sir, 2 o'clock.

13 **CHAIRMAN RANDALL:** 2 p.m. Thank you.

14 **MR. MINGES:** We have one item on our agenda
15 today: Docket No. 2019-184-E. We have petitions
16 for reconsideration or rehearing.

17 **COMMISSIONER WHITFIELD:** Mr. Chairman.

18 **CHAIRMAN RANDALL:** Commissioner Whitfield.

19 **COMMISSIONER WHITFIELD:** Mr. Chairman, I have
20 a motion in this matter.

21 Mr. Chairman, we received two Petitions for
22 Reconsideration and Rehearing from the parties:
23 One Petition was filed by the South Carolina
24 Coastal Conservation League and the Southern
25 Alliance for Clean Energy; the other was from
26 Johnson Development Associates, Incorporated, and
27 the South Carolina Business Alliance, Incorporated.

28 Mr. Chairman, essentially, the Petitions seek
29 reconsideration of five issues: One, the interim
30 Variable Integration Charge/Embedded Integration
31 Charge; two, Commission consideration of project-
32 specific mitigation measures for VIC and EIC;

1 three, the approved energy rates, with
2 consideration of a technology-neutral approach;
3 four, capacity value; five, purchased-power
4 agreements with a term longer than 10 years.

5 Mr. Chairman, to begin, there is some
6 clarification needed regarding the characteristics
7 of the approved Variable Integration Charge and the
8 Embedded Integration Charge. The interim VIC/EIC
9 is, and has always been, intended to serve as a
10 temporary rate until more accuracy about the
11 appropriate cost can be had after an integration
12 study is performed. This rate is not intended to
13 bind current or new projects to the interim rate
14 forever, merely until another, more appropriate
15 rate is able to be determined. At that point, the
16 amount of VIC or EIC will be subject to a true-up,
17 either up or down, depending on the actual
18 integration cost indicated by the integration
19 study. In the meantime, Mr. Chairman, however, I
20 move that we set the interim rate at 96 cents per
21 megawatt-hour, as proposed by Witness Burgess. It
22 appears, after further contemplation, that Mr.
23 Burgess's analysis more accurately adjusts the
24 modeling done by the company and, therefore,
25 provides a rate that more closely reflects the
26 actual cost of integration. Once again, I would
27 emphasize that this is to be an interim, rather
28 than a permanent, rate.

29 Additionally, the Petitioners ask us to
30 require Dominion to propose, for Commission review,
31 mitigation measures that a project may undertake to
32 reduce or eliminate its assessed VIC/EIC charge.

1 If a project agrees to operate in a manner that
2 materially reduces or eliminates the need for
3 additional ancillary service requirements incurred
4 by the utility – including, but not limited to, QFs
5 with battery storage – then it should be afforded a
6 reduction or waiver of VIC or EIC charges. If a
7 disagreement arises between the utility and a
8 developer, such issue may be brought to this
9 Commission for determination on a case-by-case
10 basis.

11 Therefore, Mr. Chairman, I move that Dominion
12 should file proposed mitigation protocols for
13 Commission consideration, that are consistent with
14 the concept I have just outlined, within 30 days.
15 If an extension is needed to fully consider what
16 mitigation protocols ought to be offered, then the
17 company may ask for an extension of time to comply.

18 The Petitioners also ask us to reconsider the
19 approved avoided energy rates and to adopt a
20 technology-neutral approach for valuation. Similar
21 to the position of the Petitioners, our
22 consultant's final report states, quote, "A
23 technology neutral approach is more flexible and
24 reflects actual value for customers in specific
25 hours," end quote.

26 Based on the evidence of record, I move that
27 we adopt the PR Standard Offer Energy Rates as
28 proposed by Witness Burgess in his prefiled exhibit
29 entitled "Burgess 2," which has been entered into
30 the record as Hearing Exhibit 10.

31 The avoided energy numbers should now be:
32 Peak Season Peak: \$31.05 per megawatt-hour.

1 Peak Season Off-Peak: \$27.51 per megawatt-hour.
2 Off-Peak Season Peak: \$32.52 per megawatt-hour.
3 Off-Peak Season Off-Peak: \$28.93 per megawatt-hour.

4 As stated in our order, I have concerns that
5 the solar profile must fully compensate solar
6 generators at an appropriate avoided cost. To
7 ensure that such compensation is being offered, I
8 want to reiterate that the Commission expects and
9 requires a much more detailed and transparent
10 analysis concerning the seasonal and hourly value
11 allocation for solar generation in the next
12 avoided-cost case.

13 We have been asked to reconsider the capacity
14 value afforded solar generation, as well. I move
15 that we do reconsider the capacity value approved
16 by this Commission. We approved, upon the
17 recommendation of our consultant, Power Advisory,
18 LLC, an avoided capacity value of 4 percent for
19 solar. Upon further consideration, I move that we
20 find Mr. Horii's recommended avoided capacity value
21 of 11.8 percent to be appropriate and reflective of
22 the actual avoided capacity value for solar at this
23 time. Mr. Horii's analysis seems to be more
24 accurately representative of the status of
25 installed and potentially avoided generation and,
26 therefore, should be adopted.

27 Finally, I move that we approve the request
28 for rehearing on the matter of longer-than-10-
29 years' duration for purchased-power agreements. I
30 think that we would be in a better place to make a
31 wise and more fully informed decision after hearing
32 additional testimony on this issue. The rehearing

1 should be limited narrowly to the contract duration
2 issue and related additional terms and conditions.
3 I move that all parties wishing to participate in
4 the rehearing process should attend a status
5 conference with Commission Staff for the purpose of
6 establishing an appropriate procedural schedule for
7 Commission consideration. Such status conference
8 should happen within two weeks of the date of this
9 directive.

10 We are required to make decisions according to
11 and in compliance with South Carolina Code
12 Annotated Section 58-41-20(A), which states, quote,
13 "Any decisions by the commission shall be just and
14 reasonable to the ratepayers of the electrical
15 utility, in the public interest, consistent with
16 PURPA and the Federal Energy Regulatory
17 Commission's implementing regulations and orders,
18 and nondiscriminatory to small power producers; and
19 shall strive to reduce the risk placed on the using
20 and consuming public," end quote. Mr. Chairman, I
21 believe this motion complies with the requirements
22 of that statute. I so move.

23 **CHAIRMAN RANDALL:** Thank you.

24 You've heard Commissioner Whitfield's motion.
25 I'll entertain questions or comments. Commissioner
26 Belser.

27 **COMMISSIONER BELSER:** Thank you, Mr. Chairman.

28 Commissioner Whitfield, I appreciate your
29 motion and I appreciate the discussions that we've
30 had regarding these issues. I know that we've
31 spent a good bit of time going back through the
32 record and going back through our independent

1 consultant's report. I found particular –
2 enlightenment, perhaps, or at least, certainly,
3 recognized some strong language in the consultant's
4 report regarding their concerns with the avoided-
5 cost modeling conducted by Dominion, and there are
6 numerous references in that report to lack of
7 transparency, and one in particular where he
8 expressed concern that the avoided-cost estimates
9 presented were not reliable. And, with that, I am
10 certainly in favor of looking at other proposals,
11 and also find that the rates for energy proposed by
12 Witness Burgess seem to be sound and reliable for
13 this proceeding.

14 So I appreciate your work on the motion and
15 putting this forward, and I certainly support your
16 motion today. Thank you.

17 **CHAIRMAN RANDALL:** Thank you, Commissioner
18 Belser.

19 Any other comments, questions?

20 **COMMISSIONER WHITFIELD:** Mr. Chairman, I –

21 **CHAIRMAN RANDALL:** Commissioner Whitfield.

22 **COMMISSIONER WHITFIELD:** – would just like to
23 thank Commissioner Belser not only for her comments
24 but for her hard work here over the holidays and in
25 recent days, and certainly appreciate all you've
26 done, your extra work and attention to detail, and
27 certainly appreciate your comments.

28 Thank you, Mr. Chairman.

29 **CHAIRMAN RANDALL:** Thank you.

30 Anything else? I think we have all had a good
31 chance to really relook at everything, especially
32 our consultant's report, so I appreciate the hard

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work that, Commissioner Whitfield, you put into this motion.

If there are no more comments or questions, all in favor, please say "aye"?

COMMISSIONERS: Aye.

CHAIRMAN RANDALL: All opposed, "no"?

[No response]

And the motion carries. Thank you.

MR. MINGES: Mr. Chairman, that concludes today's agenda.

CHAIRMAN RANDALL: Thank you, Mr. Minges.

I appreciate everybody being here today, and we are adjourned

[WHEREUPON, at 10:46 a.m., the proceedings in the above-entitled matter were adjourned.]



Date: 1/9/2020

Jo Elizabeth M. Wheat, CVR-CM/M-GNSC
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