

The Public Service Commission of South Carolina



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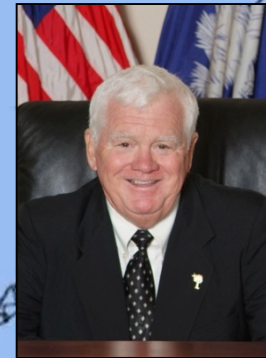
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Public Service Commission
South Carolina

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Home

Our Mission: A Fair, Open, And Efficient Regulatory Process That Promotes Cost-Effective And Reliable Utility Services

Distributed Energy Resource Program Hearings

<u>Docket No. 2015-53-E: Application of Duke Energy Progress, Incorporated to Establish a Distributed Energy Resource Program</u>	May 19, 2015
and	10:30 AM
<u>Docket No. 2015-55-E: Application of Duke Energy Carolinas, LLC to Establish a Distributed Energy Resource Program</u>	
<u>Docket No. 2015-54-E: Petition of South Carolina Electric & Gas Company for Approval to Participate in a Distributed Energy Resource Program</u>	June 2, 2015
	10:30 AM

QUICK LINKS

- Commission Calendar
- Commission Agendas
- E-Tariff
- Find a Docket (DMS)
- Laws & Guidelines
- E-Filing
- File a Complaint
- Forms
- My DMS
- Archived Case Index

RECENT NEWS & FILINGS



- [Notice of Allowable Ex Parte Briefing - Docket No. ND 2015-10-E: Southern Environmental Law Center Request for Allowable Ex Parte Briefing Regarding an Update on the Status of Coal Ash at the Robinson and Lee Plants](#)
- [Notice of Allowable Ex Parte Briefing - Docket No. 2015-70-EG: South Carolina Office of Regulatory Staff's Proposed Residential](#)

Contains information on PSC and links to the Docket Management System and E-Tariff System.

What Does the PSC Regulate?

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Electricity



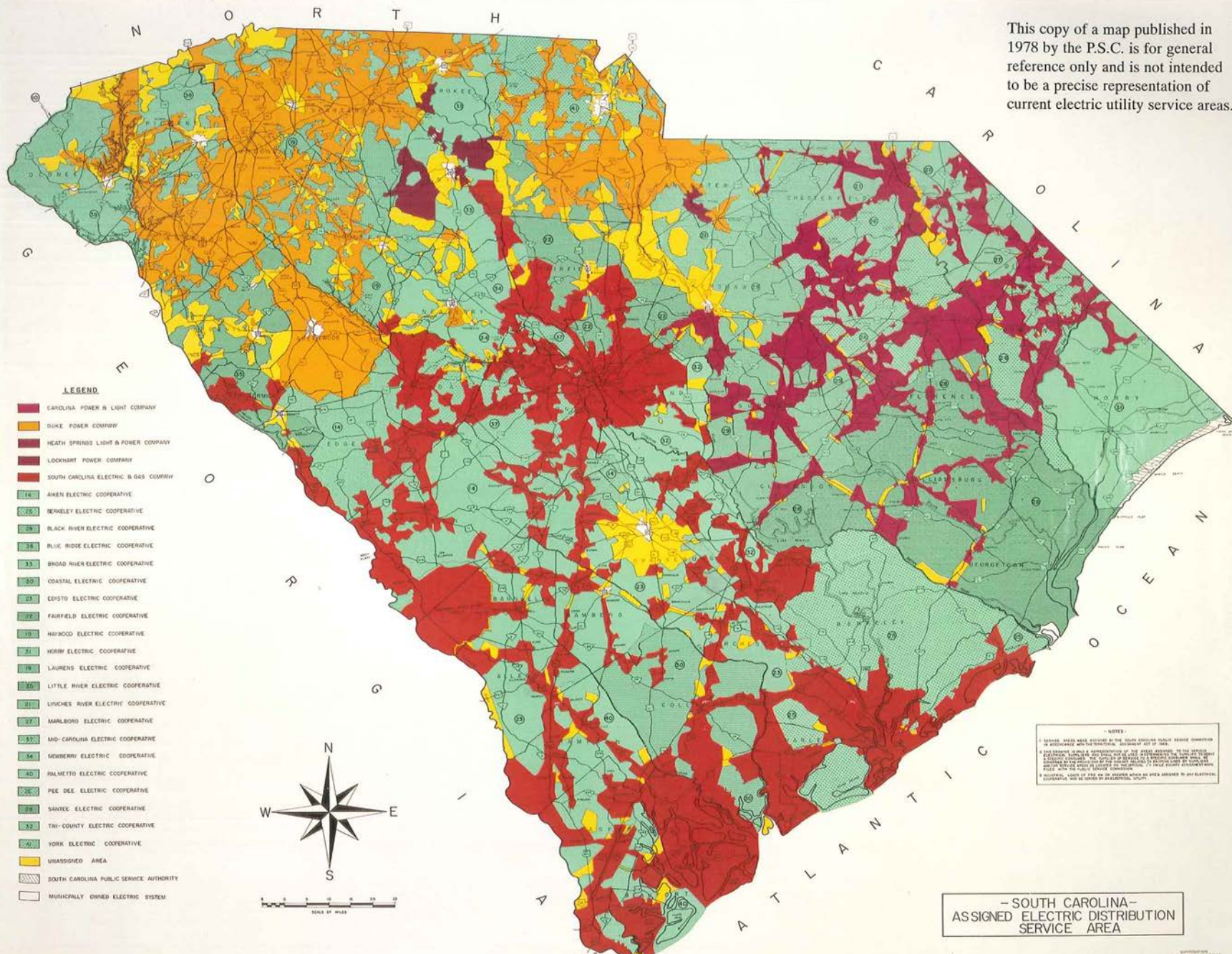
Carolinas



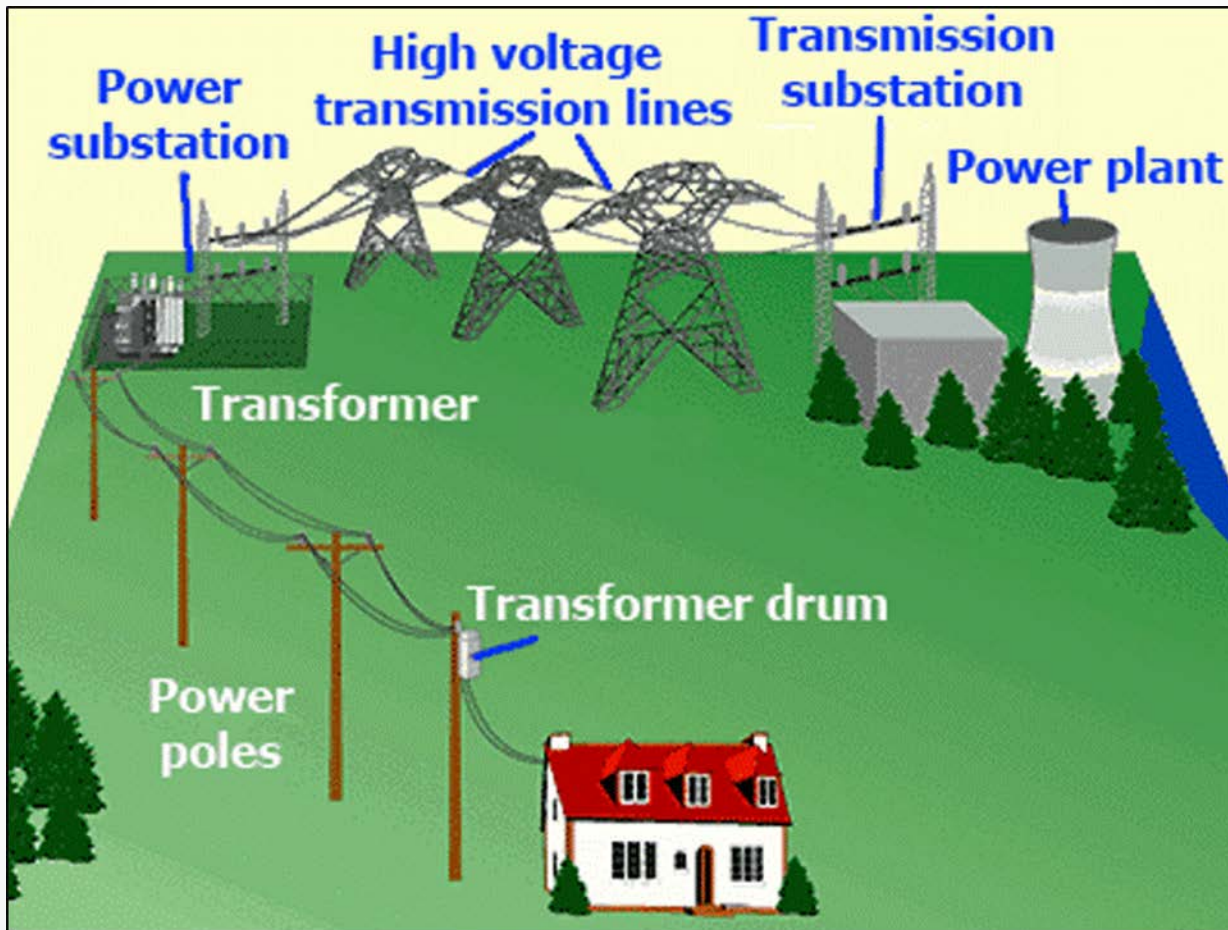
Progress



This copy of a map published in 1978 by the P.S.C. is for general reference only and is not intended to be a precise representation of current electric utility service areas.



Electricity Overview



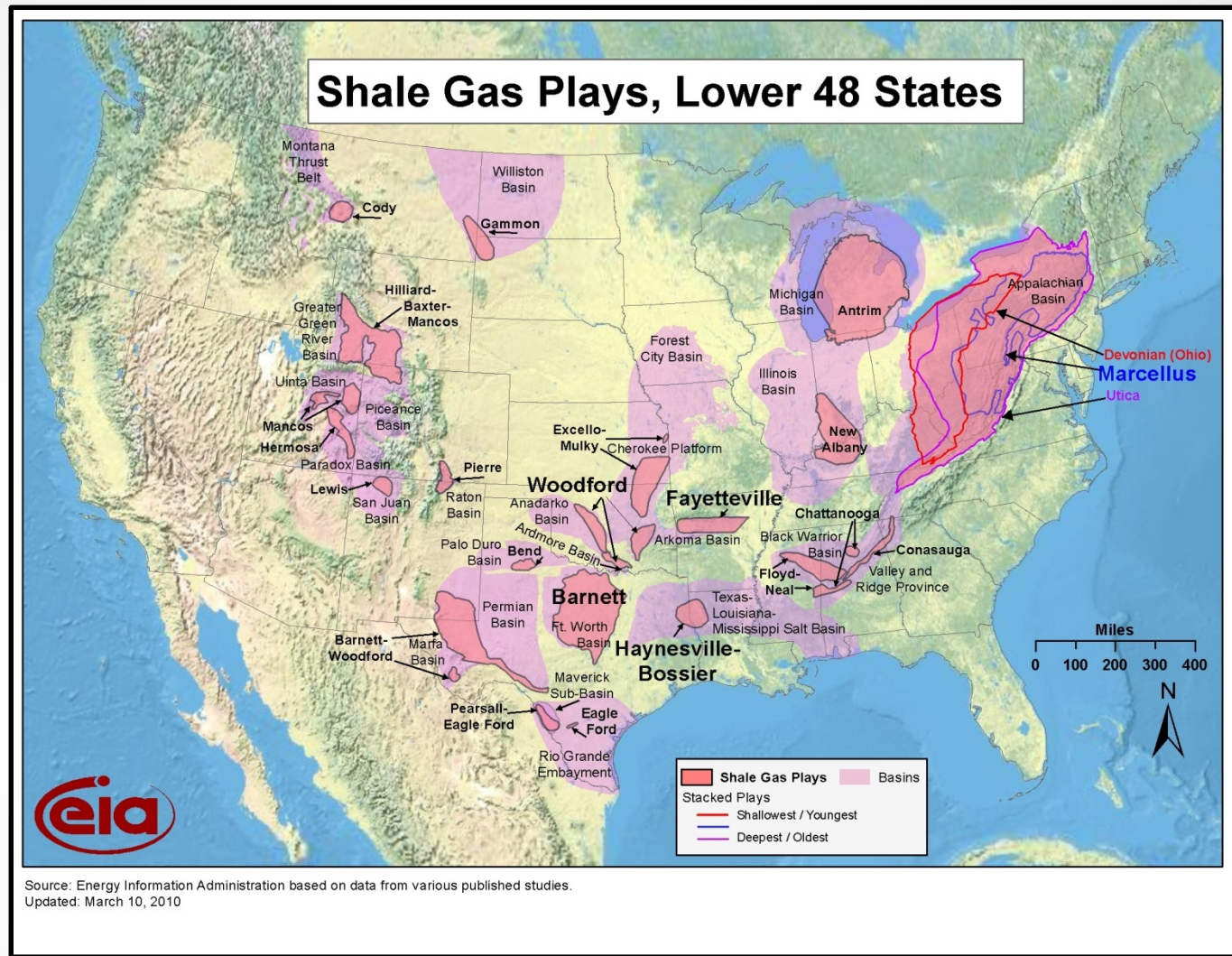
SC Electricity Consumption

- Energy consumption in SC is expected to increase
- NRC approved Duke Energy Carolina's application to build a nuclear plant in Cherokee County, SC
- Duke Energy Carolina combined cycle plant in Anderson County, SC



Natural Gas





Shale Gas is natural gas trapped within shale rock formations.

Water and Sewer



PSC Mandate: Ensure that utility companies provide safe and adequate service to customers at just and reasonable rates.

Telecommunications



PSC Authority Over Telecom Utilities



- Set Rates (non-alt reg.), Terms, and Conditions
- Approve Market Entry
- Designate ETC Status for SC Companies
- Request Annual and Special Reports
- Arbitrate Interconnection Agreements
- Approve Interconnection Agreements

For-Hire Passenger Transportation

Non-emergency
Transport Vehicles



Taxicabs

Charter Vehicles



Limousines



Intrastate Household Goods Movers



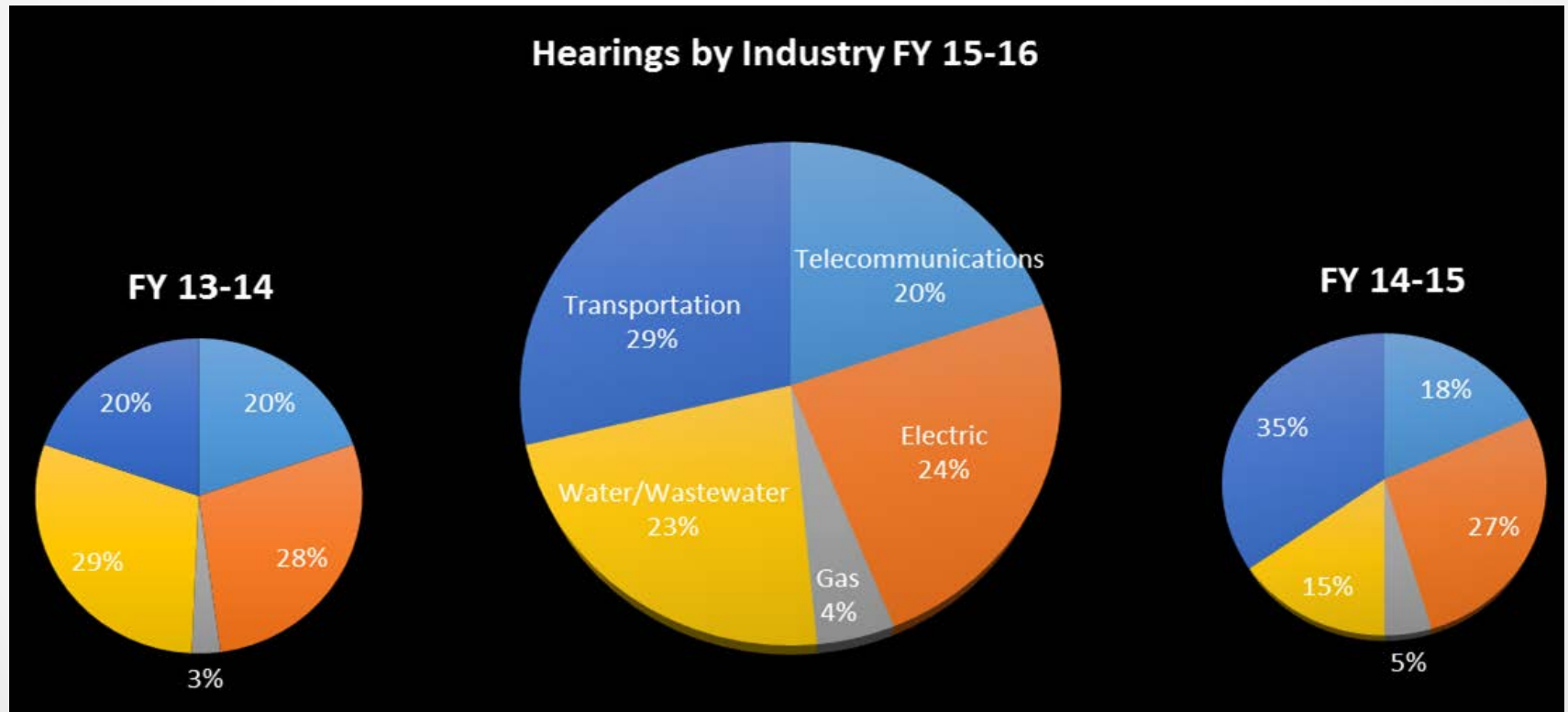
Low-Level Radioactive Waste Disposal



Barnwell



PSC Hearings by Industry



Office of Regulatory Staff (ORS)

- Represents the public interest of South Carolina



- Using and consuming public
- Financial integrity of public utilities
- Economic development of the state

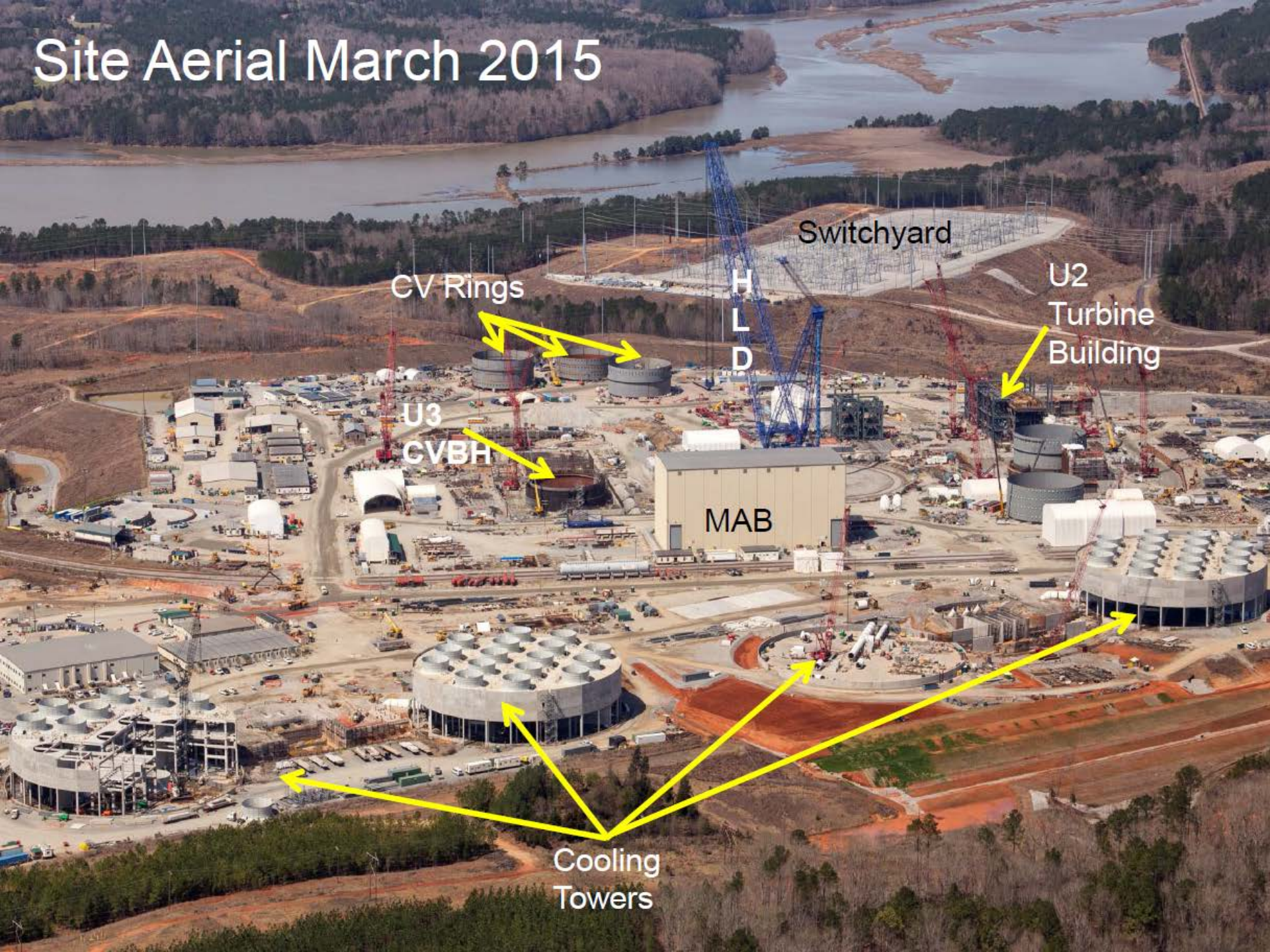
Issues Facing the PSC

- Rate Requests
- Energy Efficiency/Conservation Programs
- Increasing Cost of Energy
- Carbon Legislation and RPS
- Smart Grid
- Quality of Service
- EPA Regulations
- Distributed Energy Resource Program Act
- V.C. Summer Units 2 & 3 Construction

V. C. Summer Units 2 and 3

**Construction Status
Through July 2015**

Site Aerial March 2015



Unit 2 Modules Set in Containment Vessel



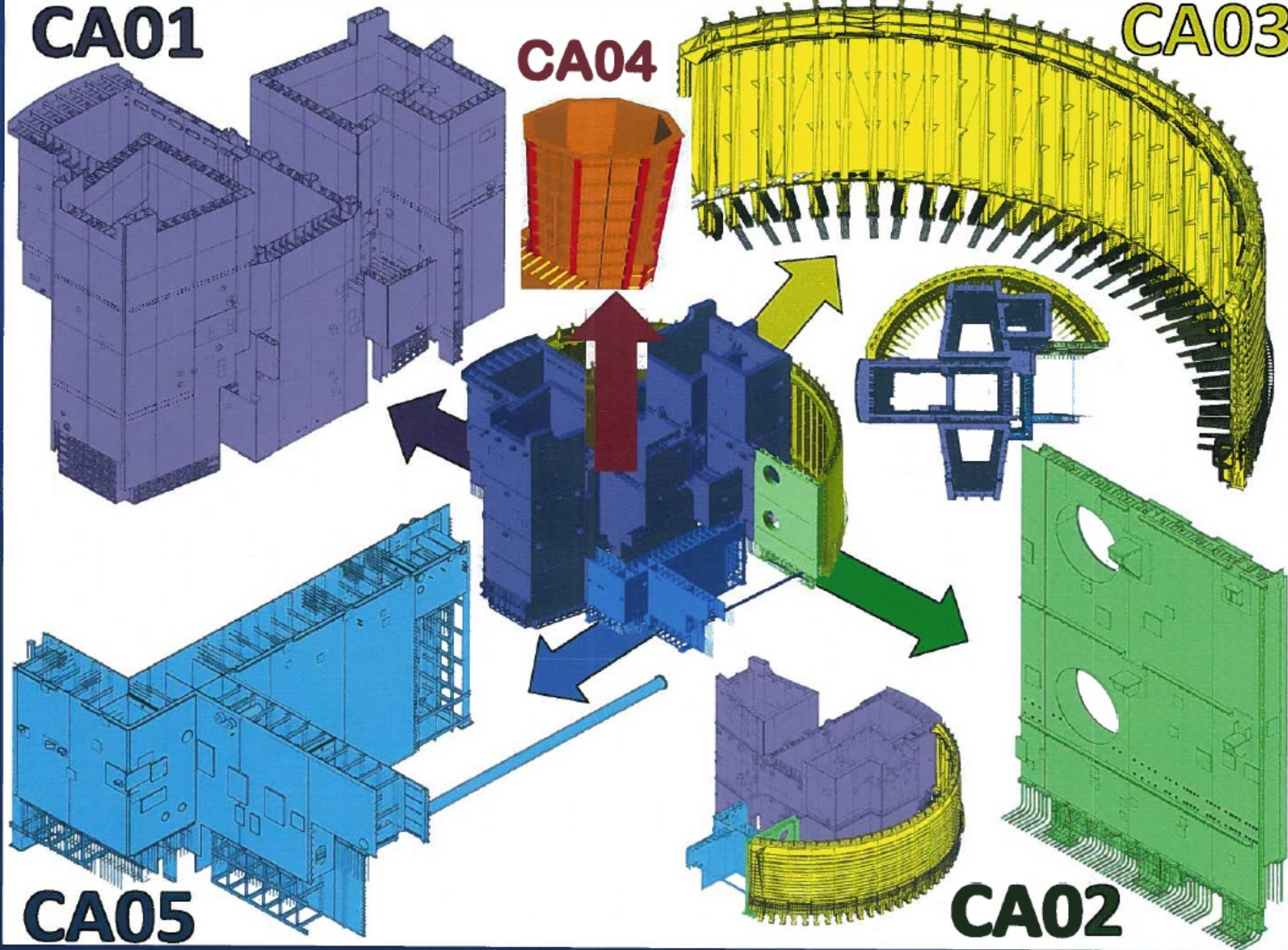
V. C. Summer Units 2 and 3

- The current approved completion dates are: Unit 2 substantial completion August 31, 2019; and, Unit 3 substantial completion August 31, 2020.
- The current approved gross cost estimate (SCE&G's share) is \$7.658 billion
- The plant is using a modular construction scheme in which submodules and modules are fabricated off-site and assembled on site.
- Virtually all schedule delays have been due to issues with the fabrication and quality assurance of these submodules and modules.
- Most materials are on site.
- That is good news for the project.
- Transmission work associated with the project is well underway and progressing according to schedule.
- ORS reports 4,000 workers on site (3,500 consortium and 500 SCE&G).

CA01

CA04

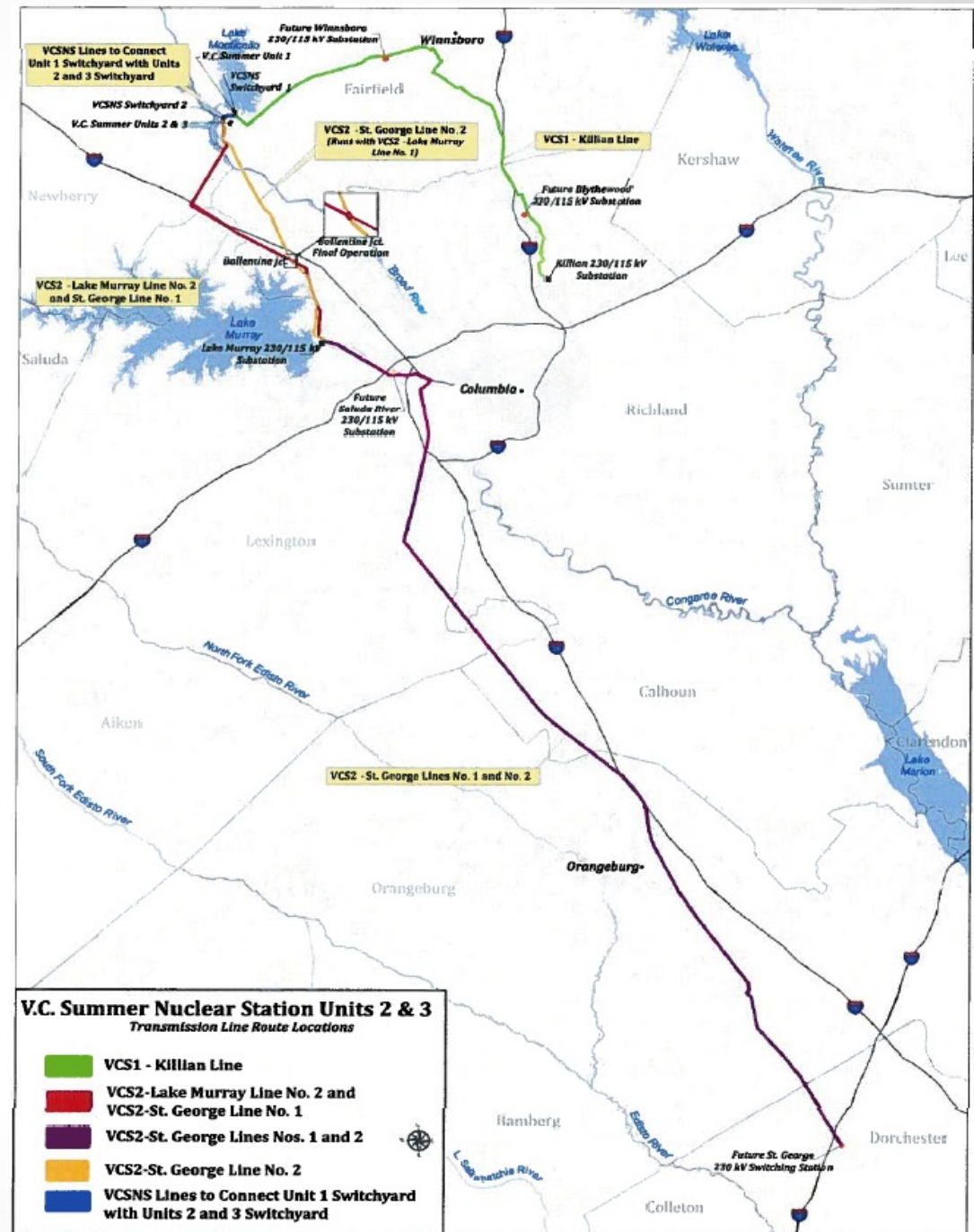
CA03



CA05

CA02

New SCE&G Transmission Lines and Facilities Supporting V.C. Summer Units 2 & 3



Settlement Agreement

- Major items in Settlement Agreement & Amended Contract:
 - Substantial completion date of Unit 2 delayed to August 31, 2019
 - Substantial completion date of Unit 3 delayed to August 31, 2020
 - Anticipated costs of Units to increase by \$831.3 million (future dollars) to \$7.658 billion

Settlement Agreement (Cont.)

- Adoption of fixed-price option
 - Cost of \$505.5 million
 - Sets a price of \$3.345 million (future dollars) for all remaining work under the EPC contract
 - SCE&G will not file any future modifications to capital cost schedules prior to January 28, 2019 (some exceptions apply)
 - SCE&G will not seek revised rates reflecting costs incurred in excess of those approved in this Docket prior to January 28, 2019 (applies to costs not included in fixed price such as owners costs and costs associated with change orders)
 - Created a Dispute Resolution Board
 - Prohibits parties to EPC contract from suing each other before the substantial completion of the project
 - Tightens the definition of “Change of Law” provision which will reduce the opportunity for disputes
 - Revised rate filings after January 1, 2017 will be calculated using a 10.25% return on common equity (reduced from current rate of 10.5%)

Toshiba

- Announced a \$6.3 billion write down associated with its nuclear business in the U.S.
- Will exit the nuclear construction business and only provide equipment and engineering for the nuclear industry
- Not taking any new orders to construct nuclear units
- Toshiba and Westinghouse committed to completing the Summer and Vogtle units and making any guaranteed payments, including damages for failing to complete a project
- Westinghouse revised in-service dates for Summer Unit #2 to April 2020 and for Summer Unit #3 to December 2020

Distributed Energy Resource Program Act (DERPA)

- Act 236 (DERPA) signed into law on June 2, 2014
- Key provisions of Act 236:
 - Requires establishment of a Distributed Energy Resource (DER) Program
 - Requires establishment of a Net Metering Program
 - Requires establishment of a program covering the lease of renewable electric generation facilities
 - Requires report to Commission on fixed costs, fixed charges and the extent of cost shifting attributable to DER under current rate designs
 - Program costs are to be recovered through the fuel clause

DERPA (Cont.)

- A hearing on Net Metering with focus on solar power was held February 3, 2015
- Cooperation among the parties led to a Settlement Agreement (signed by most parties and not opposed by any party)
- Commission issued Order No. 2015-194 on March 20, 2015. That order:
 - Approved the Settlement Agreement as a reasonable resolution of the issues in this case and as being in the public interest
 - Ordered each utility to file separate applications for approval of their proposed Net Metering Tariffs and Net Metering Incentives.
 - Required the proposed tariffs to include customer-generator systems sized up to 1,000 kW, a net metering capacity cap, an annual kWh credit reconciliation, and other terms and conditions required by the Act.
 - Required a Net Metering Incentive, funded through a DER Program, to be applied to qualifying net metering customers sufficient to make such customer-generators' bills equal to the bills they would have received if the power generated by their DER facilities were valued at the 1:1 Rate.
 - Required the DER NEM Incentive to be applied to customer-generators receiving service under the Net Metering Tariffs prior to January 1, 2021. DER NEM Incentives shall be available to these customers through December 31, 2025, or until these customers elect to receive service under a different tariff, whichever occurs first.

DERPA (Cont.)

- Established a standardized methodology that includes all categories of potential costs or benefits to the Utility system that are capable of quantification or possible quantification in the future. These include:

- Avoided Energy
- Energy Losses/Line Losses
- Avoided capacity
- Ancillary Services
- Transmission and Distribution ("T & D") Capacity
- Avoided Criteria Pollutants
- Avoided CO2 Emission Cost
- Fuel Hedge
- Utility Integration & Interconnection Costs
- Utility Administration Costs
- Environmental Costs

If values for these criteria cannot be quantified, they will be assigned a value of zero to act as a placeholder until they can be quantified.

DERPA (Cont.)

- We expect each value --- and the total value of solar --- to be a subject of contention during the upcoming hearings.
- The Utilities shall use the methodology as set forth in the Settlement Agreement to compute the net estimated under-recovered (lost revenue) or over-recovered revenue (net benefit) from net metering customers under existing rate structures, based on the Utility's cost of service study within its last general rate case.
- The costs and benefits of net metering and the required amount of the DER NEM Incentive shall be computed and updated annually coincident in time with the Utility's filing under the fuel clause.
- South Carolina's three largest regulated electric utilities quickly submitted applications to establish their Distributed Energy Resource Programs.

DERPA (Cont.)

- DERP solar capacity goals by company:

Company	Utility Scale (>1,000 kW – 10,000 kW)	Intermediate Scale (>20 kW – 1,000 kW)	Small Scale (20 kW or less)
Duke Energy Carolinas	40,000 kW	30,000 kW	10,000 kW
Duke Energy Progress	13,000 kW	9,750 kW	3,250 kW
SCE&G	42,000 kW	31,500 kW	10,500 kW

Clean Power Plan (CPP)

- US Supreme Court stayed the CPP until all appeals have been heard
- SC is one of the states suing the EPA
- Governor Haley ordered a hold to all work on the CPP
- Trump Administration opposes the CPP

Thank You

Questions?

