BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NOS. 2005-385-E and 2005-386-E - ORDER NO. 2007-618

AUGUST 30, 2007

IN RE:	Docket No. 2005-385-E – Petition of the Office of Regulatory Staff to Establish Dockets to Consider Implementing the Requirements of Section 1251 (Net Metering and Additional Standards) of the Energy Policy Act of 2005.	) ORDER ON CONSIDERATION OF THE APPROPRIATE STANDARDS TO BE USED FOR NET METERING AND SMART METERING IN SOUTH CAROLINA
	and	
	Docket No. 2005-386-E – Petition of the Office of Regulatory Staff to Establish Dockets to Consider Implementing the Requirements of Section 1252 (Smart Metering) of the Energy Policy Act of 2005.	

These matters come before the Public Service Commission of South Carolina ("the Commission") on the Petitions of the Office of Regulatory Staff ("ORS") to Establish Dockets to Consider Implementing the Requirements of Section 1251 (Net Metering and Additional Standards) and to Consider Implementing the Requirements of Section 1252 (Smart Metering) of the Energy Policy Act of 2005.

On May 15, 2007, this Commission held a hearing at which parties presented testimony and exhibits dealing with implementing in South Carolina the net metering and smart metering provisions of the Energy Policy Act of 2005. The regulated investor owned utilities in South Carolina to which the net metering and smart metering

provisions are applicable, and the Office of Regulatory Staff, ("the Joint Parties") presented a joint proposal for the disposition of these two matters.

With respect to net metering, the utilities and ORS proposed implementing the same program that has been implemented in North Carolina. In short, as proposed by the Joint Parties, a customer who opts to be net metered would be subject, on a monthly basis, to: a basic facilities charge at the tariff rate; a demand charge at the tariff rate for the customer's highest demand in that month; on-peak customer generation would offset the customer's on-peak consumption, with the net on-peak consumption billed at the on-peak tariff rate; off-peak customer generation would offset the customer's off-peak consumption, with the net off-peak consumption billed at the off-peak tariff rate; excess on-peak customer generation would be used to offset customer's off-peak consumption, but not vice versa, recognizing the higher cost of on-peak generation; in no case would the charge to the customer be less than zero; and customer credits would carry over to the succeeding month for one year. After one year, any remaining credits would be zeroed out; and, excess Renewable Energy Credits (Green Tags) would be granted to the utility. Residential customer generation would be limited to a maximum of 20 kW, and non-residential customer generation would be limited to a maximum of 100 kW. Participation would be limited to 0.2% of the South Carolina jurisdictional peak load for the prior year. According to the Joint Parties, the joint proposal is designed to maintain system reliability while allowing utilities and consumers to test net metering. It is also designed to preclude subsidization of net metering customers by those who chose not to net meter.

After close analysis of the proposed program, the Commission adopts the joint proposal as offered with two exceptions. Residential and small commercial customers currently have a choice to be on a flat rate tariff or a time-of-use tariff with a demand component. This Commission is interested in exploring the feasibility of offering a similar choice between a "flat rate" or a "time-of-use with demand component" tariff to customers who would like to take advantage of net metering. Therefore, within 90 days of the filing of this Order, the utilities shall provide a proposed tariff that would allow such a choice for customers who choose to net meter. Specifically, the tariff should be designed to allow residential and small commercial customers to pay the utility's existing flat kWh rate for any power purchased from the utility, while receiving a credit for any excess generation provided to the utility on a peak/off-peak or real time pricing basis. This tariff should be designed to eliminate, as much as possible, any cross-subsidization of customers. If, after investigation, any utility believes that such a tariff is not feasible, they should explain the reasons for this conclusion, within 60 days of the filing of this Order, in lieu of proposing the requested tariff. Secondly, the Commission is aware that Renewable Energy Credits are not currently being traded, and thus have no applicability at this time. Therefore, we will address ownership of Renewable Energy Credits when a viable market exists, and we will look to the parties to raise the issue at that time. All other aspects of the utilities' proposed net metering program would remain the same.

With respect to Smart Metering, the utilities and ORS point out that our regulated utilities all have offered time-based rate schedules for some time and that a number of large load customers take advantage of programs which provide real-time load data to

facilitate the ability of customers to manage their power requirements. Their proposal concludes that this offering meets the pertinent EPAct 2005 requirements. In general, the Commission supports this position, and so finds. Therefore, the Commission accepts the joint position of the regulated utilities and ORS that adoption of the federal standards is not necessary with regard to smart metering.

However, we note the conspicuous lack of focus on residential and commercial customers with respect to smart metering. One reason for the low usage of smart meters by residential and commercial customers may be a lack of knowledge on the part of those customers with respect to the availability and capability of smart meters. We therefore order the utilities to continue to make smart meters available to all customers, and also order the utilities to propose, within 180 days from the date of this Order, a communications plan to inform all customers of the availability and capability of smart meters, how they may use those capabilities to better manage their power requirements, and any additional costs and available payment arrangements for those costs.

An additional issue that arose from testimony at the smart metering hearing involved internal smart metering installed by some Wal-Mart stores. Wal-Mart's witness requested that it not have to pay for a utility-installed smart meter if Wal-Mart has already installed a smart meter which meets or exceeds utility or Commission standards at a store. Rather than ruling on this issue based on the limited record currently presented in this docket, this Commission encourages Wal-Mart and the utility to try to resolve all issues concerning the installation of and payment for smart meters through negotiation.

If negotiations are unsuccessful, a party can file a formal complaint with this Commission.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

G. O'Neal Hamilton, Chairman

ATTEST:

C. Robert Moseley, Vice Chairman

(SEAL)