



Charles A. Castle
Associate General Counsel

Duke Energy Corporation
550 South Tryon Street
Charlotte, NC 28202

Mailing Address:
DEC45A / P.O. Box 1321
Charlotte, NC 28201

o: 704.382.4499

f: 980.373.8534

alex.castle@duke-energy.com

March 16, 2016

The Honorable Jocelyn G. Boyd
Chief Clerk and Administrator
Public Service Commission of South Carolina
Post Office Drawer 11649
Columbia, South Carolina 29211

**RE: Joint Application of Duke Energy Carolinas, LLC, Duke Energy Progress, LLC, and South Carolina Electric & Gas Company for Approval of the Revised South Carolina Interconnection Standard
Docket No. 2015-362-E**

Dear Mrs. Boyd:

Enclosed for filing on behalf of Duke Energy Progress, LLC, Duke Energy Carolinas, LLC, and South Carolina Electric & Gas Company (collectively, "the Applicants") in the above-referenced docket, please find the Applicants' Joint Proposed Order Approving the South Carolina Interconnection Standard.

Thank you for your attention to this matter and please let me know if you have any questions.

Very truly yours,

A handwritten signature in black ink, appearing to read "Charles A. Castle", written in a cursive style.

Charles A. Castle

Enclosure

cc: Service List

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2015-362-E

In the Matter of:)	
)	JOINT PROPOSED ORDER
)	APPROVING REVISED SOUTH
The Implementation of S.C. Code Ann. §)	CAROLINA INTERCONNECTION
58-39-110, the South Carolina Distributed)	STANDARD
Energy Resource Act)	
)	

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the Application of Duke Energy Carolinas, LLC (“DEC”), Duke Energy Progress, Inc. (“DEP” and together with DEC, “Duke”), and South Carolina Electric & Gas Company (“SCE&G” and together with DEC and DEP, the “Utilities”), requesting Commission approval of a revised South Carolina Interconnection Standard (“Proposed Standard”) pursuant to S.C. Code Ann. § 58-27-460 of the South Carolina Distributed Energy Resource Program Act (“Act 236” or “Act”). The Application was filed on October 9, 2015, for the purpose of meeting Section 6 of the Act, which requires the Commission to promulgate standards for interconnection of renewable energy facilities and other nonutility-owned generation with a generation capacity of 2,000 kilowatts (“kW”), measured in alternating current (“AC”), or less to an electrical utility’s distribution system. S.C. Code Ann. § 58-27-460(A). Section 6 of the Act also requires the Utilities to review renewable energy facilities’ and other non-utility generators interconnection requests and determine whether the customer-generator has met all Commission requirements for interconnection. S.C. Code Ann. § 58-27-460(B).

Accordingly, the Application emphasizes that the Utilities have strong interests in developing a workable South Carolina interconnection standard that will allow the Utilities to effectively implement Act 236.

Petitions to Intervene were filed by the following parties: South Carolina Coastal Conservation League (“CCL”) and Southern Alliance for Clean Energy (“SACE”); Interstate Renewable Energy Council (“IREC”); South Carolina Solar Development, LLC (“SC Solar Development”); South Carolina Solar Business Alliance (“SCSBA”); Solbridge Energy LLC (“Solbridge Energy”) and Sustainable Energy Solutions, LLC (“Sustainable Energy”). CCL and SACE were represented by James Blanding Holman, IV, Esquire and Lauren Joy Bowen, Esquire; IREC was represented by Robert Guild, Esquire and Sky Stanfield, Esquire; SC Solar Development and Southern Current, LLC f/k/a Solbridge Energy and Sustainable Energy were represented by Richard L. Whitt, Esquire; SCSBA was represented by Timothy F. Rogers, Esquire; Duke was represented by Charles A. Castle, Esquire, Frank R. Ellerbe, III, Esquire, and E. Brett Breitschwerdt, Esquire; and SCE&G was represented by K. Chad Burgess, Esquire and Matthew W. Gissendanner, Esquire. The Petitions to Intervene were granted by the Commission. ORS, automatically a party pursuant to S.C. Code Ann. § 58-4-10(B), was represented by Andrew M. Bateman, Esquire and Shannon Bowyer Hudson, Esquire.

The Application explains that the Proposed Standard was the product of a number of working sessions and meetings convened by ORS during which the Utilities and interested stakeholders reviewed and discussed the Utilities’ proposed South Carolina interconnection procedures. The working group met on four occasions prior to the Utilities filing the Application, and consisted of representatives from over a dozen

entities, including ORS, DEC, DEP, SCE&G, SCSBA, IREC, SACE, CCL, Electric Cooperatives of South Carolina, Inc., Central Electric Cooperative, Inc., The Alliance for Solar Choice, and renewable energy developers and installers. The Application explains that the Proposed Standard incorporates significant input and contributions from the stakeholder group.

Except as otherwise provided therein, the Proposed Standard is designed to apply to all South Carolina jurisdictional interconnections, in order to provide greater transparency and certainty to interconnection customers, and the Utilities themselves, regarding the standards and procedures applicable to connecting generating facilities to the Utilities' electric grids. Any parallel non-utility generator requesting to interconnect to a South Carolina utility's system, and to either net meter or sell its full output to the interconnecting utility would interconnect under the Proposed Standard.

The Application also explains how the Proposed Standard is consistent with and furthers the purpose of Act 236, in that it provides different levels of interconnection study by the utility depending on the size of a generator to assure a safe and reliable interconnection. The Proposed Standard includes a streamlined interconnection application process and simplified agreement for interconnecting inverter-based generators (*i.e.*, solar photovoltaic systems) 20 kW or less. This 20 kW threshold corresponds with Act 236's residential net energy metering availability and residential customer-generator leasing availability, as well as the Utilities' proposed DER programs available to small customers. The Proposed Standard also includes reservations of circuit capacity for generators 20 kW or less to ensure that such smaller distributed energy

resources have dedicated access to the utility system, up to certain levels of penetration, in order to further the goals of Act 236.

The Proposed Standard incorporates an optional “Fast Track” screening review process for certified inverter-based generators that scales up to 1,000 kW regardless of location and 2,000 kW where the generator proposes to interconnect to a higher voltage distribution line (≥ 15 kilovolt (“kV”) and < 25 kV) and is located at a distance less than 2.5 miles from the nearest substation. The Application explains that the Fast Track process included in the Proposed Standard aligns with the Utilities’ distribution system line voltages in South Carolina and tailors the eligibility for Fast Track to the distributed energy resource (“DER”) program and net energy metering eligibility caps in Act 236.

For the larger and non-certified generators that do not qualify for Fast Track (or generators that fail to pass the Fast Track screens), the Proposed Standard provides a robust Section 4 “study process” consisting of a System Impact Study followed (if needed) by a Facilities Study to design the interconnection facilities and any upgrades required to safely and reliably interconnect a generating facility to the utility’s distribution system. Notably, the Proposed Standard requires an interconnection customer to verify “site control” and to submit a \$10,000 plus \$1/kW deposit to fund the interconnection study process. The deposit is designed to approximate the overall cost of the Utilities’ interconnection study process, which normally increases as the size and complexity of the generating facility increases. After the necessary studies are completed, the interconnecting utility will proceed to executing an interconnection agreement and coordinate construction of interconnection facilities under Section 5 of the Proposed Standard. Once the interconnection agreement is signed by the interconnection

customer, the customer must then make payment and/or provide financial security to fund construction of required interconnection facilities and any upgrades to the utility's system needed to interconnect the generating facility for safe and reliable parallel operations.

The Utilities also agreed through the working group process to maintain a public interconnection queue, to be updated monthly on each of the utility's websites. This queue reporting would provide the Commission, ORS, and interested parties a snapshot of the interconnection requests submitted to each of the Utilities, whether the interconnection request is being processed under the Fast Track or full study process, and locational information relating to circuit and substation to which each proposed generating facility seeks to interconnect. According to the Application, the specific information that will be reflected in the interconnection queue update will be as follows:

- a. Queue number of the request;
- b. Operational status of the project;
- c. Fast Track status, if applicable;
- d. Capacity of the project;
- e. Energy source of the project;
- f. Feeder/circuit to which the project will be interconnected; and
- g. Substation to which the project will be interconnected.

The Application further proposes that the Utilities will provide semi-annual reports to the Commission and the ORS (to be submitted on or before February 1 and August 1 of each year) that would include the following information:

- a. each interconnection request identified by Queue Number and fuel type;
- b. date of issuance of Queue Number;
- c. the interconnection request's capacity;
- d. the substation to which the project will be interconnected;
- e. the feeder/circuit to which the project will be interconnected;
- f. the date the interconnection facilities (along with any required upgrades) were completed and available for operation;
- g. any interconnection requests that have been denied or withdrawn.

Initial comments on the Application were filed by CCL/SACE and IREC on November 23, 2015. CCL/SACE and IREC commended the collaborative working group process for making improvements to the Proposed Standard, as filed in the Application, but also advocated for Commission consideration of certain, more granular reporting requirements as well as requested the Commission adopt the Fast Track eligibility criteria and Supplemental Review process adopted by the Federal Energy Regulatory Commission's ("FERC") Order No. 792¹ applicable to FERC-jurisdictional interconnections. These parties argued the Fast Track eligibility criteria and Supplemental Review process included in the Proposed Standard were overly conservative and restrictive compared to the FERC standards.

On February 26, 2015, ORS filed a letter in support of the Proposed Standard, as filed in the Application, stating that the Standard furthers the goals of Act 236 and allows for safe and reliable interconnection of distributed energy resources in South Carolina. The ORS identified that Duke had experienced a backlog in processing interconnection requests in North Carolina and South Carolina, and, in an effort to mitigate and resolve any backlogs in South Carolina, recommended Duke be required to (1) institute an Interdependent Project Review Process – attached to ORS's letter as Attachment A – for projects in their South Carolina queues; and (2) reduce the System Impact Study completion timeframe, as set forth in Paragraph 17.0 of the System Impact Study Agreement (Attachment 8 to the Proposed Standard) for projects with distribution impacts by 10%. The ORS stated that the two recommendations should only apply to

¹ *Small Generator Interconnection Agreements and Procedures*, Order No. 792, 78 Fed. Reg. 73,240 (Nov. 22, 2013), 145 FERC P 61,159 (2013), clarified, Order No. 792-A, 146 FERC P 61,214 (2014).

DEC and DEP, and that ORS will continue to monitor the status of SCE&G's interconnection queue and make recommendations to the Commission if any changes become necessary.

On March 2, 2016, Duke filed a letter in response to ORS notifying the Commission of Duke's concurrence with ORS's supplemental recommendations. On March 8, 2016, SC Solar Development filed a letter, in part, requesting the Commission carry over its consideration of the Proposed Standard, as well as providing certain other comments on the Proposed Standard. Responses in opposition to SC Solar Development's comments and request to carry over were filed on March 10, 2016, by ORS, DEC and DEP, and SCE&G.

The Commission has jurisdiction over the Application, as the Utilities are electrical utilities under the laws of South Carolina and their operations are subject to the jurisdiction of this Commission. The Utilities are also subject to the Act, which, in pertinent part, requires the Commission to promulgate standards for interconnection of renewable energy facilities and other nonutility-owned generation with a generation capacity of 2,000 kW AC or less to an electrical utility's distribution system. S.C. Code Ann. § 58-27-460(A). Further, as noted by the Utilities' Application and ORS, the Commission has jurisdiction over interconnections of renewable distributed energy resources up to 80 MW-AC that intend to either net meter or sell the generator's full output to the interconnecting utility.

Consistent with ORS's recommendation, the Commission finds and concludes that approval of the Proposed Standard is consistent with the purpose and intent of the Act and will allow for safe and reliable interconnection of distributed energy in South

Carolina. Further, the Application's requirement that the Utilities will maintain updated and publicly-accessible interconnection queues and also provide semi-annual reports to the Commission and the ORS on the status of their interconnection queues will provide reasonable transparency and Commission oversight of the interconnection process. The Commission also finds and concludes the ORS's supplemental provisions, as agreed to by Duke, that are applicable to DEC and DEP are in the public interest and should be approved. The Commission believes that ORS' recommendations are reasonable measures to assist in mitigating and resolving backlogs in processing interconnection requests in DEC's and DEP's South Carolina interconnection queues.

Finally, while not directly before the Commission in this docket, the Commission takes judicial notice of its recent *Order Denying Motion to Dismiss and Directing Staff to Schedule a Hearing* issued in Docket No. 2015-424-E and the ongoing dispute over the term "\$100,000 per occurrence" at issue in that proceeding. Although the Commission is approving the Proposed Standard at this time, this terminology will be the subject of testimony and a decision of this Commission that may affect its views on the meaning and possible ramifications of the term "\$100,000 per occurrence" as that term is used in Section 6.12.1 of the Proposed Standard. Accordingly, the terms of Section 6.12.1 are approved at this time, but the Commission reserves the right to revisit this term under the new Interconnection Procedures after our decision in Docket No. 2015-424-E is rendered.

IT IS THEREFORE ORDERED THAT:

1. The Proposed Standard, as set forth in the Application, is a reasonable resolution of the issues in this case and is in the public interest; and is therefore, approved.
2. That, consistent with the Application, DEC, DEP, and SCE&G shall (1) publish updated South Carolina interconnection queue information on their respective websites on a monthly basis, beginning no later than the end of the first full month after the date of issuance of this Order; and (2) shall file semi-annual reports with the Commission and the ORS providing the information identified in the Application on or before February 1 and August 1 each year for the prior six-month period ending December 31 and June 30, respectively.
3. DEC and DEP shall (1) institute the Interdependent Project Review Process supported by the ORS for projects in their South Carolina queues; and (2) reduce the System Impact Study completion timeframe, as set forth in Paragraph 17.0 of the System Impact Study Agreement (Attachment 8 to the Proposed Standard) for projects with distribution impacts by 10%.
4. The Commission reserves the right to revisit Section 6.12.1 of the Standard after our decision in Docket No. 2015-424-E is rendered.
5. This Order shall remain in full force and effect until further Order of the Commission.