December 10, 2018

Via Electronic Filing

The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, SC 29210


Dear Ms. Boyd:

Pursuant to Hearing Officer Directive 2018-183-H, the South Carolina Coastal Conservation League (“CCL”) and the Southern Alliance for Clean Energy (“SACE”) file these comments in support of the Proposed Settlement Agreement between the Joint Applicants and the South Carolina Solar Business Alliance. CCL and SACE believe that the Proposed Settlement is in the public interest and recommend that it be approved.

First, we agree with and support the Public Utility Regulatory Policies Act of 1978 and interconnection components of the Proposed Settlement. These components are critical to allow independent power producers (including solar providers) to compete fairly against SCE&G-owned resources. Allowing such competition will ultimately reduce ratepayer costs.

Second, we agree with and support the Integrated Resource Planning components of the Proposed Settlement. The Proposed Settlement improves South Carolina Electric & Gas’s (“SCE&G”) planning practices and moves them toward alignment with the
consensus recommendations adopted through the State Energy Plan Integrated Resource Planning subcommittee, including the recommendations for each utility to:

1. [A]nalyze multiple resource portfolios that consider a range of supply-side and demand-side resources including DSM and renewable energy (RE) resource options. . . .
2. [I]nclude, at minimum, alternative DSM and RE portfolios of at least one high and one low DSM and at least one high and one low RE portfolio and should contain a diverse mix of DSM and RE measures, and the associated cost assumptions used for each of the portfolios. . . .
3. [E]xpand its evaluation to establish a set of scenarios and/or sensitivities to analyze the robustness of each resource portfolio. The scenarios and/or sensitivities should reasonably capture the range of key variables affecting the utility’s plan. . . . Scenarios and/or sensitivities should explore uncertainties in fuel prices and load growth. As appropriate, other uncertainties such as carbon and technology costs should also be explored.¹

These practices have long been recognized as essential to properly evaluate future energy resource options in the Integrated Resource Planning process.

Third and finally, we agree with and support the competitive, all-source solicitation process components of the Proposed Settlement, along with the recommended improvements offered by the Office of Regulatory Staff (“ORS”). An all-source process is critical to introduce competition into SCE&G’s resource procurement process and has been used successfully in several other states.² Although the process set forth in the Proposed Settlement Agreement provides benefits to ratepayers and is an improvement on the status quo, ORS’s recommendations will further improve the process. ORS proposed the following additions: that SCE&G must file its bid evaluation criteria with the Commission for approval; that the bid evaluation criteria must provide for consideration of

² See Binz Rebuttal Testimony p. 11 (“[R]igorous competition among suppliers will assure that the Commission can obtain the lowest cost, consistent with the needs of the utility and the state. This last feature is especially important today, when costs for renewable energy resources are falling fast. In Colorado, Xcel Energy routinely gets bids for renewable resources that total ten or fifteen times the capacity sought. As a result, those resources are obtained at rock-bottom prices.”)
“all sources,” including, but not limited to, energy efficiency, demand response, renewable resources, and energy storage; and that the resource need and bid evaluation criteria ultimately used must be substantially similar to those approved by the Commission. ORS also does not specify that the solicitation process should apply only to new generating resource with a nameplate capacity of more than 75 megawatts, and does not include a sunset date after which SCE&G may petition the Commission to eliminate or modify the process.

ORS’s suggested modifications are consistent with the recommendations of CCL and SACE Witness Ronald Binz and with the practices in other states. The provision requiring submission of bid evaluation criteria to the Commission for approval provides the Commission with additional oversight and assures that the independent evaluator is impartial. The provision specifying that energy efficiency and demand side resources should be considered ensures that a mix of resources can be optimized over the procurement period, minimizing customer costs. Binz Direct at 25-28. Finally, the removal of the proposed 2023 sunset date guarantees that SCE&G uses the proposed solicitation process for its next major resource addition. The Company’s 2018 Integrated Resource Plan indicates that the Company proposes to add a 540 MW combined cycle unit in 2023. Allowing modification or cancellation of the solicitation process in 2023, prior to its first major year of implementation, would undermine the Settlement. At the very least, the Commission should require that the process be retained through 2028.

3 This approval would not require an extended process and has precedent in other states. See, e.g., Georgia Rule 515-3-4-.04; Georgia Public Service Commission Docket Nos. 40161, 40162, Stipulation Exhibit A (June 3, 2016) (establishing a cost-benefit framework for evaluating resources).
For these reasons, we urge the Commission to approve the Proposed Settlement, and to adopt its terms as merger conditions, either as filed, or with the alterations included in the Office of Regulatory Staff’s Proposed Order and Exhibit 1 (Merger Commitments and Conditions). Please contact me if you have any questions concerning this filing.

Sincerely,

William C. Cleveland
STATE OF SOUTH CAROLINA
BEFORE THE PUBLIC SERVICE COMMISSION
DOCKET NOS. 2017-207-E, 2017-305-E, AND 2017-370-E

In Re: Friends of the Earth and Sierra Club, Complainant / Petitioner v. South Carolina Electric & Gas Company, Defendant/Respondent

In Re: Request of the South Carolina Office of Regulatory Staff for Rate Relief to SCE&G Rates Pursuant to S.C. Code Ann. § 58-27-920

In Re: Joint Application and Petition of South Carolina Electric & Gas Company and Dominion Energy, Incorporated for Review and Approval of a Proposed Business Combination between SCANA Corporation and Dominion Energy, Incorporated, as May Be Required, and for a Prudence Determination Regarding the Abandonment of the V.C. Summer Units 2 & 3 Project and Associated Customer Benefits and Cost Recovery Plan

CERTIFICATE OF SERVICE

I certify that the following persons have been served with a copy of the foregoing comments on the Proposed Settlement Agreement between the Joint Applicants and South Carolina Solar Business Alliance for Consolidated Docket Nos. 2017-207-E, 2017-305-E, 2017-370-E, by electronic mail, at the addresses set forth below:
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This the 10th day of December, 2018.

s/ Rachel Pruzin