ELECTRONICALLY FILED - 2021 May 3 4:06 PM - SCPSC - Docket # 2020-264-E - Page 1 of 20

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2020-264-E
DOCKET NO. 2020-265-E

May 3, 2021

IN RE: Duke Energy Carolinas, LLC's and Duke Energy Progress, LLC's Establishment of a Solar Choice Metering Tariff Pursuant to S.C. Code Ann. Section 58-40-20 (See Docket Nos. 2019-169-E, and 2019-170-E)	)))))))	**SOUTH CAROLINA OFFICE OF REGULATORY STAFF'S POST-HEARING BRIEF**

I. INTRODUCTION

Pursuant to S.C. Code Ann. Regs. 103-851, the South Carolina Office of Regulatory Staff ("ORS") respectfully submits this Post-Hearing Brief to address the contested issues litigated before the Public Service Commission of South Carolina ("PSC" or "Commission") during the merits hearing held in this Docket on March 17, 2021 through March 19, 2021.

This matter comes before the Commission following the enactment of the South Carolina Energy Freedom Act ("Act 62"); specifically, S.C. Code Ann. § 58-40-20 of Act 62.[1] S.C. Code Ann. § 58-40-20 instructed this Commission to establish a Solar Choice Metering Tariff to go into effect for customer-generator applications received after May 31, 2021. S.C. Code Ann. § 58-40-20 (F)(1) (Supp. 2019). Act 62 directed the Commission to create a Solar Choice Metering Tariff that would (1) eliminate any cost shift to the greatest extent practicable on customers who do not have customer-sited generation while also ensuring access to customer-generator options for

[1] House Bill 3659, R. 82 was signed into law by South Carolina's Governor Henry McMaster on May 16, 2019, as Act 62.

customers who choose to enroll in customer-generator programs; and (2) permit solar choice customer-generators to use customer-generated energy behind the meter without penalty. S.C. Code Ann. § 58-40-20 (G) (Supp. 2019). The Commission opened these dockets on November 4, 2020.

Duke Energy Carolinas, LLC ("DEC") and Duke Energy Progress, LLC ("DEP" and together with DEC, the "Companies or Duke") collectively provide service to approximately 770,000[2] customers across South Carolina. Of those customers, approximately 10,050[3] have chosen to participate in the Companies' net energy metering ("NEM") program. As the only party tasked with representing the interests of the using and consuming public with respect to public utility services, ORS focused its testimony on the elimination of the cost shift onto the Companies' approximately 759,950 customers who do not choose to participate, or cannot participate, in the Companies' NEM program.

II. PROCEDURAL HISTORY

On June 14, 2019, the Commission held an Advisory Committee meeting to discuss procedural and scheduling matters pertaining to all of the Act 62 dockets. By Order No. 2020-570, the Commission established a procedural schedule and separate hearings concerning the methodology of valuing the energy produced by customer-generators and cost-benefit analysis of NEM for the parties of record.[4] In this Order, the Commission also instituted separate hearings for the parties Solar Choice Metering Tariffs. The Order further instructed the parties to file with the Commission

[2] DEC has approximately 600,000-plus customers in South Carolina and of those customers approximately 8,300 are NEM customers; and DEP has approximately 170,000-plus customers in South Carolina and of those customers approximately 1,750 are NEM customers.
[3] 10,050 represents approximately 1.3% of the Companies' total customer base in South Carolina.
[4] Duke Energy Carolinas, LLC; Duke Energy Progress, LLC; and Dominion Energy South Carolina.

ELECTRONICALLY FILED - 2021 May 3 4:06 PM - SCPSC - Docket # 2020-264-E - Page 2 of 20

their suggested procedural schedules pertaining to the solar choice tariff proceedings no later than 5:00 p.m. on August 31, 2020.

On September 16, 2020, the Commission issued Order No. 2020-621 modifying DEC and DEP's Joint Evidentiary Hearing and Proposed Order dates. The Commission moved to adopt other procedural schedule dates for the Companies' Solar Choice Metering Tariff proceeding. In Order No. 2020-640, the Commission modified the procedural dates approved in Order No. 2020-621, with the exception of the hearing and proposed order dates.

October 28, 2020, in a Commission Directive - Action Item 12, the Commission addressed and granted the Companies request for a one-week extension from the January 6, 2021 procedural date set in Commission Order No. 2020-640.[5] The Companies also requested that the Clerk's Office of the Commission ("Clerk's Office") establish two (2) new dockets for DEC and DEP's Solar Choice Metering Tariff proceedings and an intervention deadline no later than November 2, 2020. In Action Item 12, the Commission instructed the Clerk's Office to open the two (2) new dockets once the Companies' Solar Choice Net Metering Plan was filed. The Commission also granted all approved intervenors of record in Docket Nos. 2019-169-E and 2019-170-E to automatically be named and designated as intervenors and party of record in the new dockets. The Commission moved for the new established dockets to remain on the procedural scheduled approved for Docket Nos. 2019-169-E and 2019-170-E. On January 29, 2021, Commission Order No. 2021-62 was issued and granted the opening of DEC and DEP's two (2) new dockets for their Solar Choice Metering Tariff proceedings.[6]

[5] See Commission Directive – Action Item 12 issued on October 28, 2020 in Docket Nos. 2019-169-E and 2019-170-E.
[6] Docket Nos. 2020-264-E and 2020-265-E.

ELECTRONICALLY FILED - 2021 May 3 4:06 PM - SCPSC - Docket # 2020-264-E - Page 3 of 20

Petitions to Intervene were filed by the following parties: Vote Solar; South Carolina Coastal Conservation League ("CCL"); Southern Alliance for Clean Energy ("SACE"); Upstate Forever; North Carolina Sustainable Energy Association ("NCSEA"); Solar Energy Industries Association ("SEIA"); Nucor Steel – South Carolina, a Division of Nucor Corporation ("Nucor"); and Alder Energy Systems, LLC ("Alder"). All Petitions to Intervene were approved.[7] The South Carolina ORS is a party of record by statute. S.C. Code Ann. § 58-4-10.

On November 2, 2020, in accordance with Commission Order No. 2020-621, the Companies filed the Direct Testimony of George V. Brown; Direct Testimony and Exhibit of Lon Huber; and Direct Testimony and Exhibits of Bradley Harris and Leigh C. Ford. The Companies also filed their Joint Application for Approval of Solar Choice Metering Tariffs along with a Stipulation signed by certain parties of record in said proceedings.[8]

The Commission issued Order No. 2020-809, appointing David Butler as the hearing officer for the proceedings and instructed Mr. Butler to hold a scheduling conference with all parties of record so that all parties may agree upon a revised procedural schedule which allowed time for discussions between the Companies and stakeholders. Through this Order the Commission held in abeyance the November 4, 2020, filed Notice of Hearing and Prefile Testimony Deadline dates.

Commission Order No. 2020-824 set the procedural dates and instructed all intervenors to file Direct Testimony on February 8, 2021; the Companies to file Rebuttal Testimony on February 22, 2021; and all intervenors to file Surrebuttal Testimony on March 8, 2021, with a hearing scheduled to commence on March 17, 2021.

---

[7] See Order Nos. 2020-528; 2020-529; 2020-653; 2020-727; 2020-125H; 2020-125-H; 2020-126-H;

[8] North Carolina Sustainable Energy Associations ("NCSEA"); Southern Environmental Law Center on behalf of South Carolina Coastal Conservation League, Southern Alliance for Clean Energy, and Upstate Forever (collectively, "SELC"); and Vote Solar. SEIA entered a Joinder Agreement with Duke on December 2, 2020 in support of the Stipulation.

ELECTRONICALLY FILED - 2021 May 3 4:06 PM - SCPSC - Docket # 2020-264-E - Page 4 of 20

On January 20, 2021, the Commission issued Order No. 2021-47 moving to hold a Virtual Public Hearing on March 30, 2021, and instructed the Clerk's Office to provide the Companies with a copy of the proposed Notice for the bill insert informing all of their customers, residential and commercial of the scheduled Public Hearing set for March 30, 2021. The Order also held in abeyance the dates set in Order No. 2020-824 for Proposed Orders and Final Order and instructed those dates would be set at a later time. A new Virtual Public Hearing date of April 21, 2021, was adopted in Commission Order No. 2021-64 issued on January 27, 2021. The Commission allowed the parties of record to file written responses to any public comments from the virtual public hearing as part of the continued merits hearing before the Commission.

On February 8, 2021, ORS filed the Direct Testimony of Robert A. Lawyer, and the Redacted Direct Testimony and Exhibits of Brian Horii. CCL, SACE, Upstate Forever, Vote Solar, SEIA, and NCSEA filed the Direct Testimony and Exhibit of R. Thomas Beach. SEIA and NCSEA filed the Direct Testimony and Exhibits of Justin R. Barnes. The Companies filed the Supplemental Direct Testimony and Exhibit of Lon Huber on February 17, 2021, and two (2) days later on February 19, 2021, Alder filed the Direct Testimony of Donald R. Zimmerman.

On February 22, 2021, the Companies filed the Rebuttal Testimony and Exhibits of Lon Huber, and Ahmad Faruqui, along with the Rebuttal Testimony and Exhibit of Leigh C. Ford, Janice Hager, and Bradley Harris. On the same day, CCL, SACE and Upstate Forever file a Motion to Leave to File Rebuttal Testimony, and filed the Rebuttal Testimony of Edward Finley.

On March 8, 2021, ORS filed the Surrebuttal Testimony and Exhibit of Robert A. Lawyer, and the Surrebuttal Testimony of Brian Horii. CCL, SACE, and Upstate Forever filed the Surrebuttal Testimony of Eddy Moore. SEIA and NCSEA filed the Surrebuttal Testimony of Justin R. Barnes.

ELECTRONICALLY FILED - 2021 May 3 4:06 PM - SCPSC - Docket # 2020-264-E - Page 5 of 20

On March 12, 2021, ORS filed the Redacted Revised Direct Testimony and Exhibits of Brian Horii.

III. STANDARD OF REVIEW

On May 16, 2019, the Governor of South Carolina signed Act 62 into law; Act 62 pertains to a range of issues related to the expansion of renewable energy generation and utility resource planning, and it provides the Commission with both increased direction and discretion in determining the most appropriate path forward for renewable energy development in South Carolina. Through Act 62, the General Assembly stated its intent was to:

(1) build upon the successful deployment of solar generating capacity through Act 236 of 2014 to continue enabling market-driven, private investment in distributed energy resources across the State by reducing regulatory and administrative burdens to customer installation and utilization of onsite distributed energy resources;

(2) avoid disruption to the growing market for customer-scale distributed energy resources; and

(3) require the Commission to establish solar choice metering requirements that fairly allocate costs and benefits to eliminate any cost shift or subsidization associated with net metering to the greatest extent practicable.

S.C. Code Ann. § 58-40-20 (A) (Supp. 2019).

Prior to the establishment of this docket and in accordance with S.C. Code Ann. § 58-40-20 (C), on May 28, 2019, the Commission opened a Generic Docket[9] to:

[9] See Docket No. 2019-182-E. The final Commission order in Docket No. 2019-182-E, which will determine and define the costs and benefits of solar, will help aid the Commission in adopting Solar Choice Metering Tariffs.

ELECTRONICALLY FILED - 2021 May 3 4:06 PM - SCPSC - Docket # 2020-264-E - Page 6 of 20

(1) investigate and determine the costs and benefits of the current net energy metering program; and

(2) establish a methodology for calculating the value of the energy produced by customer-generators.

Pursuant to S.C Code Ann. §58-40-20 (D), the Commission was to consider five (5) components in assessing the costs and benefits of the current NEM program:

(1) the aggregate impact of customer-generators on the electrical utility's long-run marginal costs of generation, distribution, and transmission;

(2) the cost of service implications of customer-generators on other customers within the same class, including an evaluation of whether customer-generators provide an adequate rate of return to the electrical utility compared to the otherwise applicable rate class when, for analytical purposes only, examined as a separate class within a cost of service study;

(3) the value of distributed energy resource generation according to the methodology approved by the commission in Commission Order No. 2015-194;

(4) the direct and indirect economic impact of the net energy metering program to the State; and

(5) any other information the commission deems relevant.

Should the Commission determine there is an allowable cost shift, the Commission must make an affirmative finding based upon the preponderance of evidence that such cost shift is reasonable, prudent, and made in the best interest of DEC and DEP's general body of customers. 2019 S.C. Acts, Act No. 62, Section 16, p. 393

ELECTRONICALLY FILED - 2021 May 3 4:06 PM - SCPSC - Docket # 2020-264-E - Page 7 of 20

ELECTRONICALLY FILED - 2021 May 3 4:06 PM - SCPSC - Docket # 2020-264-E - Page 8 of 20

IV. DISCUSSION OF THE HEARING

The Commission conducted a virtual proceeding in this matter due to the COVID-19 Pandemic starting on March 17, 2021, and continuing through March 19, 2021. All parties and witnesses appeared virtually. The witnesses' testimonies were read as if given orally from the stand and exhibits were moved into the record.

DEC and DEP were represented by Heather Shirley Smith, Esquire; Rebecca J. Dulin, Esquire; J. Ashley Cooper, Esquire and Marion William Middleton, III, Esquire. Vote Solar was represented by Bess J. Durant, Esquire. CCL, SACE, and Upstate Forever were represented by Katherine Lee Mixson, Esquire. NCSEA was represented by Jeffrey W. Kuykendall, Esquire and Peter H. Ledford, Esquire. SEIA was represented by Jeffrey W. Kuykendall, Esquire. Alder was represented by R. Taylor Speer, Esquire and Robert P. Mangum, Esquire. Nucor was represented by Robert R. Smith, II, Esquire. ORS was represented by Jeffrey M. Nelson, Esquire, Andrew M. Bateman, Esquire, Benjamin P. Mustian, Esquire, and Jenny R. Pittman, Esquire.

The Companies presented George V. Brown as its first witness. Witness Brown, General Manager of Strategy, Policy, and Strategic Investment for Distributed Energy for Duke Energy Corporation provided an overview of the Companies' proposed Solar Choice Metering Tariffs, and explained how the tariffs comply with the requirements of Act. 62. The Companies next presented Leigh C. Ford, a third-party consultant for the Companies' regulatory and legal teams. Witness Ford provided a summary on the Companies' stakeholder engagement process and the impact the stakeholder process had on the Companies' development of the proposed Solar Choice Metering Tariffs. The Companies then presented Lon Huber, Vice President for Rate Design and Strategic Solutions for Duke Energy Corporation. Witness Huber explained the Companies' proposals for the new NEM programs, the creation of the new programs and why the proposals

meet the goals of Act 62. Bradley Harris was the Companies' last witness of the day. Witness Harris, Manager of Rates and Regulatory Strategy for Duke Energy Corporation, explained the methodology utilized in the cost of service analyses of the net energy metering tariffs as proposed under S.C. Act 62 of 2019.

The hearing reconvened on March 18, 2021, and CCL, SACE, Upstate Forever, Vote Solar, and NCSEA presented R. Thomas Beach, the principal consultant of Crossborder Energy. Witness Beach explained the support of the Companies' proposal of a new residential Solar Choice Metering Tariff, and discussed the key features of the Companies' new proposed tariffs. NCSEA and SEIA presented Justin R. Barnes, Director of Research with EQ Research, LLC., who explained NCSEA and SEIA's support of the Companies' proposed Solar Choice Metering Tariffs is *conditional* on the Companies' adoption of the complete terms of the Memorandum of Understanding ("MOU") entered into by the Companies and several other organizations for an NEM Solar Choice Program and Tariffs, that is to include an up-front incentive for residential distributed energy resource ("DER") customers eligible for Schedule RE that participate in a winter smart thermostat energy efficiency program. Intervenor

Next, Alder presented witness Donald R. Zimmerman, Chief Executive Officer of Alder Energy Systems, LLC. Witness Zimmerman testified to the filed Stipulation Adler entered into with the Companies on February 8, 2020, and the effects of the proposed Solar Choice Metering Tariffs on commercial and industrial distributed generation ("DG").

ORS presented Robert A. Lawyer, Deputy Director of Energy Efficiency and Renewables, who provided an overview of ORS's position and recommendations in these proceedings. Witness Lawyer testified that ORS focused on the elimination of any cost shift. Next ORS presented its expert witness Brian Horii, a Senior Partner with Energy and Environmental Economics, Inc.

ELECTRONICALLY FILED - 2021 May 3 4:06 PM - SCPSC - Docket # 2020-264-E - Page 9 of 20

Witness Horii testified that ORS found fault with the embedded cost of service ("COS") studies used by the Companies as evidence to fulfill the requirements of Act 62 to eliminate cost shift and subsidization to the greatest extent practicable. Witness Horii testified the Companies overestimated the cost reductions that should be attributed to residential solar installations, and by doing so the cost shift inaccurately appeared to be eliminated by the proposed Stipulation's Permanent Tariffs. Witness Horii demonstrated in his testimony that a substantial cost shift would remain with the Permanent Tariffs, and also explained that the proposed Stipulation's Interim Riders are too generous toward customer-generators and should be revised to be more aligned with the Permanent Tariffs.

After ORS presented its witnesses, the Companies called Janice Hager, President of Janice Hager Consulting, LLC, Hager, who provided Rebuttal Testimony to address ORS Witness Horii's Redacted Revised Direct Testimony regarding the Companies' use of the embedded COS study, specifically the use of the summer coincident peak allocator. Companies' Witness Harris' Rebuttal Testimony responds to the Companies' embedded COS studies and ORS Witness Horii's testimony on the subject matter. The Companies next presented Ahmad Faruqui, a Principal with The Brattle Group, who through his Rebuttal Testimony provided comments on Witness Horii's testimony and discussed why the Companies rebut Witness Horii's testimony of the Stipulation filed on November 2, 2020, the rate design aspects of the Stipulation, and the COS methodology used to compute the cost shifts from solar to non-solar customers. Witness Huber provided Rebuttal Testimony which concluded the Companies' presentation of its case and summarized the Companies' intent when preparing the Solar Choice Metering Tariffs.

The hearing reconvened on March 19, 2021, and CCL, SACE and Upstate Forever witness, Edward Finley presented Rebuttal Testimony to respond to the issues raised by ORS in opposition

ELECTRONICALLY FILED - 2021 May 3 4:06 PM - SCPSC - Docket # 2020-264-E - Page 10 of 20

ELECTRONICALLY FILED - 2021 May 3 4:06 PM - SCPSC - Docket # 2020-264-E - Page 11 of 20

to the stipulated rates and tariffs sponsored by the Companies and supported by the other stipulating parties.

SACE, CCL, and Upstate Forever next presented witness Eddy Moore, Energy & Climate Program Director for CCL. Witness Moore provided Surrebuttal Testimony in response to Witness Lon Huber, Witness Ford, Witness Harris, Witness Hager, Witness Faruqui, Witness Lawyer and Witness Horii regarding the requirements of Act 62. Next, NCSEA and SEIA Witness Barnes, provided Surrebuttal Testimony to respond to the rebuttal testimony of DEC and DEP witnesses Ahmad Faruqui, Bradley Harris, Janice Hager, and Lon Huber, the rebuttal testimony of CCL, SACE and Upstate Forever witness Edward Finley, and the direct testimony of ORS witness Brian Horii. In particular, the issue of COS methodology.

The day ended with ORS witness Lawyer providing Surrebuttal Testimony to respond to the rebuttal testimony of Companies' witnesses Leigh Ford, Bradley Harris, and Lon Huber, and to the rebuttal testimony of Edward Finley sponsored by CCL, SACE and Upstate Forever with a focus on the aspects to their rebuttal testimony that address transparency in this Commission proceeding; and ORS's representation of the "public interest" as defined by S.C. Ann. § 58-4-10 (B). ORS Witness Horii provided Surrebuttal Testimony to respond to the rebuttal testimonies of DEC and DEP witnesses Ahmad Faruqui, Bradley Harris, Janice Hager, and Lon Huber as well as CCL, SACE, and Upstate Forever witness Edward Finley.

V. STATEMENT OF THE CASE

The Companies, through the Application and testimony, presented proposed Solar Choice Metering Tariffs for residential and non-residential customer-generators that do not fully comply with Act 62. While Duke's proposal aligns with some of the rate design components presented in the NEM Generic Docket (No. 2019-182-E) and contains some key elements of an ideal Solar

Choice Metering Tariff, the Companies misrepresented the embedded cost savings from customer-generators. ORS recommends the Commission approve ORS's recommendations, which are in compliance with Act 62. Those recommendations:

1. Better reflect the cost shift implications of the Solar Choice Metering Tariffs by using embedded COS studies based on the winter-peaking nature of the Duke systems, and
2. Further reduce the cost shift burden by utilizing monthly time of use ("TOU") netting and an incremental $10 per month Basic Facilities Charge ("BFC").

VI. LEGAL ARGUMENT

ORS represents the public interest of South Carolina, with "public interest" defined as "the concerns of the *using and consuming public with respect to public utility services*, regardless of the class of customer, and preservation of continued investment in and maintenance of utility facilities so as to provide reliable and high-quality utility services." S.C Code Ann. § 58-4-10 (B) (Supp. 2019) (emphasis added). The General Assembly set forth guidelines for the Commission to follow in approving a utility's Solar Choice Metering Tariff. S.C. Code § 58-40-20 (Supp. 2019). Act 62 requires the Commission to:

1) Eliminate any cost shift to the greatest extent practicable on customers who do not have customer-sited generation while also ensuring access to customer-generator options for customers who choose to enroll in customer-generator programs; and
2) Permit solar choice customer-generators to use customer-generated energy behind the meter without penalty. S.C. Code Ann. § 58-40-20 (G).

A customer-generator is a complex class of customer, as defined by S.C. Code Ann. § 58-40-10 (C) (2015). A customer-generator is an owner, operator, lessee, or customer-generator lessee of an electric energy generation unit which generates energy from a renewable energy source at

ELECTRONICALLY FILED - 2021 May 3 4:06 PM - SCPSC - Docket # 2020-264-E - Page 12 of 20

their premises which is interconnected to an electric utility's grid. ORS represents the *using and consuming public with respect to public utility services*; it is the purchase of power from the public utility that is reflected in the ORS mission. ORS's representation for customer-generators who choose to install or lease rooftop solar as well as non-participating customers is in regard to the rates paid to the utility for electric service. The price of the power sold by the customer-generator to the public utility is decided by the Commission based on Commission rules and regulations and Act 62. In summary, ORS represents the customer and customer-generator when the customer *buys* power from the utility and does not represent the utility or customer-generator in relation to the compensation from the renewable energy facility.[10] ORS represents all customers by ensuring that the costs incurred by the utility for purchased power are minimized and prudent.

ORS, as the sole party representing the public interest, or customers, in this proceeding, focused its analysis and recommendations on the elimination of *any* cost-shift from customer-generators to non-customer generators, pursuant to ORS's statutory mission and the requirements of Act 62. The interests of the utilities were represented by Duke itself, and the interests of the solar industry and customer-generators were well represented by seven (7) intervening parties – several of whom represent or are in the business of selling, leasing, and marketing goods and services related to rooftop solar. It is important to recognize the varying interests of the parties appearing in this proceeding in determining compensation for customer-generators and any impacts future rates will have on all of Duke's customers, not just Duke's customer-generators. Testimony presented by Duke and other parties in this proceeding did not comply with Act 62's

[10] ORS's representation of a utility's customers extends to the price a utility pays a customer-generator for power sold back to the grid, as those costs will be recoverable through a utility's rates from all customers pursuant to S.C. Code Ann. §58-27-865. The price paid by a utility for power purchased from a customer-generator must be at or below avoided cost, as determined by the Commission.

ELECTRONICALLY FILED - 2021 May 3 4:06 PM - SCPSC - Docket # 2020-264-E - Page 13 of 20

requirement of reducing the cost-shift burden on non-solar customers to the greatest extent practicable as the reduction of the cost-shift is in opposition to those parties' interests.

DUKE'S PROPOSAL

Duke's proposal does reduce the cost shift that is present in Duke's current NEM rate structure to an extent, however, the proposal will still require non-customer generators to bear the burden of a cost shift.[11] Duke's current NEM programs, developed pursuant to a settlement agreement in Docket No. 2014-246-E, apply to existing customer-generators and customer-generators applying on or before May 31, 2021. Duke's current NEM programs expire in 2025 or 2029, depending on when the customer-generators applied to participate in the NEM programs.[12] Duke's proposed Interim Solar Choice Metering Tariff ("Interim Tariff") will be available for residential customer-generators who apply for interconnection from June 1, 2021 through December 31, 2021.[13] The Interim Tariff will be similar to the current NEM program, but will include monthly netting with net exports credited at avoided cost, non-bypassable charges for costs such as energy efficiency costs, cyber security costs, storm cost recovery and similar costs, enrollment caps, and future service provisions.[14] Duke proposed the Interim Tariff as a step-down for customer-generators before they enroll in the Permanent Solar Choice Metering Tariffs ("Permanent Tariffs"). Duke's Permanent Tariffs will be available for residential customers who apply for interconnection on or after January 1, 2022.[15] The Permanent Tariffs will be similar to the current NEM tariffs, but will include monthly netting within TOU periods and net exports credited at avoided cost and a monthly minimum bill.[16] Duke's Residential Solar Rate Schedules will be available for residential

[11] Horii Surrebuttal p. 3, ll. 3-7.
[12] Application, p. 11, Application, p. 16.
[13] Application, p. 14.
[14] Application, p. 14.
[15] Application, p. 14.
[16] Id.

ELECTRONICALLY FILED - 2021 May 3 4:06 PM - SCPSC - Docket # 2020-264-E - Page 14 of 20

customers who apply for interconnection on or after January 1, 2022. These schedules include TOU rates with critical peak pricing, a monthly grid access fee for systems larger than 15 kilowatts, and non-bypassable charges.[17] The non-residential riders will be available for non-residential customers who apply for interconnection on or after June 1, 2021, and will include monthly netting with net exports credited at avoided cost. The current NEM programs lead to non-customer generators paying "more than their fair share" to recover Duke's cost to serve all ratepayers.[18] Duke's proposed Interim and Permanent Tariffs will also lead to non-customer generators paying more than their fair share to recover Duke's cost to serve all ratepayers. Duke's proposal was drafted based on collaboration with several stakeholders, but not a single stakeholder representing the interests of non-customer generators.[19] Duke's Solar Choice Metering Tariffs are overly biased toward customer-generators and the solar industry due to the predominance of solar interest among the Stipulating Parties, and therefore not in compliance with Act 62 with regard to the elimination of the cost shift to the greatest extent practicable. This bias is further evidenced by testimony presented at the virtual public hearing by former State Representative Mandy Powers Norrell, who testified in favor of Duke's proposal. Representative Norrell referred to Duke's proposal as a "win-win" for Duke and customer-generators and described Duke as a "real hero for solar energy."[20,21]

ORS RECOMMENDATIONS

ORS witness Horii testified he generally agreed to the types of rate components presented in Duke's proposed Solar Choice Metering Tariffs, but the Interim Riders would be far too generous

[17] Application, p. 14.
[18] Application, p. 7.
[19] Duke's Solar Choice Tariffs are supported by SACE, CCL, Upstate Forever, Sunrun, Vote Solar, and NCSEA. Application, p. 3.
[20] See April 21, 2021 Virtual Public Hearing Archived Livestream around 1:03:40 and 1:10:50.
[21] ORS objected to Representative Norrell's testimony and requested it be struck from the record as it was improper for a legislator to offer testimony regarding legislative intent. See Objection to Public Witness Testimony filed April 26, 2021.

ELECTRONICALLY FILED - 2021 May 3 4:06 PM - SCPSC - Docket # 2020-264-E - Page 15 of 20

toward customer-generators and he found fault with the embedded COS studies Duke inaccurately used as evidence that its proposal fulfilled the requirements of Act 62 to eliminate the cost shift and subsidization to the greatest extent practicable.[22] Witness Horii testified Duke overestimated the cost reductions that should be attributed to residential solar installations, thereby inaccurately representing to the Commission that the cost shift would be eliminated under the proposed Permanent Tariffs.[23]

EMBEDDED COS

Duke witness Harris testified the Companies submitted the Embedded Cost Shift Studies as part of their analysis of the potential for cross-subsidization by the Solar Choice Metering Tariffs, as required to be addressed by Act 62.[24] Witness Harris testified the Embedded COS Studies utilize the Summer Coincident Peak ("CP") as "both utilities have historically been summer peaking" yet admitted that the Companies are in fact winter peaking and expect to remain winter peaking in the future.[25] Duke has acknowledged in its 2016 Resource Adequacy studies and 2020 Integrated Resource Plans that it is a winter peaking utility.[26] ORS witness Horii testified the use of a Summer CP is inappropriate, as it does not reflect the reality that the Companies have the greatest need for generation capacity in the winter.[27] This inaccurate use of a Summer CP falsely shows there would be a substantial reduction in the costs allocated to customer-generators, making it appear that the cost shift disappears or nearly disappears under Duke's proposal.[28] In response to Company and Intervenor testimony that any deviation from the Summer CP allocator must be made as part of a future base rate case as it would require changing rates for all customer classes, ORS witness Horii

[22] Horii Revised Direct p. 4, ll. 1-5.
[23] Horii Revised Direct p. 4, ll. 5-14.
[24] Harris Rebuttal, p. 4, l. 21 to p. 5, l. 2.
[25] Harris Rebuttal, p. 6, ll. 3-21, p. 8, ll. 12-14.
[26] Horii Surrebuttal, p. 5, ll. 9-11.
[27] Horii Surrebuttal, p. 5, ll. 10-13.
[28] Horii Surrebuttal, p. 5, ll. 4-8.

ELECTRONICALLY FILED - 2021 May 3 4:06 PM - SCPSC - Docket # 2020-264-E - Page 16 of 20

clarified that Act 62 provides the Commission the flexibility to examine the embedded cost to serve customer-generators without obligating the Commission to alter rates for any other customers.[29] The Embedded COS analysis using the winter 1CP will provide the Commission with an accurate representation of the cost shift that would be borne by non-customer generators under Duke's proposal.[30]

MONTHLY TOU NETTING

Duke witness Harris testified the Interim Riders' rate netting policy would result in about an 18% increase in kilowatt hours ("kWh") credited at the retail rate as compared to the kWh credited under a monthly TOU netting mechanism.[31] This policy would provide customer-generators with an extra $127 in annual bill credits compared to the monthly TOU netting of the Permanent Tariffs.[32] Witness Horii testified the Duke billing system may not be able to manage the TOU for the Interim Riders through December 31, 2021, but there is no reason not to use a TOU netting process after the Permanent Tariffs go into effect January 1, 2022.[33] Witness Horii recommended the monthly TOU netting, or no netting at all, be utilized for the proposed Interim Riders once the Permanent Tariffs go into effect.[34] The monthly TOU netting would remove more than $10 per month in cost shift burden imposed by each Interim Tariff customer, and no netting would result in all solar output consumed on site would reduce the customer generator's retail bill and all energy exports would be credited at the energy export rate.[35] Witness Horii also testified

[29] Horii Surrebuttal, p. 6, ll. 3-6.
[30] Witness Horii calculated the actual cost shift of Duke's proposal would be $449 per DEP customer-generator annually and $621 per DEC customer-generator, annually. See Horii Revised Direct, p. 10, Table 1: Cost Shift of Permanent Tariffs.
[31] Harris Direct, p. 12, ll.
[32] Horii Revised Direct, p. 39, l. 18 to p. 40, l. 2.
[33] Horii Revised Direct, p. 39, ll. 9-12.
[34] Horii Revised Direct, p. 39, ll. 13-15.
[35] Horii Revised Direct, p. 39, ll. 3-16.

ELECTRONICALLY FILED - 2021 May 3 4:06 PM - SCPSC - Docket # 2020-264-E - Page 17 of 20

the Non-Residential Riders should switch to monthly TOU netting on January 1, 2022.[36] Witness Horii testified his recommendation was merely a move from monthly netting to monthly TOU netting, with no impact to retail rates, only the amounts of solar exports that can be netted each month.[37]

INTERIM RIDERS BASE FACILITIES CHARGE

Duke Witness Huber testified under the Interim Riders, customer-generators would be assessed a minimum bill set at $10 more than the BFC.[38] As explained by Witness Horii, an additional $10 BFC is more appropriate than the proposed minimum bill, as the latter would only have an impact on customer generator bills if the customer-generator uses less than $10 of electricity per month – which is likely not very common.[39] This $10 BFC would assure that customer-generators pay a monthly charge that is closer to their cost of service, thereby addressing a common concern with NEM rates that customer-generators do not sufficiently pay for the utility distribution and transmission systems that are needed to serve them.[40]

VII. CONCLUSION

This Commission, in adopting Solar Choice Metering Tariffs, must minimize the cost-shift to the greatest extent practicable and must find by a preponderance of the evidence that any cost shift that affects the general body of customers must be in their best interest. In order to achieve this, and based on the aforementioned testimony of record, the Commission should adopt ORS's modifications in order to eliminate the cost-shift from customer-generators to non-customer

[36] Horii Revised Direct, p. 41, ll. 11-12.
[37] Horii Surrebuttal, p. 15, ll. 4-7.
[38] Huber Direct, p. 10, ll. 17-19.
[39] Horii Surrebuttal, p. 40, ll. 9-11.
[40] Horii Surrebuttal, p. 40, ll. 14-20.

ELECTRONICALLY FILED - 2021 May 3 4:06 PM - SCPSC - Docket # 2020-264-E - Page 18 of 20

generators to the greatest extent practicable, thereby complying with Act 62. ORS respectfully requests this Commission:

a. In order for an accurate picture of the cost shift implications of the Solar Choice Metering Tariffs, the Embedded COS Study cost shifts should be calculated using the winter 1 CP to reflect that both DEC and DEP system capacity needs are and will be driven by winter peak demands; and

b. To remove more than $10 per month in cost shift burden imposed by each Interim Tariff customer generator, those on Interim Riders should be migrated onto monthly TOU netting once the Permanent Tariffs, that also use monthly TOU netting, become effective; and

c. Like the Interim Riders for residential customer-generators, the use of monthly netting should be replaced by monthly TOU netting on January 1, 2022; and

d. To further help reduce the cost shift burden imposed by Interim Tariff customer-generators, the Interim Riders should include an incremental $10 per month BFC, rather than the proposed $10 minimum bill.

ORS also requests the Commission require Duke to track and report to the Commission on an annual basis the cost shift based on the avoided cost for solar customer-generators subscribing to the proposed Solar Choice Metering Tariffs. ORS recommends this annual tracking and reporting be filed in these Dockets. ORS reserves the right to review and make recommendations on all cost shift impacts in any future Duke general rate case proceeding.

SIGNATURE ON NEXT PAGE

ELECTRONICALLY FILED - 2021 May 3 4:06 PM - SCPSC - Docket # 2020-264-E - Page 19 of 20

Respectfully submitted,

/s/ Jenny R. Pittman

Jeffrey M. Nelson, Esquire
Andrew M. Bateman, Esquire
Jenny R. Pittman, Esquire
OFFICE OF REGULATORY STAFF
1401 Main Street, Suite 900
Columbia, South Carolina 29201
Phone: (803) 737-0800
Email: jnelson@ors.sc.gov,
abateman@ors.sc.gov
jpittman@ors.sc.gov

Attorneys for the SC Office of Regulatory Staff

May 3, 2021

ELECTRONICALLY FILED - 2021 May 3 4:06 PM - SCPSC - Docket # 2020-264-E - Page 20 of 20