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Via Electronic Filing

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

Re: Duke Energy Carolinas, LLC's Establishment of Solar Choice Metering Tariffs Pursuant to S.C. Code Ann. Section 58-40-20 (**Docket No. 2020-264-E);** Duke Energy Progress, LLC's Establishment of Solar Choice Metering Tariffs Pursuant to S.C. Code Ann. Section 58-40-20 (**Docket No. 2020-265-E**); **The Response of Solar Energy Industries Association and North Carolina Sustainable Energy Association to the April 21, 2021 Virtual Public Hearing**

Dear Ms. Boyd:

The Solar Energy Industries Association ("SEIA") and the North Carolina Sustainable Energy Association ("NCSEA") respectfully submit this letter offering comments and brief responses on the testimony of public witnesses in the April 21, 2021 virtual public hearing ("April 21 Hearing") for South Carolina Dockets No. 2020-264-E and 2020-265-E concerning Duke Energy Carolina's and Duke Energy Progress LLC's (collectively "Duke") Solar Net Metering Tariff programs.

SEIA and NCSEA applaud the Commission for holding the April 21 Hearing and believe that many of these witnesses provided necessary context and testimony regarding several issues under discussion, including the legislative intent of Act 62, the current state of the rooftop solar market in South Carolina, the expected impact of the Commission's decision in this matter on that market, and the impact of Duke's proposed tariff on underserved and low to middle income ("LMI") communities in South Carolina. SEIA and NCSEA appreciate the importance of public participation in these matters, and recognize the generosity of time given by the witnesses during this hearing.

Response to Witness Powers Norrell's Testimony Clarifying the Legislative Intent of Act 62

Witness Mandy Powers Norrell, a former South Carolina state Representative and co-sponsor of Act 62, spoke on the legislative intent of this Act and how it pertains to the above captioned docket. Fundamentally, and as reiterated by Witness Powers Norrell, Act 62 is "about democratizing energy in South Carolina".[1] As has been discussed throughout this docket, the legislature is clear on this point and took the uncommon action of including specific language expressing this intent as a preamble to the statutory language within the Act. As Section 5 of Act 62 notes, three distinct policy goals are described regarding this goal:

> 1. [B]uild 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. [A]void disruption to the growing market for customer-scale distributed energy resources.
>
> 3. [R]equire 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.

According to the broader context given by Witness Powers Norrell, it has always been the goal of the legislature through Act 62 to empower the Commission to approve a solar choice metering tariff that builds the solar market, creates clean energy jobs, broadens choice among electric customers, and does not unduly burden the industry in helping to meet these goals. Specifically, Witness Powers Norrell notes that adding the phrase "to the greatest extent possible" to the requirement to eliminate or minimize subsidization was intentional. She was explicit that the purpose of this language and Act 62 on the whole is to "absolutely" promote solar, and that growing the solar market and solar jobs were primary goals to Act 62. Thus, the language "to the greatest extent possible" empowers the commission to adjust rates without negatively impact the solar industry in such a way that the industry is no longer able to meet the intent of the Act.

Witness Powers Norrell also noted that she and her colleagues were well aware that the benefits of rooftop solar "outweigh the drawbacks" while they were debating this Act, and that it was the intent of the legislature at the time to rely on the judgement of the utility in quantifying the benefits of solar and whether it was in the best interest of its customers and shareholders.

SEIA agrees with these points and reiterates the point that the overriding intent of Act 62 is to grow the solar industry and opportunities for South Carolina's electricity customers to have access to a broad range of energy options, up to and including rooftop solar.

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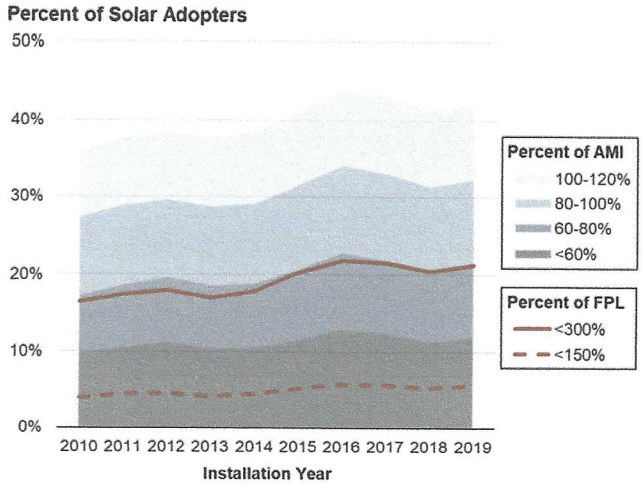
[1] See Comments of Witness Mandy Powers Norrell in the Virtual Public Hearing, Docket Nos. 2020-264-E and 2020-265-E, April 21, 2021.

Response to the Impact of Duke's Settlement Tariff on Low to Middle Income Communities

Witness Alecia Brewster addressed the importance of expanding access to solar to low-income customers and addressed recently published research from Lawrence Berkeley National Laboratories ("LBNL") that included South Carolina specific data.[2] First, SEIA and NCSEA are supportive of any policy efforts that expand access to solar for underserved and low-middle income communities. As Witness Brewster identified, one of the ways to do this is via third-party ownership ("TPO"), also known as solar leasing. The recent LBNL study found that on average, solar adopter household income is lower overall for adopters who utilize solar leasing over traditional ownership models, and that TPO has driven higher rates of adoption in lower income households.[3] The LBNL study also found that shares of LMI adopters over all solar adopters have trending up over the last decade as solar technology has gotten cheaper and more accessible.



Notes: Both AMI and FPL vary by household size. For a family of three, the FPL for the contiguous 48 states was $21,330 in 2019.

Witness Brewster also noted that while cost shift is a concern, the greater concern is making sure that customers, especially those who are low to middle income, have equitable access to solar programs and offerings and that the ability to have greater control over one's energy use is greater than a de minimis cost shift towards non-adopters. SEIA and NCSEA agree with this sentiment, and reiterate that the intent of Act 62 is not necessarily to eliminate any cost shift, if there is one, but rather to reduce it to the greatest extent practicable while also preserve the intent of the Act to build upon and expand available customer offerings to go solar.

Response to the Current Rooftop Solar Market Conditions in South Carolina and the Impact of the Duke Proposed Tariff

Witness Paul Rundle gave assessment of South Carolina's rooftop solar industry through his testimony. Specifically, Witness Rundle observed that South Carolina is not necessarily a "thriving market", especially when compared with other markets in the United States. As noted above, the purpose of Act 62 is to *build* the existing solar market, not destroy it. SEIA and NCSEA concur with Witness Rundle's contention that a plan that cuts to compensation "greater than 10%" will harm the market and supports the settlement with the Duke Companies, as discussed by

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[2] *See* Residential Solar-Adopter Income and Demographic Trends: 2021 Update | Electricity Markets and Policy Group (lbl.gov)

[3] Wolske, K., Stern, P. & Dietz, T. Explaining interest in adopting residential solar photovoltaic systems in the United States: toward an integration of behavioral theories. *Energy Res. Soc. Sci.* **25**, 134–151 (2017).

Witness Beach, because it navigates that fine line of preserving sufficient value for consumers to support customer investment.

Witness Rundle also asserted that soft costs can create significant barriers to market growth in South Carolina. Months of interconnection delays are simply untenable and not conducive to the type of solar growth envisioned in Act 62. States with much higher solar penetrations, such as California and Hawaii, are examining or creating policies and procedures that reduce or entirely eliminate the interconnection process of solar systems under certain conditions.[4] The Commission, when evaluating the efficacy and success of a program, should consider the cost burden imposed by interconnection and permitting processes in addition to other aspects of any given rooftop solar program.

CONCLUSION

SEIA and NCSEA appreciate the Commission's diligence in creating a thorough and sound record in this proceeding, in addition to the thoughtful testimony presented by public witnesses to this docket. SEIA and NCSEA appreciate the opportunity to submit these comments to the April 21 hearing and looks forward to working with the parties and the Commission in developing a successful NEM successor program.

Respectfully submitted,

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[4] See, for example, Hawaiian Electrics "Quick Connect" program which allows certain systems to skip the interconnection process entirely on certain circuits: https://www.hawaiianelectric.com/products-and-services/customer-renewable-programs/private-rooftop-solar/quick-connect