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BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NOS. 2020-264-E and 2020-265-E - ORDER NO. 2021-390

May 30, 2021

IN RE: Docket No. 2020-264-E – Duke Energy Carolinas, LLC's Establishment of Solar Choice Metering Tariffs Pursuant to S.C. Code Ann. Section 58-40-20 (See Docket No. 2019-170-E)	)	ORDER APPROVING STIPULATIONS, APPROVING INTERIM RIDERS, AND ESTABLISHING SOLAR CHOICE TARIFFS
and	)	
Docket No. 2020-265-E – Duke Energy Progress, LLC's Establishment of Solar Choice Metering Tariffs Pursuant to S.C. Code Ann. Section 58-40-20 (See Docket No. 2019-169-E)	)	

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Virtual Public Hearing from a witness that worked within the solar industry in South Carolina who testified the Solar Choice Tariffs would allow the industry to keep moving forward in South Carolina. Likewise, Witness Zimmerman—principal and founder of a commercial solar developer in South Carolina— explained that the Non-Residential Stipulation would provide solar developers in South Carolina with enough room to grow, resulting in more options for customer-generators in South Carolina.

As for the requirements found in S.C. Code Ann. § 58-40-20(F)-(H), the Parties were generally in agreement the Solar Choice Tariffs comply with the statute. The avoided cost export credit is consistent with Act 62's call to create a methodology that compensates customer-generators for the benefits provided by their exports to the power system. The Commission finds for purposes of this proceeding that this export credit reflects an appropriate approximation of the benefit provided to the system. Although the export credit regime realigns costs with benefits under the Solar Choice Tariffs, customer-generators are still able to enjoy a 1:1 offset for energy consumed behind the meter in compliance with Act 62's prohibition on penalties for behind the meter consumption.

The monthly netting within the Solar Choice Tariffs aligns the costs and benefits of serving Solar Choice customers in the affected service territories. Although the Permanent Tariffs contain monthly netting within TOU periods, the Commission finds it unnecessary to include the same mechanism within the Interim Riders and the Non-Residential Riders[7], as suggested by ORS.

Furthermore, including the same monthly netting within TOU periods as the

[7] These riders contain monthly netting but do not net within TOU periods.

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The Commission rejects the challenges to the Companies' methodologies and cost shift numbers. The allocators and methodologies underlying the Solar Choice Tariffs are based upon sound ratemaking principles that have been accepted by the Commission. The Solar Choice Tariffs substantially, if not completely, eliminate any cost shift in accordance with Act 62, while also providing opportunities for solar adoption and market growth in South Carolina. Likewise, solar opportunities are achieved without penalizing customers in violation of Act 62 because customers can continue to offset, on a 1:1 basis, their energy requirements from the Companies via self-consumption. As such, the Companies have fulfilled Act 62's requirement to eliminate cost shift "to the greatest extent practicable."

Further, the Commission believes, as discussed below, the recommendations of ORS' witnesses to completely eliminate the alleged cost shift would increase rates to a point which would disrupt the solar market. A tariff containing such rates would not meet the stated intent and the requirements of Act 62.

Therefore, the Commission finds that the Interim Riders and Non-Residential Riders shall be effective for applications received after May 31, 2021, with the Permanent Tariffs becoming effective on January 1, 2022. These Solar Choice Tariffs shall be offered upon the terms and conditions set forth in this Order.

III. JURISDICTION AND GUIDING LEGAL FRAMEWORK

This Commission has jurisdiction over the Companies, as the Companies are electrical utilities under the laws of South Carolina and their operations are subject to the jurisdiction of this Commission and Act 62, which requires the Commission to approve new Solar Choice tariffs for applications received by the utilities after May 31, 2021.

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methodologies substantially, if not completely, eliminate cost shift in accordance with Act 62, while also providing opportunity for solar adoption and market growth in South Carolina. Likewise, it is achieved without penalizing customers in violation of Act 62 given that customers can continue to offset, on a 1:1 basis, their energy requirements from the Companies via self-consumption. As such, the Companies have fulfilled Act 62's requirement to eliminate cost shift "to the greatest extent practicable while ensuring access to customer-generator options."

X. ORDERING PARAGRAPHS

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. Based upon the testimony and exhibits received into evidence at the hearing and the entire record of this proceeding, the Commission hereby adopts each and every finding of fact enumerated herein. The Commission's conclusions of law are fully stated above.

2. Any motions not expressly ruled upon herein are denied.

3. Act 62 contains NEM requirements that were not present within Act 236.

4. These requirements are set forth within Act 62 in the form of specific Solar Choice requirements as well as broader legislative intent. The Commission must necessarily give weight to all provisions related to Solar Choice and attempt to balance this broad range of interests within Act 62. The Commission cannot focus on one goal to the exclusion of the others.

5. The Solar Choice Tariffs significantly, if not completely, eliminate the cost shift through the use of innovative best practices—such as a minimum bill directly collecting customer and distribution costs, Grid Access Fees, non-bypassable charges,

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TOU rates, CPP periods, TOU and monthly netting, and avoided cost export credits. This elimination is achieved without penalizing Solar Choice customers given that customer-generators may continue to offset energy required from the Companies on a 1:1 basis through self-consumption.

6. The Solar Choice Tariffs permit customer-generators to achieve bill savings. This opportunity to achieve bill savings will incentivize the adoption of solarin South Carolina, thereby avoiding disruption of the market and continuing the successful deployment of DERs under Act 236. This continued industry presence in South Carolina, coupled with the opportunity for significant bill savings under the Solar Choice Tariffs, ensures that customer-generators have access to NEM programs in accordance with Act 62.

7. When taken together, the ratemaking structures within the Solar Choice Tariffs reduce cost shift for residential customers by approximately 84% and 100% for DEC and DEP, respectively, from an embedded cost perspective. From a marginal cost perspective, the Solar Choice Tariffs reduce cost shift for residential customers by approximately 88% and 53% for DEC and DEP, respectively.

8. In this way, the Solar Choice Tariffs achieve Act 62's goal of eliminating cost shift "to the greatest extent practicable" because they achieve this reduction in cost shift by accounting for the other goals within Act 62 and do not penalize customers in violation of Act 62.[16]

[16] Customers can continue to offset, on a 1:1 basis, their energy requirements from the Companies via self-consumption.

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9. The Interim Riders and Non-Residential Riders will be effective June 1, 2021, in accordance with Act 62's timeline. The Permanent Tariffs will be effective January 1, 2022. This represents an appropriate mitigation measure for existing customers given that the Interim Riders act as a glide path to the Permanent Tariffs. Even in the absence of the Permanent Tariffs, the Interim Riders and Non-Residential Riders contain sufficient ratemaking tools to mitigate the risk of cost shift in accordance with Act 62.

10. The rate structures within the Permanent Tariffs and Non-Residential Riders shall remain unchanged for 10 years. However, the Companies shall update the values within the tariffs annually and revisit the export methodology every five years. Customers taking service under the Interim Riders can do so until May 31, 2029.

11. Customers under Existing NEM Programs and Interim Riders can take service under those programs until their applicable sunset date, or can switch to the Solar Choice Tariffs (or Permanent Tariffs for customers under the Interim Riders) with prior notice to the Companies. For customers that reach the applicable sunset date and do not wish to take service under the Solar Choice Tariffs, the Companies shall propose a transition tariff for those customers to this Commission prior to those sunset dates.

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

BY ORDER OF THE COMMISSION:

Justin T. Williams, Chairman
Public Service Commission of
South Carolina