

# SEEA Policy Highlights

July - November 2017

## State, Local and Utility Policy Highlights



SEEA's Policy Highlights provide stakeholders with brief, timely and relevant information on energy efficiency and related topics throughout the Southeast. For more information or to provide input, contact Kate Lee, Policy Manager at [klee@seealliance.org](mailto:klee@seealliance.org).

### Arkansas

- **Energy Efficiency Resource Standards:** In December 2015, the Arkansas Public Service Commission (Commission) set energy efficiency targets for 2017-2019, ordering electric utilities to meet savings targets of 0.9% (of 2015 retail sales) for 2017 and 2018 and 1% for 2019, and requiring natural gas utilities to meet a 0.5% savings target for 2017 to 2019. On November 2, 2017, the Commission issued an [order](#) directing the state's [Parties Working Collaboratively](#) stakeholder group, which makes recommendations to the Commission on a variety of efficiency-related issues, to review the findings and recommendations of the [National Standard Practice Manual](#) (NSPM) in planning for the next target cycle in 2020-2022. The NSPM, a project of the National Efficiency Screening Project that was released in May 2017, recommends an alternative framework to traditional cost-effectiveness testing methods for energy efficiency programs. *Docket No. 13-002-U*
- **Advanced Metering Infrastructure (AMI):** In September 2016, Entergy Arkansas sought approval from the Commission to deploy advanced meters throughout its service territory. On August 11, parties to the docket reached a [settlement agreement](#) allowing Entergy to recover costs for the AMI investment through a formula rate plan rider, and requiring that Entergy include AMI-enabled energy efficiency and demand response programs in its energy efficiency program portfolio and establish a variety of programs, including a consumer education plan, a pre-pay program, and an opt-in time-of-use (TOU) rate for residential customers. The Commission [approved](#) the settlement agreement on October 30, 2017. *Docket No. 16-060-U*

### Florida

- **Public Service Commission (PSC) Changes:** On September 15, 2017, Governor Rick Scott [appointed](#) two new Commissioners, David "Ritch" Workman and Gary Clark, to the Florida PSC, and reappointed Commissioner Art Graham, who has served on the Florida PSC since July 2010. Gary Clark was sworn in on October 3<sup>rd</sup> to fill the seat vacated by Jimmy Patronis, who Governor Scott named as the state's chief financial officer in late June. Ritch Workman will replace current Commissioner Ronald Brisé, whose term ends in January 2018.
- **Nuclear Construction:** *See General section on page 4.*

## Georgia

- **Nuclear Construction:** *See General on page 4.*

## Louisiana

- **Utility Energy Efficiency Program Rules:** On September 20, 2017, the Louisiana PSC [voted](#) to extend the Quick-Start phase of Louisiana's energy efficiency rules for an additional year, pending the finalization of long term rules in Phase II. The Commission had previously issued two [requests for comments](#) seeking input on Phase II, and issued an [order](#) directing that 50% of participating utilities' annual program budgets be allocated to EE programs limited to applicable governmental entities. In its September 20<sup>th</sup> decision, the Commission voted to maintain the existing budget cap of .50% of 2012 retail revenues for the additional Quick Start year and to continue the funding requirement for political subdivisions. The deadline to submit proposals for these political subdivisions is November 20. *Docket No. R-31106*
- **Rate Design:** Earlier this year, LA PSC Chairman Scott Angelle opened a [conversation](#) about the future of electric rates in Louisiana, based on a review of the utilities previously filed Integrated Resource Plans. In a series of Technical Conferences this summer, Chairman Angelle invited utilities and other stakeholders to present information so that the Commission would have options to achieve its goal of providing reliable electric service at the least reasonable cost. The Commission has held two Technical Conferences on the proceeding, most recently on October 13, 2017, and a final decision is pending. *Docket No. S-34426*
- **Public Service Commission Election:** In May 2017, Commissioner Scott Angelle resigned after President Donald Trump appointed him to a position with the Bureau of Safety and Environmental Enforcement. On October 14, 2017, Louisiana held a special election to choose a replacement to serve the remainder of Angelle's term, scheduled to end on December 31, 2018. Craig Greene (R) [won the election](#) with 55 percent of the vote, defeating Damon Baldone, who had been holding the position on an interim basis.

## Kentucky

- **Utility Energy Efficiency Portfolio Costs:** In February, the Kentucky Public Service Commission announced that it was opening a [docket](#) to re-evaluate the value and cost-effectiveness of Kentucky Power's energy efficiency and demand-side management programs. The re-evaluation was prompted by the Commission's concerns over recent increases in the utility's monthly DSM surcharge, which is assessed on customer bills. Sierra Club and Kentuckians for the Commonwealth both intervened in the proceeding, and the Commission denied Walmart's motion to intervene. On November 2, 2017, the Commission issued an order stating that Kentucky Power is not required to implement any DSM programs pending the completion of the investigation. Intervenor testimony must be filed by November 22 and rebuttal testimony is due by December 13. A hearing schedule is pending. *Docket No. 2017-00097*
- **Fixed Charge Increases:** On June 28, 2017, American Electric Power affiliate Kentucky Power filed an [application](#) requesting a \$65.3 million annual revenue increase, including a proposal to increase the residential customer fixed charge from \$11 to \$17.50. The proposal has faced [significant pushback](#) from consumer advocates, state lawmakers, and the state Attorney General, who argue that the proposal will significantly harm low- and fixed-income customers in the state. *Docket No. 2017-00179*

## Mississippi

- **Utility Energy Efficiency Rules:** On August 31, 2017, Entergy Mississippi filed a motion requesting that the Mississippi Public Service Commission extend the Quick-Start phase of Rule 29, the state's energy efficiency rules, through the end of 2019. Under Rule 29, the Commission was initially planning to adopt numerical savings targets and require utilities to submit Comprehensive Portfolio Plans by September 30, 2017. On September 12, 2017, the Commission disused an [order](#) adopting Entergy's proposal and setting a schedule for public comments. Comments on that proceeding closed in late October, and a final Commission decision is pending. SEEA continues to work as an advisor to the Commission on this proceeding. *Docket 2010-AD-2.*
- **Kemper County Energy Facility:** On June 28, 2017, Mississippi Power [announced](#) that it would be suspending operations and start-up activities on the gasification portion of its Kemper integrated gasification combined-cycle project, instead running the facility as a natural gas plant. Following the announcement, the Mississippi PSC [opened](#) a docket to resolve all outstanding matters associated with the project and directing Commission staff and Mississippi Power to reach a settlement to limit the impact on ratepayers. On September 12, 2017, following several failed attempts to reach an agreement, the Commission [announced](#) that the proceedings would instead be treated as a contested matter and issued a hearing schedule. Hearings will be held on December 4, and the Commission anticipates issuing a final order on or before its January 2018 meeting. *Docket 2017-AD-12.*

## North Carolina

- **Rate Case:** On August 25, 2017, Duke Energy Carolinas (DEC) filed a [rate case](#) seeking a \$647 million increase in annual revenues. The proposal includes an increase in the residential fixed charge from \$11.80 to \$17.79 a month (an approximately 50% increase), about \$10 million in grid modernization investments, and cost recovery for coal ash cleanup and for costs related to the now abandoned Lee nuclear plant. Petitions to intervene are due by January 8, 2018, and public witness hearings are scheduled for January 16, 24, and 30, 2018. The North Carolina Utilities Commission (NCUC) is expected to issue a final order by May 1, 2018. *Docket E-7 Sub 1146*
- **Battery Storage:** Duke Energy has [announced plans](#) to invest \$30 million to build two large-scale battery storage facilities in western North Carolina. This will be Duke Energy's first investment into energy storage on the regulated utility side of its business. Details on the projects are expected to be filed before the NCUC in early 2018, with the projects going online in 2019.
- **Climate Agreements:** On September 20, Governor Roy Cooper [announced](#) that North Carolina will join 14 other states in signing onto the U.S. Climate Alliance, a bipartisan coalition of states committed created in the wake of President Trump's announcement of the U.S withdrawal from the Paris Agreement.
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## South Carolina

- **Nuclear Construction:** *See General section on page 4.*

## Tennessee

- **Rate Design:** In early September, TVA [published](#) on its website a blog post titled “A New Pricing Paradigm” announcing that the utility is considering changing its rates to a declining block rate structure where rates decrease as energy usage increases. TVA stated that the change may be necessary in light of decreasing electricity usage caused by distributed energy resources such as residential solar and higher levels of energy efficiency. In response, a [coalition](#) of environmental and solar advocates have formed to challenge the new structure, stating that it would limit consumer choice, harm the environment, and restrict the growth of Tennessee’s solar market.

## Virginia

- **Evaluation, Measurement, and Verification:** On May 16, 2017, the Virginia State Corporation Commission [proposed rules](#) for the evaluation, measurement, and verification (EM&V) of utility-sponsored demand-side management (DSM) programs. Following a public comment period ending on July 28, 2017, and a public hearing on September 8, 2017, the Commission issued a [final order](#) adopting rules on November 9, 2017. *Docket No. PUR-2017-00047*
- **Regional Greenhouse Gas Initiative:** The Virginia Department of Environmental Quality [announced](#) plans to present a new climate plan for the state at a Virginia State Air Pollution Control Board meeting on November 16, 2017. The climate plan will [propose](#) that Virginia join nine Northeastern states in the Regional Greenhouse Gas Initiative (RGGI), a carbon cap-and-trade program started in 2009.

## General

- **Nuclear Construction Updates (Florida, Georgia, South Carolina, and North Carolina):** In March of this year, nuclear power developer Westinghouse [filed for bankruptcy](#) following serious cost overruns and construction delays at two ongoing nuclear construction projects in the Southeast, V.C. Summer in South Carolina and Plant Vogtle in Georgia. This announcement has prompted a number of other developments with those projects and other planned nuclear projects in the Southeast, summarized below.
  - **South Carolina (V.C. Summer):** In August 2017, South Carolina Electric and Gas (SCE&G) and Santee Cooper, partners on the V.C. Summer Nuclear Plant, announced plans to abandon the project rather than continue construction in the wake of the Westinghouse bankruptcy. The announcement has sparked a number of [lawsuits](#) and [investigations](#) into the project that have revealed serious concerns with how plant construction was managed, including a [finding](#) that construction drawings for the reactors were not approved by professional engineers. While Santee Cooper [announced](#) they will not ask for further rate increases to cover costs associated with the project, SCE&G has not done so, and the South Carolina PSC will be tasked with determining whether the utility will be able to recover these costs and whether customers will be refunded for construction costs already incorporated into rates.
  - **Georgia (Plant Vogtle Units 3 and 4):** On September 19, the Georgia Public Service Commission [voted](#) to continue allowing Georgia Power to move forward with the construction of Plant Vogtle Units 3 and 4 until the Commission makes a final decision about the future of the plant in February 2018. Hearings on the project began on November 6, and included [questioning](#) on whether professional architects were or were not

required to sign off on construction drawings at Plant Vogtle, as was discovered were not required during the construction of the now-abandoned V.C. Summer plant in South Carolina.

- **North Carolina (Lee Nuclear Plant):** On August 25, 2017, Duke Energy [requested](#) permission from the North Carolina Utilities Commission to cancel the development of the Lee Nuclear project due to the Westinghouse bankruptcy.
- **Florida (Turkey Point Units 6 and 7):** On October 17, 2017, the Florida PSC [denied](#) a request by Florida Power & Light (FPL) to recover its 2017 costs related to Turkey Point Units 6 and 7, two proposed new reactors at the Turkey Point nuclear plant, stating that the utility could not collect these costs until it filed a plant feasibility study as required by Florida law. In 2015 and 2016, the Commission allowed FPL to recover approximately \$47 million in costs and allowed FPL to defer filing a feasibility study, but in its October decision, the Commission denied FPL's request for an additional deferral.
- **Clean Power Plan:** On October 9, the EPA [announced](#) that EPA Administrator Scott Pruitt had signed a measure to repeal the Clean Power Plan. In response, a number of environmental groups and states have announced plans to challenge the repeal. In the meantime, litigation on the legality of the rule is still pending before the D.C. Circuit Court of Appeals, and on November 9, the D.C. Circuit agreed to hold Clean Power Plan litigation in abeyance for an additional 60 days and to continue requiring EPA to file monthly status updates. Environmental Defense Fund has compiled all filings in the D.C. Circuit litigation on their [website](#).