

SEEA Policy Highlights

April - June 2018

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.

Arkansas

- **Energy Savings Targets:** On March 9, 2018, the Arkansas Public Service Commission issued an [order](#) directing the state's energy efficiency collaborative, the Parties Working Collaboratively (PWC), to recommend energy savings targets for the state's electric and natural gas utilities for program years 2020-2022. The PWC, which consists of representatives from utilities, environmental groups, the state consumer advocate, and Commission staff, filed its [recommendations](#) with the Commission on May 18, 2018. Because the PWC was unable to reach consensus, the filing contains two recommendations, each from a different group of parties. Commission staff, along with the utilities and the state consumer advocate, recommended that the Commission approve a flat 1.00% savings goal for electric utilities, while the other parties to the PWC recommended a 1.2% savings goal for 2020-2022. All parties to the PWC recommended a flat 0.50% net savings goal for gas utilities. The Commission is expected to issue an order setting targets before August 2018. *Docket No. 13-002-U*
- **Public Service Commission Staff Changes:** In April 2018, Arkansas PSC Executive Director John Bethel [announced](#) that he would be leaving the PSC to join Entergy Arkansas as the utility's director of public affairs. Matthew Klucher, the PSC's Director of Rate and Demand Resources, also [announced](#) that he would be leaving the PSC to work for Entergy Services Corporation of New Orleans.

Florida

- **NextEra Purchase of Gulf Power:** On May 21, 2018, NextEra Energy [announced](#) that it had agreed to purchase Gulf Power and gas utility Florida City Gas from Southern Company for \$6.475 billion. NextEra is headquartered in Florida and currently owns Florida's largest utility, Florida Power & Light, which serves approximately 10 million customers across the state. If the deal with Southern Company is approved by state and federal regulators, NextEra would gain an additional 450,000 electricity customers from Gulf Power and 110,000 gas customers from Florida City. The acquisition of Florida City is expected to close by the end of 2018, while the deal with Gulf Power may take until the first quarter of 2019. NextEra has previously tried to purchase two other utilities, Hawaiian Electric in 2015 and Oncor in 2017, but did not receive regulatory approval in either instance.
- **Commercial DSM Pilot Program:** The Florida PSC [approved](#) an experimental demand-side management pilot for Gulf Power that allows commercial and industrial customers to receive a bill credit for allowing Gulf Power to curtail their

demand during peak hours. Customers will receive a \$3.35 bill credit per kW curtailed and must commit to a minimum non-firm demand reduction of 4,000 kW. The pilot is set to expire in 2021. *Docket No. 20170252-EI*.

- **Nuclear Licensing:** On April 9, the Nuclear Regulatory Commission [authorized](#) the issuance of licenses for two new nuclear reactors at the existing Turkey Point nuclear plant, owned and operated by Florida Power & Light. Despite the approval, Florida Power & Light may decide [not to construct](#) the new units due to the current low cost of natural gas and the challenges facing the construction of similar reactors at Plant Vogtle in Georgia and V.C. Summer in South Carolina, the latter of which has been [abandoned](#). In August 2017, Duke Energy Florida decided to [terminate](#) licensing proceedings for its planned nuclear facility at Levy County, instead deciding to focus on solar and natural gas generation.

Kentucky

- **Advanced Metering Infrastructure:** On January 10, 2018, Louisville Gas and Electric Company (LG&E) and Kentucky Utilities Company (KUC) filed a [petition](#) with the Kentucky Public Service Commission requesting a full advanced metering system roll-out across their service territories. LG&E requested \$165.2 million in capital cost recovery to deploy approximately 413,000 electric and 334,000 gas meters, while KUC requested \$146.7 million to deploy 513,000 electric meters. A hearing on the docket is scheduled for July 24, 2018. If approved, the deployment is expected to be completed by 2021. *Docket No. 2018-00005*.

Mississippi

- **Integrated Resource Planning:** On May 8, 2018, the Mississippi Public Service Commission opened a [docket](#) to investigate and consider the development and adoption of Integrated Resource Planning rules for regulated electric utilities in Mississippi. While the Commission had previously considered and rejected the adoption of a federal IRP standard in 2008, in opening the current IRP docket the Commission stated that “the time is now right to reconsider the establishment of an IRP process to address the specific needs of Mississippi electric utilities and rate-payers.” Parties who wish to intervene in the proceeding must petition to do so prior to June 18, and comments on the docket will be due 60 days from the date the docket was opened. *Docket No. 2018-AD-64*.

North Carolina

- **Grid Modernization:** 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. On June 5, 2018, DEC reached a settlement with Environmental Defense Fund, Sierra Club and the North Carolina Sustainable Energy Association, three of the environmental groups intervening in the rate case. Under the proposed settlement, DEC will spend \$2.5 billion over a three-year pilot for grid modernization, approximately \$25 million for electric vehicle charging infrastructure, and will commit to installing 300 MW of energy storage by 2026. The Southern Environmental Law Center, representing North Carolina Justice Center, North Carolina Housing Coalition, the Natural Resources Defense Council and the Southern Alliance for Clean Energy, opposes the settlement. The North Carolina Utilities Commission must approve the settlement before it goes into effect. *Docket E-7 Sub 1146*

South Carolina

- **V.C. Summer Nuclear Plant Abandonment:** 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 prompted a number of [lawsuits](#) and [investigations](#), lawmaker [pushback](#) on the proposed takeover of SCE&G by Dominion Energy, as well as several [pending legislative actions](#) by the South Carolina legislature. The state legislature [passed](#) a *sine die* resolution to allow at least two special sessions over the summer (one on May 23-24 and another June 27-28) after failing to reach agreement on the V.C. Summer-related bills, among a handful of other issues. The most recent status of these bills is discussed below.
- **Rate Cut Proposals:** The South Carolina House and Senate were unable to come to agreement during the regular legislative session about how much to cut SCE&G's electric bills in response to the V.C. Summer abandonment. While the [Senate](#) passed a plan that would slash SCE&G's electric bills by 13 percent, the House rejected the Senate's plan several days later, arguing instead for a larger 18% cut. Dominion Energy indicated it may pull its offer to purchase SCE&G's parent company, SCANA, if any significant rate cut passes. The legislature will take up this issue in its special session later this summer.
- **Other Legislative Updates:** [HB 4421](#) would have required the Office of Regulatory Staff to investigate revised ratemaking methodologies, cost allocations, and rate designs for all retail customers by the end of 2019. The bill specifies that rate revisions should provide accurate pricing information to customers, allow meaningful opportunity for customers to achieve bill savings, and allow flexibility for customers to use different technologies as they become available. The bill also would have lifted a 2% cap on the state's net metering program. While the bill was approved by the state House on a 64-33 initial vote, opponents of the bill used a legislative rule to force a two-thirds second vote that [killed the bill](#). Another bill, [HB 4425](#), named the Public Utility Consumer Protection Act, would require utilities to submit integrated resource plans, set higher prudence standards for cost recovery for major new utility facilities, and establish an energy efficiency savings target for South Carolina utilities. The bill was still in committee at the end of the regular session.

Tennessee

- **Energy Efficiency Programs:** The Tennessee Valley Authority [announced](#) that it is phasing out most of its existing energy efficiency rebate programs by September 15 of this year. The utility will continue to offer rebates for customers to switch from gas to electric water heaters, but will discontinue rebates for air sealing, duct sealing, attic insulation, heat pump water heaters, and energy efficient windows and doors. Over the past year, TVA has [partnered](#) with the Tennessee Department of Housing and Urban Development to develop a tool, called WAPez, to ease administration of the state's Weatherization Assistance Program and improve delivery of weatherization services to low-income customers.
- **Rate Design:** Earlier this year, the TVA Board approved a "grid access charge" that will be passed through to the 154 local power companies (LPCs) beginning this October. The LPCs will have discretion in whether and how to pass these charges along to their end-use customers.

Virginia

- **Energy Legislation:** Earlier this year, the Virginia General Assembly passed [SB 966](#), a piece of legislation thawing a rate freeze that had been in effect for the two investor-owned utilities in the state, Dominion Energy Virginia and Appalachian Power Company, and setting new requirements for utility energy efficiency programs. Governor Ralph Northam signed the bill, and Virginia stakeholders have been coordinating to implement the many provisions of the law, including determining how a stakeholder process which will provide input into how the investor-owned utilities spend nearly \$1 billion on energy efficiency. The State Corporation Commission expects to issue an RFP for facilitators for the process later this year.
- **Staff Changes:** Angela Navarro, previously Deputy Secretary of Natural Resources has been appointed as the Deputy Secretary for Commerce and Trade. Previously with the Southern Environmental Law Center, Angela will continue to address energy issues for the Commonwealth in her new role.
- **DSM Filing:** Dominion will be filing its annual Demand Side Management plan this October, prior to which it expects to host one or more stakeholder meetings to gather input. Earlier this year, the State Corporation Commission denied energy efficiency programs filed by Appalachian Power after they determined that the programs did not meet cost-effectiveness criteria established by the Commission.

Regional

- **Carbon Commitments:** On April 9, 2018, Southern Company CEO Tom Fanning [announced](#) that Southern Company's generation fleet will be "low to no-carbon" by 2050. On April 11, Southern Company released a [document](#) explaining the company's strategy to meet its new carbon reduction goals.

National

- **Disaster Relief Funding:** On April 10, the office of Housing and Urban Development [announced](#) how it would allocate the record \$27.9 billion in disaster relief funding approved by U.S. Congress in February 2018. The funding is being administered by HUD's Community Development Block Grant- Disaster Recovery Program and will go to help states affected by presidentially declared disasters between 2015 and 2017, including those affected by Hurricanes Harvey, Irma, and Maria. The announcement specified that nearly \$16 billion of the funding will go towards mitigation projects intended to prevent future storm damage.
- **Electric Vehicles:** Electrify America, the Volkswagen subsidiary tasked with administering funding for EV infrastructure resulting from VW's diesel settlement, recently released a [map](#) showing its current and planned locations for chargers around the country, including at over 100 [Walmart stores](#) in 34 states. Electrify America plans to install or begin construction on approximately 2,000 chargers around the United States by 2020.
- **Nest Power Project:** On April 19, 2018, Nest announced its [Power Project](#), an initiative to raise awareness about and help to reduce the energy burden on low-income families in the United States. Nest is partnering with a number of nonprofit organizations, including Habitat for Humanity, to install one million of its thermostats in low-income homes over the next five years.