

# SEEA Policy Highlights

January - March 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](mailto:klee@seealliance.org).

### Arkansas

- **Cost-Effectiveness Testing:** 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. In response, the PWC has formed a working group to develop a case study of the application of the NSPM in Arkansas. *Docket No. 13-002-U*
- **Low-Income Energy Efficiency Programs:** In March 2017, the Arkansas legislature passed [Act 1102](#), which included a provision authorizing the Arkansas Public Service Commission to require utilities to offer energy efficiency programs for customers over sixty-five years of age and for customers eligible for the Low-Income Heating Energy Assistance Program (LIHEAP). In response, the Parties Working Collaboratively (PWC) stakeholder group has formed a working group to prepare a summary of how current programs and related efforts serve these customer segments.
- **Distributed Energy Resources:** The Arkansas Public Service Commission has expanded a [docket](#) on renewable distributed energy resources (DERs) to include a variety of other issues, including energy data access, AMI deployment, rate design, and the respective roles of third parties and utilities in the deployment of DERs. Interested parties were required to file petitions to intervene by January 22, 2018; the schedule for future proceedings is currently pending. *Docket No. 16-028-U*

### Georgia

- **Nuclear Construction:** On December 21, 2017 the Georgia Public Service Commission unanimously [voted](#) to allow Georgia Power to move forward with the construction of Plant Vogtle Units 3 and 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. There has been no further action on the rulemaking since November 2017, when utilities were required to submit proposals for energy efficiency programs [limited to governmental entities](#). *Docket No. R-31106*

- **Potential Studies:** The City of New Orleans has selected Optimal Energy and the American Council for an Energy Efficient Economy to conduct an energy efficiency potential study to determine the feasibility of achieving a target of 2% savings as a percentage of annual sales. The study is expected to be completed in summer 2018.

## Kentucky

- **Utility Energy Efficiency Portfolio Costs:** In February 2017, 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. In January 2018, the Commission issued a decision discontinuing Kentucky Power's DSM programs. *Docket No. 2017-00097*

## 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 issued an [order](#) adopting Entergy's proposal and setting a schedule for public comments. There has been no further action by the Commission on the rulemaking since the comment period closed in late October 2017. *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 February 6, 2018, the Commission [approved](#) a final settlement under which Mississippi Power will absorb approximately \$6.4 billion in losses and will not recover from ratepayers any costs associated with the failed gasification portion of the plant. *Docket 2017-AD-112*.
- **Energy Codes:** In January 2018, a [bill](#) was introduced in the Mississippi legislature to establish residential energy codes statewide. The bill died in committee.

## 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. Hearings on the rate case are currently ongoing. *Docket E-7 Sub 1146*

- **Rate Case:** Recently the North Carolina Utilities Commission (NCUC) [ruled](#) on a proposed rate case filed by Duke Energy Progress last year. In its proposal, Duke proposed grid modernization, energy data access and a fixed charge increase, among others. The NCUC plans to address grid modernization in a separate docket and deferred acting on energy data access issues. The fixed charge was increased from \$11.13 to \$14.00 (DEP had requested \$19.50).  
*Docket E-2 Sub 1131*

## 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](#), as well as several actions by the South Carolina legislature, including, most recently, a [bill](#) on April 3, 2018 to allow the House to form a committee to study the sale of state-owned utility Santee Cooper and to allow the governor to fire its current board of directors. The failure of V.C. Summer caused the state-owned utility to incur approximately \$4.3 billion in debt. At the same time, lawmakers are also [pushing back](#) on the proposed takeover of SCE&G by Dominion Energy. There are also several other [pending legislative actions](#) (two of which are discussed below) that relate to more specific issues around utility planning, energy efficiency, and rate design.
- **Rate Design:** [HB 4421](#) would require 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 is currently in committee.
- **Integrated Resource Planning and Energy Efficiency Targets:** [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 is currently in committee.

## Tennessee

- **Rate Design:** TVA is proposing to adjust the rate structure that applies to its sale of electricity to Local Power Companies. The new rate structure would reduce energy charges to Local Power Companies and would add a new fixed “grid access charge.” Local Power Companies would have some flexibility to determine whether and how to pass that along to end use customers. If approved by the TVA Board, the rate change would go into effect later in 2018.
- **Integrated Resource Planning:** TVA has begun work on its [2019 Integrated Resource Plan](#). TVA is beginning the process approximately a year ahead of schedule in order to “proactively address the changing utility marketplace.” The public scoping process is currently underway and will conclude on April 16. The process will also involve a Distributed Energy Information Exchange, which will meet to discuss the role of distributed energy resources in the IRP.

## Virginia

- **Rate Case:** The Virginia General Assembly passed [legislation](#) “thawing” a rate freeze for the two investor-owned utilities in the state. Included in the legislation, among many other provisions, is a requirement for utilities to increase their investment in energy efficiency and participate in a stakeholder process to inform the development of energy efficiency programs. The Governor must sign the legislation by April 9, 2018 for it to go into effect.

## General

- **Vehicle Efficiency Standards:** In early April 2018, EPA Administrator Scott Pruitt [announced](#) plans to re-evaluate the current efficiency standards for cars and light-duty trucks, stating that current standards are set too high. Any new standards passed would be in place for model years 2022-2025.
- **Federal Budget:** On March 23, President Donald Trump signed a \$1.3 billion [omnibus spending bill](#) for fiscal year 2018. The final bill did not include a number of proposed cuts to environmental and energy programs and [increased the budget](#) of several Department of Energy research programs and national laboratories, including the Energy Efficiency and Renewable Energy office and the Advanced Research Projects Agency-Energy.
- **Infrastructure Package:** In early March 2018, the U.S. Department of Energy and U.S. Department of Homeland Security signed a [Memorandum of Understanding](#) to collaborate on an initiative to advance federal critical infrastructure resilience. The partnership will allow for the development of agency-wide resilience frameworks and support energy and water efficiency in buildings.