

# SEEA Policy Highlights

Q4: October - December 2018

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## New Upgrades Coming to SEEA's Quarterly Highlights

In 2019, SEEA is improving upon the popular Policy Highlights quarterly document to include more of SEEA's work areas and to adapt to the industry's evolving regulatory landscape. Beginning in April 2019, SEEA will distribute Quarterly Highlights for the previous quarter on the 1<sup>st</sup> of April (Q1), July (Q2), October (Q3), and January (Q4). Each email will allow you to access a complete document of all updates or choose to see those most relevant to you in smaller reports broken down by Policy, Built Environment, Energy Efficient Transportation, and Energy Efficiency Financing. The new Quarterly Highlights will continue to provide stakeholders with brief, timely, and relevant information on energy efficiency policy, codes, transportation, and related topics throughout the Southeast.

## Please Give Us Your Feedback!

When reading, please reflect upon what changes could make this document more useful to you and take a moment to fill out the [two-minute survey](#), or contact Emmeline Luck, Policy Associate at [eluck@seealliance.org](mailto:eluck@seealliance.org). We look forward to incorporating your feedback and expanding this document to better support energy efficiency in the Southeast.

[Click here for Survey](#)

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## State Updates

### Alabama

- **Nuclear Construction:** In August, Nuclear Development, LLC revealed [plans](#) to finish the half-completed Bellefonte nuclear power plant, with [expectations](#) that Memphis Light, Gas, and Water (MLGW) would purchase electricity from the plant. After extending the deadline to November 30, the deal [fell through](#) when Tennessee Valley Authority (TVA) stated that Nuclear Development had not attained license transfer and approval from the Nuclear Regulatory Commission (NRC), a necessary legal obligation, prior to the closing date. Nuclear Development responded by filing a [lawsuit](#) for breach of contract, seeking repayment of over \$30 million that it has already paid to TVA for the project and asking for a preliminary injunction to stop TVA from selling the plant to another buyer. A federal judge [denied](#) Nuclear Development's request for an expedited hearing; a court date has not been set.

### Florida

- **Jacksonville Electric Authority (JEA) Leadership:** On November 27, the JEA Board of Directors unanimously [decided](#) to give interim CEO Aaron Zahn the full-time position.

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- **Smart Meters:** On November 9, Duke Energy Florida began [installing](#) smart meters on residential properties across the Orlando area. It [plans](#) to update all customers to smart meters by 2022.
- **Building Codes:** In June, the Florida Building Commission began development of the [seventh edition of the Florida Building Code](#) (FBC), which it expects to take effect in 2020. The Florida chapter of the American Institute of Architects [challenged](#) the Commission's interpretation of 2017 legislation around code development. The Florida First District Court of Appeals upheld the Commission's [interpretation](#), which understands a 2017 law to require all subsequent editions of the FBC to use the FBC sixth edition as its base instead of the most recent version of the International Building Code, which had been the standard practice.
- **Hurricane Michael:** [See Regional Updates.](#)

### Georgia

- **Public Service Commission:** On December 4, incumbent Chuck Eaton (R) defeated opponent Lindy Miller (D) in a [runoff](#) election for the District Three Public Service Commission seat when Eaton won with 51.8% of votes. In addition, longtime Commissioner Doug Everett (R) [announced](#) on November 15 that he will resign from his District One post, effective December 31, 2018. Governor Nathan Deal has appointed State Representative Jason Shaw (R) to fill the remainder of his term through 2020.
- **Building Codes:** In August, the Georgia Department of Community Affairs Board [approved](#) the adoption of a new full set of building codes, including an amended 2015 International Energy Conservation Code (IECC). The codes will be effective on January 1, 2020. The Georgia Environmental Finance Authority (GEFA) released a request for proposals to hire a trainer to conduct energy code trainings. Proposals were due on December 17 and it is anticipated that a trainer will be announced in January 2019.
- **Capitol Electric Vehicle (EV) Day:** On January 29, 2019, EV Club of the South, Clean Cities Georgia, and others are co-hosting [Capitol EV Day](#) at the Georgia State Capitol, where electric vehicle advocates will share information about EVs with legislators.
- **EV Promotion:** This fall, Georgia Power [partnered](#) with Lyft to incentivize EV driving by providing a \$500 bonus to qualified EV drivers who signed up to drive with Lyft from October to November.

### Kentucky

- **Demand Side Management (DSM):** On October 5, the Kentucky Public Service Commission (KPSC) [approved](#) the continuation of four DSM programs offered by Kentucky Utilities (KU) and Louisville Gas and Electric (LG&E). One program was not found to be cost-effective and was discontinued.
- **Low-Income Programs:** On November 5, the KPSC [approved](#) a joint proposal by Kentucky Power and Community Action Kentucky to expand and rename the Home Energy Assistance Program (HEAP) as the Home Energy Assistance in Reduced Temperatures (HEART) Program and to create

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a second program called the Temporary Heating Assistance in Winter (THAW) Program. HEART will help low-income families maintain utility service during peak heating months, and THAW will provide payment assistance during peak heating months to those not participating in HEART.

### Louisiana

- **Co-op Reform:** On October 26, the Louisiana Public Service Commission (LPSC) [recommended](#) a slate of reforms for the state's ten rural electric cooperatives, including term limits, compensation restrictions, and more transparent elections for directors.
- **Resource Planning:** The LPSC is [requesting](#) comments on the *Report on October 13, 2017 Technical Conference and Notice of Comment Period* filed December 14, 2018. On January 2, the LPSC extended the comment period to February 13, 2019.
- **Entergy Fined:** On October 31, the New Orleans City Council [fined](#) Entergy for \$5 million, the largest fine ever imposed by the council, due to its part in paying actors to support a proposed power plant at local hearings. Entergy [responded](#) by saying there is no legal basis for the fine, but instead wishes to donate the money to the city.

### Mississippi

- **Entergy Lawsuit:** Mississippi Attorney General Jim Hood is [suing](#) Entergy Mississippi for \$1 billion, claiming the company deliberately sold overpriced power to customers from 1998 to 2009. The case was originally filed in 2008 and a trial was set for November 5, 2018, but the trial has been [delayed](#) until April.
- **Entergy Integrated Resource Plan (IRP):** On December 11, the Mississippi Public Service Commission issued an order [requesting](#) comments on Entergy's IRP filing. The forty-five-day comment period ends January 28, 2019.
- **Public Service Commission:** On December 10, Central District Commissioner Cecil Brown (D) [announced](#) that he will not seek reelection once his term is up at the end of 2019.

### North Carolina

- **Climate Accord:** Governor Roy Cooper signed an [executive order](#) on October 29 committing the state to the Paris Climate Agreement and aiming to cut greenhouse gas emissions by 40% by 2025. The order includes a [goal](#) to have at least 80,000 electric vehicles in the state by 2025.
- **Energy Codes:** The state's [new energy code](#) will be effective January 1, 2019.
- **Energy Storage and Microgrids:** Duke Energy [announced](#) in October that it plans to deploy \$500 million worth of energy storage over the next fifteen years. As a part of this plan, Duke [proposed](#) a [microgrid](#) project in Hot Springs, N.C. that would combine solar and battery storage.

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## South Carolina

- **Nuclear Construction:**
  - **Law Review:** The Base Load Review Act, the law that requires customers to pay for utilities' abandoned nuclear projects, is [facing scrutiny](#) by a South Carolina judge. If the law, which enabled the V.C. Summer project, is deemed unconstitutional, regulators may ask South Carolina Electric and Gas (SCE&G) to give more refunds to customers.
  - **South Carolina Electric & Gas:** The S.C. Office of Regulatory Staff [filed](#) a [petition](#) on December 28 asking the S.C. Public Service Commission (SCPSC) for an explicit finding that SCE&G imprudently moved ahead with construction of the V.C. Summer Nuclear Station expansion in March 2015 despite warnings about the project's cost and flaws.
  - **Santee Cooper:** In late June, Santee Cooper [petitioned](#) the state Supreme Court to decide whether the cooperative utilities that entered into power purchase agreements with Santee Cooper will be responsible for continuing to pay for the \$4 billion debt that Santee Cooper borrowed to help build the V.C. Summer nuclear facility. On November 7, Judge John Hayes [dismissed](#) Santee Cooper's request to throw out the lawsuit by the cooperatives. If the co-ops' lawsuit is successful, their customers wouldn't be required to continue paying higher rates to cover the costs from the failed nuclear project. However, if Santee Cooper gets stuck with \$4 billion in nuclear debt, the state-owned utility could face [bankruptcy](#). On October 17, South Carolina lawmakers [hired](#) a consulting firm, ICF International, to study the potential sale of Santee-Cooper and to field and evaluate offers to buy the state-owned utility. Potential buyers can now submit non-binding bids that will be considered by the General Assembly, which will convene January 8, 2019. In late December, Santee Cooper [filed](#) a lawsuit against SCE&G, saying that South Carolina Electric & Gas committed fraud and misconduct that caused billions of dollars to be wasted on the unfinished reactors.
- **Duke Rate Case:** On November 8, Duke Energy Carolinas and Duke Energy Progress both [filed rate cases](#) with the SCPSC, proposing to increase rates by about 10%.
- **Duke EV Pilot:** In mid-October, [Duke Energy Carolinas](#) and [Duke Energy Progress](#) proposed a \$10 million electric transportation [pilot](#) that includes four programs: Residential EV Charging, EV School Bus Charging Station, EV Transit Bus Charging Station, and direct current (DC) Fast Charging Station programs.
- **Governor Appointment Power:** In late November, the South Carolina Supreme Court [ruled](#) that Governor Henry McMaster has the authority to temporarily appoint a new chairman of the board for Santee Cooper without the Legislature's permission.
- **Tri-County Electric Cooperative Leadership:** On November 17, voters chose nine [new leaders](#) to fill the vacancies on the Board of Trustees after the August vote to remove the entire board.
- **Disaster Relief:** Governor McMaster is [increasing](#) the estimate for community development block grant relief from \$108 million to \$435 million, bringing estimated Hurricane Florence costs to \$930 million in South Carolina and allowing the state's Congress to request more relief funds.

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## Tennessee

- **Tennessee Valley Authority (TVA) CEO Retires:** Bill Johnson, the President and CEO of TVA for the last five years, [announced](#) on November 14 that he will retire once a successor is chosen.

## Virginia

- **Electric Transportation:** On October 31, Governor Ralph Northam [announced](#) that Virginia will invest \$14 million, or 15% of its Volkswagen Mitigation Trust, to fund the deployment of all-electric transit buses across the state.
- **Stricter Carbon Emissions Cap:** The Virginia Air Pollution Control Board is [moving forward](#) with a rule that would limit carbon dioxide emissions from the state's power plants. The Virginia Department of Environmental Quality (DEQ) is considering an initial carbon base budget of twenty-eight million tons beginning in 2020. The rule would help the state in its goal to join the Regional Greenhouse Gas Initiative (RGGI), a northeast-based regional cap-and-trade system. A thirty-day comment period on the proposed rule is expected to begin in early 2019.
- **Resilience:** On November 2, Governor Northam issued an [executive order](#) to increase Virginia's resilience to sea level rise and other natural hazards. It directs the development of a Coastal Resilience Master Plan, reviews all state hazard mitigation programs, and provides guidance for municipalities on how to build and plan in a more resilient way.
- **Budget:** On December 18, Governor Northam addressed the Joint Money Committees of the General Assembly to share proposed [amendments](#) to the 2018-2020 budget, including \$10 million for Virginia Saves, a revolving fund for energy efficiency and renewable energy projects.
- **Dominion Energy Integrated Resource Plan (IRP):** On December 7, the State Corporation Commission (SCC) [rejected](#) Dominion's [IRP](#), citing high future demand forecasting and a lack of alignment with the public's best interests. Additionally, Dominion did not model the \$870 million investment in energy efficiency programs or the battery storage pilot required by [Senate Bill 966](#), which passed last term. Dominion has ninety days to refile its IRP.

## Regional Updates

- **Hurricane Michael:** On October 10, Hurricane Michael made landfall on the Florida coast before moving across Georgia and up the east coast. The record-breaking storm destroyed major parts of the power grid as well as homes and commercial buildings. Southern Company's Florida- and Georgia-based subsidiaries [spent](#) about \$550 million on restoration after the storm. Over 400,000 [Georgia](#) residents were without power the day after the storm. State officials [estimate](#) that Floridians had over \$4.2 billion in insured losses from Hurricane Michael. Officials in Florida's Panhandle have [agreed](#) to take out a \$50 million loan to help pay for Hurricane Michael-related bills until federal reimbursements are received.

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- **Florida Evacuation Plans:** It was the strongest storm to ever hit the Florida Panhandle and the area was largely unprepared for such a catastrophic event. A [study](#) released by Florida Atlantic University showed many counties in the Florida Panhandle had weaker hurricane evacuation plans compared with the rest of the state.
  - **Florida Damage Assessment:** The Florida Building Commission provides funding to the University of Florida to conduct damage assessments after hurricanes to determine how buildings performed when built to pre-2002 building codes compared to post-2002 codes. The Hurricane Michael [damage assessment](#) was released on October 15.
  - **Florida Building Codes:** While [Florida's building code](#) is the strongest in the nation, the statewide code, which is the standard for the Panhandle area, only requires new construction to withstand Category Three hurricane winds up to 130 mph, whereas Hurricane Michael brought winds up to 155 mph. Some Florida counties, like Miami-Dade, that experience hurricanes more frequently have raised the code standard to require construction to withstand winds up to 175 mph.
  - **FPL Grid Hardening:** To further harden its grid, Florida Power and Light (FPL) is [replacing](#) its wooden transmission poles with steel or concrete alternatives and burying more of its distribution system, 40% of which is already underground.
  - **Climate Change:** In November, Miami mayor Francis Suarez signed a [resolution](#) prompting city officials to research how climate gentrification impacts low-income communities.
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- **Gulf Power Ownership:** NextEra Energy Inc., the parent company of Florida Power & Light, [announced](#) on January 1 that it has finished an earlier-announced deal to purchase Gulf Power from Atlanta-based Southern Company.
  - **Internet Connectivity:** Georgia and Mississippi are [preparing](#) to tackle whether electric cooperatives can deliver high-speed internet access when lawmakers return to work this month. In Georgia, where the Legislature was unable to pass bills supporting rural broadband in 2018, the House Rural Development Council has a goal to remove barriers to electric and rural telephone co-ops to deliver broadband access. The Mississippi PSC is leading an effort to amend a state law, which mandates that electric cooperatives can only sell electricity, to allow electric co-ops to connect customers to broadband.
  - **Dominion-SCANA Merger:** In July, the Federal Energy Regulatory Commission (FERC) [approved](#) Dominion Energy and SCANA's \$14 billion merger proposal. The two utilities have touted the merger as a smart financial option that may relieve ratepayers of some of the debt accrued by the V.C. Summer project. In September, the merger received approval from the Nuclear Regulatory Commission. After reaching an [agreement](#) with North Carolina Utilities Commission (NCUC) in which SCANA agreed to provide gas customers with bill credits, increase charitable contributions, and institute a moratorium on rate increases, the NCUC [approved](#) the merger on November 19. As part of this deal, SCANA will have to refund \$3.75 million to customers and keep its gas rates stable until April 1, 2019. In September, the S.C. Office of Regulatory Staff [requested](#) that the South Carolina Public Service Commission (SCPSC) disallow all costs paid by ratepayers for the failed nuclear project since March 2015. If approved, this request would require additional rate cuts or refunds. The SCPSC held [hearings](#) on October 31 to evaluate the need for and amount of

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nuclear cost disallowances. On December 4, S.C. Judge John Hayes gave [preliminary approval](#) to SCANA's \$2.1 billion settlement with its 730,000 electric customers. On December 14, the SCPSA [approved](#) Dominion's bid to purchase SCANA, offering up-to-\$22-a-month rate cuts for SCE&G customers. The SCPSA approval also [requires](#) that Dominion give one of its board seats to a current SCANA board member, that SCE&G's headquarters remain in Cayce, and that the salaries of SCANA's current employees be protected at least through July 1, 2020.

- **EPA Southeast Leadership:** The administrator of EPA's Southeast branch, Trey Glenn, [stepped down](#) on November 19 after being indicted on ethics charges by the Alabama Ethics Commission. Mary Walker, the deputy chief for Region Four, is now the acting regional administrator.
- **Southeast Energy Efficiency Annual Report:** On December 13, the Southern Alliance for Clean Energy [released](#) its seventh annual evaluation of Southeast utility energy efficiency programs.

## National Updates

- **2018 Farm Bill:** In December, the [Agriculture Improvement Act of 2018](#) was passed and included funding for two essential [energy programs](#). The [Rural Energy Savings Program](#) (RESP) provides low-interest loans to co-ops and other rural electric utilities for the purpose of relending the funds to utility customers for energy improvements. These can include energy efficiency upgrades, beneficial electrification projects, customer-owned renewable energy, energy storage, and other measures that are projected to lower the participating customer's costs over time. The most recent version of RESP codifies renewable energy installations and [includes](#) a revision allowing utilities to provide financing for replacing pre-1980 manufactured homes. The [Renewable Energy for America Program](#) (REAP) helps agricultural and rural businesses install renewable energy and energy-efficient technologies by way of loan guarantees and grants.
- **Trump Administration Agenda:** In mid-October, the Office of Management and Budget released its latest [Unified Agenda](#), which has EPA finishing its replacement of the Clean Power Plan by March of 2019; the comment period for the proposed [Affordable Clean Energy](#) rule closed on October 31. The agenda also indicates that the revamped rules on vehicle emissions, the [SAFE Vehicles](#) proposed rule, should be finalized by March 2019. The plan would freeze fuel economy standards on cars made between 2022 and 2026.
- **SAFE Vehicles Commentary:** Researchers published a [paper](#) on December 6 citing flaws in the SAFE Vehicles methodology and stating how they felt the Trump administration [misrepresented](#) their work in its proposed rollback of clean car rules.
- **Federal Energy Regulatory Commission (FERC):** On October 24, Commissioner Kevin McIntyre stepped down from his post as [FERC Chairman](#) due to health issues. He then [passed away](#) on January 3, leaving another Commissioner seat open. Commissioner Neil Chatterjee, who served as acting Chairman July to December 2017, has since assumed the role of Chairman. Additionally, the Senate confirmed Department of Energy (DOE) official Bernard McNamee on December 5 to fulfill the remainder of [Robert Powelson's](#) Commissioner term ending in June 2020.

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- **DOE Retirement:** Dr. Kathleen Hogan [retired](#) from her post as DOE’s Deputy Assistant Secretary of Energy Efficiency in late November. A replacement has not yet been identified.
- **General Electric Subsidiary:** General Electric announced on November 6 that it is [selling](#) its energy efficiency business, Current, to American Industrial Partners, a private equity firm.
- **State Energy Efficiency Scorecards:** On October 4, the American Council for an Energy-Efficient Economy (ACEEE) [released](#) the 2018 energy efficiency scorecards for each state. Scores for SEEA’s eleven Southeast states fell between 7.5 (LA) and 17.5 (FL) out of 50 points, with North Carolina gaining the biggest jump at +1.5 points from the state’s 2017 scores. See page xii of the report for more information on points and ranking.
- **Building Efficiency:** On December 12, the House Energy and Commerce Subcommittee on Energy [examined](#) the role of public-private partnerships in increasing federal building efficiency. Several representatives of federal agencies [commented](#) on the feasibility of upgrading building efficiency.
- **Disaster Recovery:** The [Federal Aviation Administration \(FAA\) Authorization Act of 2018](#) was signed into Public Law No. 115-254 on October 5, soon after Hurricane Florence. Division D, also known as the Disaster Recovery Reform Act of 2018, amends provisions of the Stafford Disaster Relief and Emergency Assistance Act. Division D authorizes the President to allocate up to 6% of FEMA’s Disaster Relief funding to go into a pre-disaster mitigation fund to support projects that increase resiliency and save on rebuilding costs. It also allows post-disaster rebuilding efforts to aim for higher building standards and provides more opportunities to implement tighter codes.
- **Electric Vehicle Tax Credits:** The [Electric CARS Act](#) was introduced to the US House of Representatives on June 28. Currently, a federal tax credit of up to \$7,500 is available for the purchase of EVs, but federal statute caps the number of vehicles eligible for the tax credit at 200,000 per manufacturer. If adopted, this rule would eliminate the cap and extend the tax credits for alternative fuel vehicles and charging infrastructure for the next ten years. The Trump administration has proposed eliminating the tax credit, but National Economic Council Chair Larry Kudlow said the credit would be [re-examined](#). On December 13, a group of organizations including several utilities sent a [letter](#) to top members of the Senate and House tax committees in support of extending the federal EV tax credit. The [EV Drive Coalition](#) was also established to urge Congress to reform the tax credit.
- **Electric Vehicle Policy Tool:** In early October, the National Association of State Energy Officials (NASEO) released a [Plug-In Electric Vehicle \(PEV\) Policy Evaluation Rubric](#) to help states and localities assess their policies and develop regulations that will encourage growth of electric vehicle adoption and charging infrastructure.
- **100% Zero Emission Vehicle (ZEV) Bill Introduced:** Democratic Senators Jeff Merkley (OR) and Sheldon Whitehouse (RI) [introduced](#) legislation on November 18 that would require that plug-in hybrid or electric vehicles account for 50% of all new car sales by 2030 and 100% by 2040.

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- **Electric Buses:** On December 6, a group of Democratic senators introduced a [bill](#) that would provide zero-interest loans to transit authorities for electric buses, seeking to reduce emissions and save on maintenance costs.
  - **Electric Car Sales:** This October, cumulative domestic sales of plug-in electric cars [surpassed](#) one million units, attaining former President Obama's [goal](#) just three years late.
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