CASE STUDY

SETTING PRECEDENT FOR SOUTH CAROLINA SOLAR DEVELOPMENT

OPPORTUNITY

Federal law requires utilities to purchase electricity from small-scale qualifying facilities (QFs), including solar plants, if the power from the QF can be purchased for less than the utility's calculated avoided cost energy rate.

In 2019, South Carolina passed the Energy Freedom Act, establishing that it is a policy of the state to promote renewable energy. The law called for a new methodology for calculating avoided costs in order to encourage opportunities for solar and other renewables.

In response, Dominion Energy South Carolina (DESC), the main electric utility in the state, proposed a historically low avoided cost energy rate for solar qualifying facilities, one that was much lower than in nearby states such as Virginia and North Carolina.

This proposed avoided cost would have been devastating to the state's solar industry and left South Carolina solar developers unable to develop bankable projects.

To avoid the departure of clean energy investment dollars and the green jobs that rely on them, the South Carolina Solar Business Alliance sought out Strategen to review and analyze the avoided cost calculations proposed by Dominion, identify alternative methodologies, and deliver expert testimony on this topic to the South Carolina Public Service Commission.

STRATEGEN APPROACH

Strategen expert testimony contained meticulous technical analysis addressing the avoided cost rates proposed by DESC. The testimony provided:

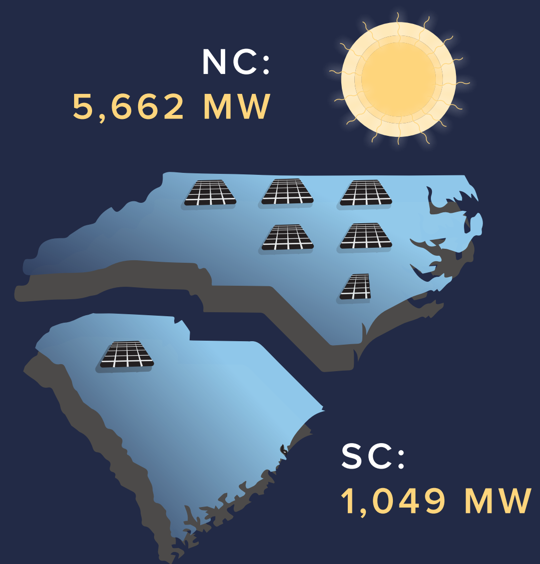
- An analysis and critique of issues contained in DESC's proposed avoided energy cost rates, avoided capacity cost rates, and proposed integration charge.
- Alternative approaches for calculating the avoided cost rates for energy and capacity.
- A recommendation that the Commission reject DESC's proposed integration charge and a framework for how such a charge could be determined in the future.
- Rational of how qualfying facilities contain and reduce risk for customers.

RESULTS

In early January 2020, the South Carolina Public Service Commission voted unanimously to raise the avoided cost rate Dominion Energy must pay to independent solar providers in that service territory. In a quick reversal from an earlier decision, the SCPSC created a major win for expanding solar power in South Carolina.

MARKET HIGHLIGHT

North and South Carolina have similar solar intensities due to their neighboring locations, but there is a marked difference in deployed solar.



Favorable market design has caused the solar market to rapidly develop in North Carolina, helping it become the 2nd biggest solar state in the US.

SOUTH CAROLINA SOLAR BUSINESS ALLIANCE

"In a technically complex regulatory proceeding moving forward on an extremely compressed timeline, Strategen was able to deliver the high-quality analysis and expert testimony SCSBA needed to achieve a favorable ruling."

- Bret Sowers, Chairman of SCSBA