

Turner Padgett Successfully Represents Alder Energy Systems in South Carolina – Decision Sets Solar Policy for Next 10 Years

In a breakthrough state policy decision in the solar energy industry, the South Carolina Public Service Commission (Commission) ruled in four cases involving Duke Energy Progress, Duke Energy Carolinas and Dominion Energy South Carolina (Dominion Energy). As established by a law passed in 2019, the Commission was charged with modernizing South Carolina's net energy metering policy and to establish a new distributed solar tariff for utilities. R. Taylor Speer, shareholder at Turner Padgett, served as lead counsel for Alder Energy Systems, LLC.

"We are thrilled with this outcome and are looking forward to the solar industry continuing to thrive in South Carolina," said Donald Zimmerman, president and CEO at Alder Energy Systems, a Charleston-based company that provides turnkey solar and energy storage solutions for commercial and industrial customers. "In addition to considering the strong return on investment that solar provides, businesses now have defined renewable energy and carbon reduction goals. The state's newly approved solar policies allow Duke Energy and Dominion Energy customers to reach these goals through solar."

In the first two matters, the Commission approved a settlement between Alder Energy and Duke Energy Progress and Duke Energy Carolinas for terms of commercial and industrial net energy metering in the utilities' South Carolina territories, and answering how much commercial and industrial customers of Duke

Energy in South Carolina will be paid when they invest in rooftop or customer-sited solar.

The settlement further outlines that commercial and industrial customers will remain on their existing tariffs and be subject to a solar rider. The rider cannot be amended for a period of 10 years for most customers and maintains monthly net metering, at the retail rate, with any excess net exports being credited to the customer's bill, at the end of the billing cycle, at the utilities' avoided cost rate. "This settlement is the first time a utility in South Carolina has agreed to cede renewable energy credits to customer-generators, which can be used by commercial and industrial customers to meet their corporate sustainability goals," explains Speer.

In the third matter, the Commission rejected the solar choice tariff proposed by Dominion Energy, finding that it unlawfully penalized homeowners and businesses that elect to invest in distributed solar in South Carolina by requiring them to pay a "subscription fee" that does not have any relation to the utility's cost to serve solar users, and disrupted the solar market by making it prohibitively expensive for customers. Under Turner Padgett's counsel, the Commission adopted Alder Energy Systems' proposed tariff, which includes moving commercial and industrial solar users to a time-of-use rate, maintaining annual net metering at the retail rate, provides for customer-owned RECs and requires Dominion Energy to leave the tariff open for ten years.

In the fourth matter, the Commission found that the current methodology used to establish the value of customer-generated solar does not adequately account for important benefits it provides to the grid. In a potential significant win for South Carolina ratepayers, the Commission required that future proceedings opened to value customer-generated solar must consider, among other things, a methodology to quantify its long-run impacts on the utilities' avoided transmission and

distribution costs. "This is likely to increase the value of rooftop solar by acknowledging it saves the utility money in avoided capital costs," said Speer. "The savings are derived from collocating load with generation, something that large, centralized power plants cannot do."

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