

# Proposed Amendments to the Electric Territorial Act and Solar Initiatives in Georgia

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**Alston & Bird, LLP**  
*ECG Annual Meeting and  
Economic Development Conference  
Callaway Gardens, Georgia  
March 26, 2013*

- **Georgia Electric Territorial Act and Distributed Generation Act**
- **Georgia Solar Energy Initiatives**
- **Legislative and Regulatory Activity**

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**A&B is counsel to ECG, MEAG, MGAG and a number of municipal electric and gas providers and related entities in Georgia**

**Also, represents customer generators and traditional and renewable independent power providers (IPP) in Georgia and nationally**

**My areas of expertise:**

- **Energy and Utilities (transactions and regulatory)**
- **Economic Incentives and Public Finance**

**Disclaimer – Nothing in this presentation should be interpreted as the formal position of A&B or any of its clients**

**Disclaimer – Very high level summary and not intended as legal advice re: a particular project**

- Georgia Electric Territorial Act and Distributed Generation Act
- Georgia Solar Energy Initiatives
- Legislative and Regulatory Activity

# Georgia Distributed Generation Act and Electric Territorial Act

This discussion relates to two Acts of the Georgia General Assembly:

- Ga. Territorial Electric Service Act of 1973
  - Provides for exclusive service areas for each electric service provider (GPC, EMC and Municipals) with limited exceptions, e.g., large load customer choice and corridor (existing line) rights.
  - Also, provides protections from discrimination by electric providers.
- Ga. Cogeneration and Distributed Generation Act of 2001
  - Provides that customers that generate their own electricity may use that electricity free from most PSC regulation.
  - Also, provides for the process by which customer generators may sell electricity back to an electric supplier in certain circumstances.

# Georgia Distributed Generation Act and Electric Territorial Act

## Ga. Territorial Electric Service Act of 1973

- Prior to the enactment of the Territorial Act, location of electric lines was largely unregulated.
- Resulted in increasingly dangerous situations where electric suppliers literally “raced” to build lines faster to reach customers first, especially in metropolitan areas that were “booming” in the early '70, e.g., Cobb Co.
- I understand that there were even situations where suppliers cut each others lines and at least one major water main breach that highlighted unsafe conditions related to the “race.”

# Georgia Distributed Generation Act and Electric Territorial Act

Territorial Act – other purposes:

- Limited exclusive territories make it clear who customers should look to for service and helps reduce the overall number of distribution lines (economic and environmental efficiency).
- Nondiscrimination rules assure that all customers are treated in a fair manner.
- Limited competition for large loads and crossing corridors balances territorial efficiencies cost effectively with free market efficiencies.
- Rate oversight via other rules (PSC for GPC and customer elected ratemakers for EMC and Municipals).

# Georgia Distributed Generation Act and Electric Territorial Act

## Georgia Cogeneration and Distributed Generation Act of 2001

- Provides that customers that generate their own electricity may use that electricity free from most PSC regulation.
- Also, provides for the process by which customer generators may sell electricity back to an electric supplier.

# Georgia Distributed Generation Act and Electric Territorial Act

Both the Territorial Act and the Distributed Generation Act were carefully crafted through debate and consideration taking into account, among other things:

- economic efficiency (less duplicate facilities = lower rates)
- environmental efficiency (less duplicate facilities = less unsightly lines)
- balancing those efficiencies with free market competition for certain loads
- providing for certain customer rights

# Federal - PURPA

The Public Utility Regulatory Policies Act of 1978 (PURPA) was implemented to encourage, among other things,

- The conservation of electric energy,
- Increased efficiency in the use of facilities and resources by electric utilities,
- Equitable retail rates for electric consumers,
- Expeditious development of hydroelectric potential at existing small dams, and
- Conservation of natural gas while ensuring that rates to natural gas consumers are equitable.

One of the ways PURPA set out to accomplish its goals was through the establishment of a new class of generating facilities which would receive special rate and regulatory treatment. Generating facilities in this group are known as qualifying facilities (QFs), and fall into two categories: qualifying small power production facilities and qualifying cogeneration facilities.

In certain circumstances, PURPA requires electric utilities to buy power from QFs, including consumers and IPPs, if that cost was less than the utility's own "avoided cost" rate to the consumer; the avoided cost rate is the additional costs that the electric utility would incur if it generated the required power itself, or if available, could purchase its demand requirements from another source.

Source: FERC Website 3/18/13: <http://www.ferc.gov>

## Georgia Solar/Renewable Approach to Market Growth

Involuntary Top down - (legislature or regulatory mandate)

- Direct –
  - Example: Renewable Portfolio Standard (RPS)
- Indirect –
  - Example: Carbon Tax; and
  - Examples: other environmental laws that drive costs of traditional sources up

## Georgia Solar/Renewable Approach to Market Growth

Involuntary Bottom up - (legislature or regulatory mandate)

- Permit customers to develop own generation and *require utility purchase of power exceeding onsite use at avoided cost but allows utility to “charge the customer generator [a] standby, capacity, interconnection, or other fee”* **[Ga. Dist Gen Act]**
- Same as Item 3 *plus limits on utility (a) recovery of actual cost, e.g. metering, and (b) other charges and fees.* **[SB 51]**
- Same as Items 3 or 4 *plus allowing limited sales (PPAs) from:*
  - a. Developer owner of onsite equipment to property owner; and [maybe]*
  - b. To neighboring facilities* **[SB 51]**

# Georgia Solar/Renewable Approach to Market Growth

Voluntary (free market or incentives)

1. Top down - Utility determines that it makes economic sense in its portfolio mix and through its transmission and distribution system
2. Bottom up - Customer wants because it
  - makes economic sense either directly (hedge against risking utility costs) or
  - has “green marketing” value
3. Incentives - Owner, installer or operator (utility, independent developer or customer) receives federal, state, local or utility incentive (tax or rebate etc.)

# Georgia Distributed Generation Act and Electric Territorial Act

- Both Acts function today to achieve those goals and permits development of renewable and distributed generation.
- Talking Point/Theme:
  - Unless great care is taken, changes could result in:
    - Some customers subsidizing others; and/or
    - Stranded costs to utilities.
  - Renewable and distributed generation is already permitted and is occurring with and without utility participation when it makes economic sense.
  - No additional regulations or laws are needed.

- **Georgia Electric Territorial Act and Distributed Generation Act**
- **Georgia Solar Energy Initiatives**
- **Legislative and Regulatory Activity**

## *What Programs in Georgia Already Promote Solar?*

### **Distributed Generation Act**

- Some utilities have specific programs for which a qualifying customer may apply.
- Georgia Power, for example, has a “Solar Buy Back” program, where customers may sell solar power back to it at avoided cost specific rate set by the GPSC.
- What rate applies depends on the amount of power generated.
- Other utilities address customer generation on a when requested basis.

# Georgia Solar Energy Initiatives



## *What Is the GPSC Currently Doing to Promote Solar?*

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- **Docket No. 36325:** Georgia Power Company's Advanced Solar Initiative

## *What Is the GPSC Doing to Promote Solar?*

# Georgia Power Company's Advanced Solar Initiative ("GPASI")

### **What Is It?**

- GPASI Is Set To Acquire 210 MW of Solar Capacity

### **When Was It Approved?**

- The GPSC Approved the GPASI on November 20, 2012  
(Dkt. No. 36325)

## *What Is the GPSC Doing to Promote Solar?*

# Georgia Power Company's Advanced Solar Initiative ("GPASI")

The GPASI Will Procure Solar Energy in:

## How Does the GPASI Work?

1. RFP's from Large-Scale Solar Developers
2. **Distributed Scale Solar Purchase Offerings**  
from Small and Medium-Scale Facilities

## *What Is the GPSC Doing to Promote Solar?*

# Georgia Power Company's Advanced Solar Initiative ("GPASI")

## RFP's from Solar Developers

- Aimed at purchasing utility-scale solar from multi-megawatt projects (1 MW to 20 MW)
- Key Dates
  - **Jan. 15, 2013:** Accion Group selected to serve as IM
  - **Apr. 25, 2013:** Final RFP due to be filed
  - **May 7, 2013:** Deadline to submit bids
  - **Sept. 13, 2013:** Competitive tier determined
  - **Jan. 1, 2015:** In-service date for the RFP

## How Does the GPASI Work?

## *What Is the GPSC Doing to Promote Solar?*

# Georgia Power Company's Advanced Solar Initiative ("GPASI")

## Distributed Scale Solar Purchase Offerings

- Focused on purchasing solar energy from either:
  - Residential or smaller commercial customers with small-scale facilities (up to 100kW in size); or
  - Larger commercial customers or developers with medium-scale facilities (100kW to 1 MW)
- The application process for small to medium-scale facilities ended on March 11, 2013, and the results should be available by April 5th.

## How Does the GPASI Work?

# What Is the GPSC Doing to Promote Solar?

## Where Can I Find Out More?



### The GPSC: The online docket for the GPASI

- <http://www.psc.state.ga.us/factsv2/Docket.aspx?docketNumber=36325>



### Georgia Power: The company's advanced solar initiative website

- <http://www.georgiapower.com/about-energy/energy-sources/solar/asi/advanced-solar-initiative.cshtml>



### Accion Group: The independent monitor's website

- [https://gpscim.accionpower.com/solar\\_1301/accionhome.asp](https://gpscim.accionpower.com/solar_1301/accionhome.asp)

## *What Programs in Georgia Already Promote Solar?*

### **Renewable Energy Credit Programs**

- Some utilities are making renewable energy credit (RECs) available to customers either actively or upon request.
- Solves the problem for customers that just want to market that they are “Green.”
- Sterling Planet, Inc. is a Georgia company assisting ECG and certain Participants with RECs, among other things. <http://www.sterlingplanet.com/>

# *What Programs in Georgia Already Promote Solar?*

## Utility Rebate Programs

### What Rebates Are Available?

- Although many utilities offer rebates to promote the use of solar power, the specific rebate programs available vary greatly. Georgia Power, for example, offers qualifying residential customers a rebate of up to \$250 for installing a 50 gallon or greater solar water heater, whereas Sawnee EMC offers residential customers with qualifying photovoltaic systems a rebate of up to \$3,000.

### Where Can I Find Out More?

- Any rebate programs or other incentives offered by a utility can typically be found on the utility's website. The U.S. Department of Energy also provides a searchable database of all tax credits, rebates, and other savings at:  
<http://energy.gov/savings>.

# Solar Test/Demonstration Projects

Small Scale Example: Residential or smaller commercial customers  
(up to 100kW in size)

- Some utilities, via ARRA grants and other funds, have put in place solar test projects.
- Example: Several ECG Participants have solar test projects that they installed over the last several years.

# Small Scale Residential Example Projects

Small Scale Example: Residential or smaller commercial customers  
(up to 100kW in size)

## Residential Solar Install – Mansfield, Georgia

“This quick and easy solar thermal install in Mansfield, Georgia only took one day to complete. And because all Solar Energy USA solar thermal systems use propylene glycol, a nontoxic antifreeze-like substance, this system will produce hot water on even the coldest Georgia days.”

### Install Facts

- Residential Install
- Solar Thermal System
- AP 30 System



Source: <http://solarenergy-usa.com/solar-panel-installs-case-studies/residential-install-mansfield-ga/>

# Small Scale Commercial Example Projects

Small Scale Example: Residential or smaller commercial customers  
(up to 100kW in size)

## Commercial Solar Install – Marietta, Georgia

“This tutoring facility in Marietta, Georgia installed solar attic ventilation, T5 florescent lighting, and then added in a 5.2 kW photovoltaic (PV) solar energy system to help eliminate their power bill. Their excess energy is sent back to the utility provider which credits them on a monthly basis.”

### Install Facts

- Commercial Installation
- Photovoltaic (PV) System
- 23 Panels
- 5.29 kW



Source: <http://solarenergy-usa.com/solar-panel-installs-case-studies/commercial-install-roswell-ga/>

# Dublin High School Project

Medium Scale Example: Larger commercial customers or developers  
(100kW to 1 MW)

## Education notebook: Dublin schools break ground on solar project

“Dublin city school ... Solar panels will be installed on the roof and on the grounds of Dublin High School, and they are expected to be up and running by June...”

- Size: Approx. 1 MW
- Financing: Development Authority Revenue Bonds
- Security: 25 year intergovernmental lease
- Projected savings \$3.5 million over term
- Equipment supplier: MAGE Solar, a German company with offices in Dublin
- Equipment owner/lessor: Greenavations, a Macon-based alternative energy company
- Likely legal structure:
  - Greenavations – Lessor (possibly lender/bond purchaser)
  - Development Authority – Lessee
  - School District - Sublessee

Source: The Macon Telegraph, March 17, 2013, By Staff : <http://www.macon.com/2013/03/17/2400414/dublin-schools-break-ground-on.html#storylink=cpy>

# Cobb EMC/Dominion 7.7 MW Project

Example: Large-Scale Solar Developers  
(1 MW+)

## Solar energy project benefiting Cobb EMC back on track

“Energy provider Dominion has signed a deal to take over a planned solar energy project in east-central Georgia that will have Cobb Electric Membership Corp. as its customer.

The 40-acre solar project, called the Azalea Solar Power Facility, will be on farmland and forest acreage about 60 miles southwest of Augusta. The plant will produce about 7.7 megawatts of electricity using photovoltaic technology.

Dominion said it has a 25-year purchase power agreement with Cobb EMC, which serves about 176,000 customers.”

“The solar project is expected start of commercial operations in December.”

Source: The Atlanta Journal-Constitution, March 2, 2013, By Christopher Seward

# Local Government Options Available in Georgia

- Local Government Facilities
  - General fund
  - OCGA Section 36-60-13 Lease Financing
  - GO Bonds
  - Energy saving Performance Contracting Financing (Guaranteed Energy Savings Performance Contracting Act of 2010 and Constitutional Amendment 4)
- Citizen/Customer Facilities
  - Property Assessed Clean Energy (PACE) Financing (Atlanta) (Downtown Dev Auth Act Amended to Permit)
  - On-Bill Financing (Thomasville – EE only now)

# Property Assessed Clean Energy (PACE) Bonds

- Legislation in Georgia and 14 other states
- Local gov. issues bonds to create loan pool
  - Local gov. makes loans to private building owners for energy-saving or renewable energy retrofits
  - Property taxes or utility bill on retrofitted buildings are increased by amount necessary to repay loan
  - Loans are backed by property-tax or utility lien on retrofitted buildings
- No increase for nonparticipating residents
- Owner can couple this with Guaranteed Energy Savings Performance Contracting (ESPCs)

# Georgia's Version of PACE

- House Bill 1388, enacted in 2010, amended legislation related to certain Georgia development authorities to permit bond financing for the installation at residential, commercial, industrial or other qualifying property of:
  - renewable energy systems,
  - energy efficiency or conservation improvements, and
  - water efficiency or conservation improvements.
- Development authorities do not have the power to tax, but could contract with local governments to collect as part of utility bill (water, sewer, gas or electric) and establish a utility lien on improved property.
- *Notes: The Federal Housing Financing Agency (FHFA) issued a statement in July 2010 concerning the senior lien status associated with most PACE programs. In response to the FHFA statement, most local PACE programs have been suspended until further clarification is provided.*
- *Not aware of this statute having been used yet. But, I'm happy to help a local gov.*

## *What Programs in Georgia Already Promote Solar?*

### Clean Energy Atlanta Program

#### What Is It?

- Clean Energy Atlanta is a program that provides private funding for building energy upgrades at no installation cost, with such financing being repaid through property tax assessments. Clean Energy Atlanta provides 100% financing to commercial property owners for renewable energy and energy efficiency improvements. The capital for improvements is repaid over a long term through property taxes at modest interest rates, making projects affordable.
- \$200 million of energy retrofit funds were released by Invest Atlanta, the economic development authority of Atlanta, for the Clean Energy Atlanta program.
- Clean Energy Atlanta is sanctioned by the City of Atlanta and administered by Ygrene Energy Fund, a provider of clean energy finance projects. *cont'd.*

#### What Properties are Eligible?

- condos, dorms, and nursing homes of 5+ units)
- Small commercial buildings (e.g. warehouses, office buildings, retail spaces, hotels, restaurants)
- Large commercial buildings (e.g. large warehouses, multistory office buildings, convention centers, malls)
- Industrial properties (e.g. breweries, factories, mills, power plants)

## *What Programs in Georgia Already Promote Solar?*

### Clean Energy Atlanta Program

#### **What Projects are Eligible?**

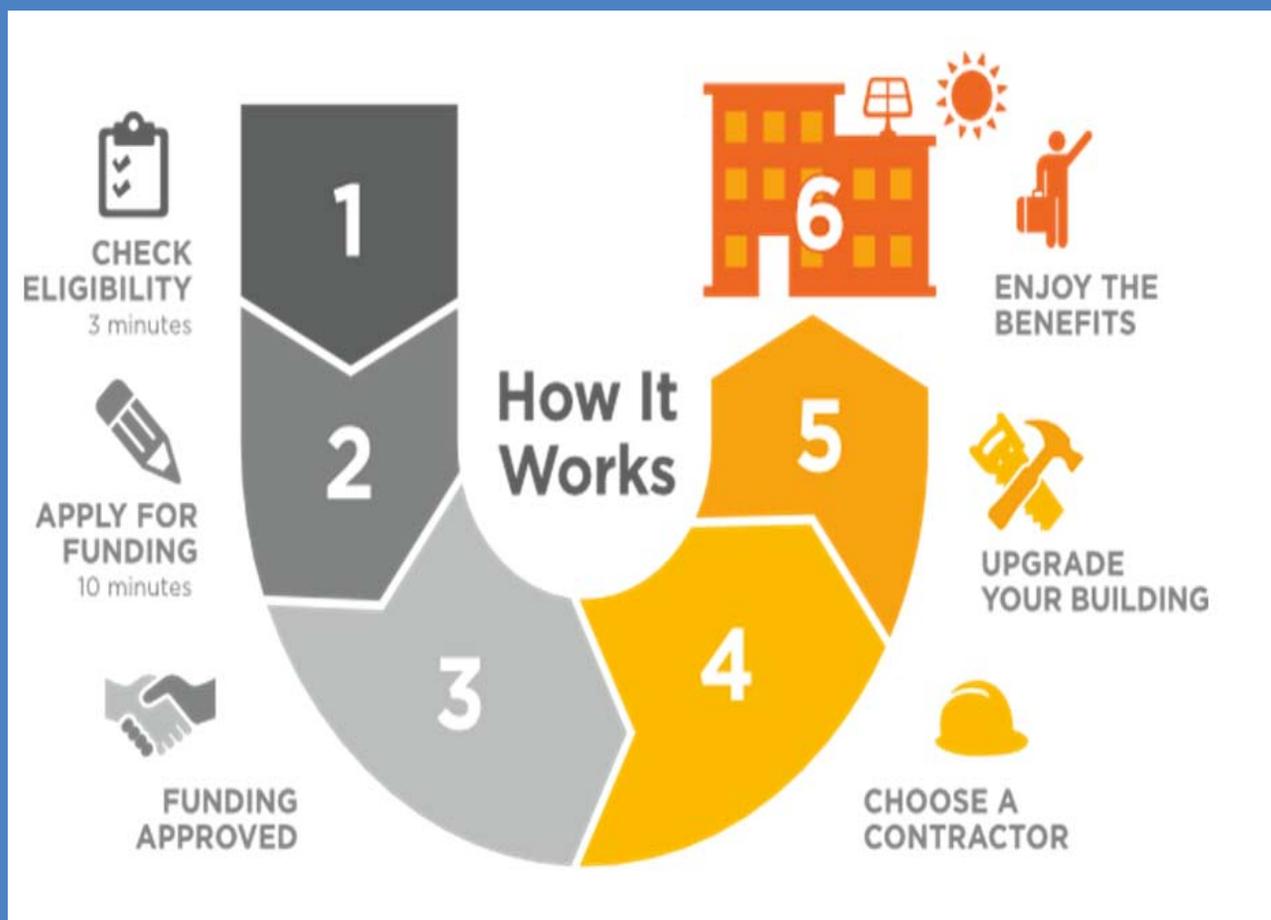
- Envelope and insulation (e.g. add/replace insulation)
- Renewable energy (e.g. add solar PV systems)
- Replace windows and doors
- Upgrade HVAC systems
- Convert to natural light; add skylights, solar tubes, window filming, and occupancy sensors
- Replace or upgrade water heating and cooling systems
- And many more!

#### **What are the Benefits?**

- Improved energy efficiency
- Lower energy-related operating costs
- Enhanced property value
- Increased net operating income (“NOI”)
- Increased occupancy and lease rates
- Decreased carbon footprint

# What Programs in Georgia Already Promote Solar?

## Clean Energy Atlanta Program



## Utility On-Bill Financing

- \$5,000,000 available as grants.
- Eligibility limited to energy utilities.
- 100% of funds must be allocated towards one or more of following residential energy-efficiency incentive programs:
  - On-bill loan
  - On-bill tariff
  - Interest rate buy-down
- Eligible residential energy efficiency activities:
  - Whole Home Performance with Energy STAR
  - Energy STAR appliance upgrades
  - Home weatherization

NOTE: no reason that a program like this couldn't be used with customer generation as a permitted activity.

# Georgia ESPC Legislation

- Constitutional prohibition limited certain types of multi-year contracts for Ga. Governmental Units
- Guaranteed Energy Savings Performance Contracting Act of 2010 and Constitutional Amendment 4
- Governmental Units
  - State government agencies
  - Colleges and universities
  - Counties and municipalities
  - Public school districts
- Contract for up to 20 years – solves the one year contract limit applicable to many GA gov. units
- ESCO guarantees that cost savings or revenue increases will meet or exceed project cost within 20 years

# Georgia ESPC Legislation

- “Energy conservation measure” means a program, or facility alteration, or technology upgrade designed to reduce energy, water, waste-water, or other consumption or operating costs. The term may include, without limitation:
  - Insulation, windows, doors, energy control systems, HVAC, lighting, water and sewer.
  - Training program.
  - A program to reduce energy costs through rate adjustments, load shifting to reduce peak demand, or use of alternative suppliers\* as otherwise provided by law.
  - Renewable generation systems owned by the governmental unit, such as solar photovoltaic, solar thermal, wind, and other tech.\*

\* Must understand and comply with Georgia Territorial Electric Service Act of 1973 and Georgia Cogeneration and Distributed Generation Act of 2001. I have another presentation on these Acts if anyone would like a copy. The ESPC Act requires notice to utility providers of ESPCs.

# Georgia ESPC Legislation

- State Agencies are subject to GEFA Regs and Review
  - GEFA has been tasked with prequalifying Qualified ESCOs
  - GEFA to issue regs and policies necessary to carry out ESCO Act contracting and procurement procedures for State Agencies
  - GEFA to provide technical assistance to State Agencies
  - GEFA to develop model contractual and related documents for use by State Agencies.
  - State Agencies required to proposed contract or lease to GEFA for review and approval

# Georgia ESPC Legislation

- GSFIC is authorized to establish certain financial criteria and policies related to State Agency ESPCs
- No State Agency ESPCs may be entered into before GEFA and GSFIC regs and policies
- Noncompliant ESPCs are “void and of no effect”

## *What Programs in Georgia Already Promote Solar?*

### **The Clean Energy Property Tax Credit (“CEPTC”)**

#### **What Is It?**

- The CEPTC was originally created to operate as a credit for taxpayers who install clean energy systems in their homes or businesses. For instance, homeowners with a photovoltaic energy system could qualify for a credit of up to \$10,500; homeowners with a solar hot water system could qualify for a credit of up to \$2,500.

#### **Is the CEPTC Still Available?**

- No. While the CEPTC was originally created to operate through 2014, funding for the tax credit is currently unavailable. It is unclear whether funds will become available in the future.

# Financing Option

- May combine many incentives and structures, but complex
- Incentives may have conflicting requirements
- ESCO financing – lease purchase or installment sale
- Direct funding – independent project or as part of larger project
- Public finance – tax-exempt bonds, tax-exempt lease obligations
- Tax credits – some transactions permits sharing of ESCO tax savings
- White tags – developing market to monetize energy efficiency credits for sale in states where permitted (Sterling Planet)

More Information:

GPC's Presentation on the Solar Power Initiative:

[www.georgiapower.com/.../Georgia-Power-Advanced-Solar-Initiativ...](http://www.georgiapower.com/.../Georgia-Power-Advanced-Solar-Initiativ...)

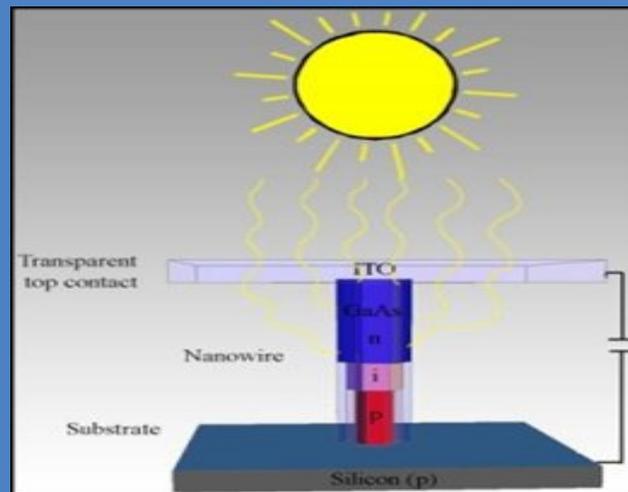
Georgia Solar Energy Association - <http://www.gasolar.org/>

GSEA December 2012 Presentation:

[www.southeastgreen.com/.../Putting\\_the\\_Sun\\_to%20Work\\_for\\_GA....](http://www.southeastgreen.com/.../Putting_the_Sun_to%20Work_for_GA....)

## Nanowires raise solar efficiency limit

- “SCIENTISTS in Europe have shown nanowire-based solar cells can raise the efficiency limit on solar cells, since a single nanowire can concentrate sunlight up to 15 times that of normal intensity....”



- “This effectively increases the theoretical Shockley-Queisser efficiency limit by a few percentage points, and opens up the possible application of nanowires into solar cells, though the technology is still a few years from commercialisation.”

- Source: <http://www.electronicsnews.com.au/news/nanowires-raise-solar-efficiency-limit>, 25 March, 2013 [Isaac Leung](#)

## “Metro Atlanta is a Leader in Clean Tech Jobs.

- Metro Atlanta is a leading hub for clean tech companies and industry activities, representing the most diverse clean economy in the nation. Atlanta excels in clean tech sector growth, with more than 43,000 clean economy jobs.
- The clean economy has become the engine of the country’s emerging next economy, providing a robust cross section of job opportunities, including high-wage jobs.
- In less than four years, MAC has recruited 25 clean tech companies to metro Atlanta, resulting in 1,832 jobs. In 2012, MAC stepped forward to create the Clean Tech Leadership Council with the mission of growing the clean economy and attracting and growing clean tech jobs. Home to industry leaders Suniva, GE Energy and Siemens, Metro Atlanta is poised to create an additional 6,000 clean tech jobs over the next five years.
- [Learn about our Clean Tech Council.](#)
- Source: Metro Atlanta Chamber Website 3/25/13 - <http://www.metroatlantachamber.com/economic-development/clean-tech>

# Georgia Distributed Generation Act and Electric Territorial Act

## Talking Point/Theme:

- Both Acts function today to achieve those goals and permit the development of renewable and distributed generation.
- Proposals to amend either of these Acts should be carefully considered as these Acts represent an intricate and intertwined balancing act regarding multiple issues.
- Amendments to these Act could result in intended or unintended:
  - Ratepayers subsidization of the distributed generation of a few parties, or
  - Stranded costs, i.e., utility infrastructure debt with a shrinking number of customers pass-through costs to.
- **Amendments are not needed because renewables and distributed generation are already being developed in Georgia at a records pace.**

- **Georgia Electric Territorial Act and Distributed Generation Act**
- **Georgia Solar Energy Initiatives**
- **Legislative and Regulatory Activity**

# Legislative and Regulatory Activity

## 2011-2012 Session

**HB 515 - Public utilities; voluntary portfolio standard goals for renewable energy; provisions**

**HB 516 - Public utilities; voluntary portfolio standard goals for renewable energy; provisions**

**\*\*HB 520 - Energy purchase; amount of energy provider required to purchase from generator; change**

**HB 961 - Homeowners' Solar Bill of Rights; enact**

**SB 9 - Georgia Energy Freedom Act; cap and trade system; permit Governor to delay implementation; comprehensive assessment**

**\*\*SB 401 - The Georgia Cogeneration and Distributed Generation Act of 2001; change provisions; provide declaration of policy**

**SR 326 – Renewable Energy Industries in Georgia; create joint study committee**

# Legislative and Regulatory Activity

## 2013-2014 Session

**HB 430 – Sales and use tax; eligibility of solar energy electric generation equipment for tax exemption; clarify**

**HB 503 – Public utilities; establishment of voluntary portfolio standard goals for renewable energy; provide**

**HB 564 – Electric suppliers; energy savings plans to optimize use of demand-side capacity options; provide**

**\*\*SB 51 – "The Georgia Cogeneration and Distributed Generation Act of 2001"; provisions**

Note: March 7, 2013 was crossover day

## Legislative and Regulatory Activity

### 2013-2014 Session

**SB 51 – "The Georgia Cogeneration and Distributed Generation Act of 2001"; provisions**

**Sponsor: Buddy Carter (R), 1<sup>st</sup> District**

**Status: in Senate Regulated Industries and Utilities**

**Didn't make it through crossover day**

**Still alive in 2014 half of session**

## SB 51 – "The Georgia Cogeneration and Distributed Generation Act of 2001"; provisions

28        "~~(4) 'Customer generator' means the owner and operator of a distributed generation~~  
29        ~~facility~~ a customer who utilizes the electrical energy from a distributed generation  
30        facility, whether the customer finances the distributed generation facility by purchase,  
31        lease, loan, or other form of financing, including a power purchase agreement.

Effectively amends the Territorial Act by permitting a PPA sale to a retail customer

Solar Industry and customers desiring solar: makes it clear that certain tax advantaged transaction structures are permitted\*\*

Incumbent utilities: allows a third party to sell power to its customers, which has implications for existing generation and transmission infrastructure stranded costs among other planning and potentially shifting a portion of that cost to other customers

## SB 51 – "The Georgia Cogeneration and Distributed Generation Act of 2001"; provisions

(5) 'Distributed generation facility' means a facility ~~owned and operated by a customer of the electric service provider provided by or for a customer generator~~ for the production of electrical energy that:

- (A) Uses a solar ~~Photovoltaic~~ photovoltaic system; ~~fuel cell; generator fueled by biomass, municipal solid waste, landfill gas, or hydropower;~~ or wind turbine;
- (B) Has a peak generating capacity of not more than 10kw for a residential application and 100kw for a commercial application;
- ~~(C)~~ Is located on the customer's premises;
- ~~(D)~~(C) Operates in parallel with the electric service provider's distribution facilities;
- ~~(E)~~(D) ~~Is connected~~ Connected to the electric service provider's distribution system on either side of the electric service provider's meter; and
- ~~(F)~~(E) Is intended primarily to offset part or all of the customer generator's requirements for electricity."

- Broadens list of applicable renewable
- Removes size limits

## SB 51 – "The Georgia Cogeneration and Distributed Generation Act of 2001"; provisions

53 (2) Shall enter into a written agreement with the customer generator to charge the  
54 customer generator ~~the~~ a commercially reasonable rate established by the commission,  
55 or the appropriate governing body, in the case of any other electric service provider or  
56 electric supplier, for metering services;

- If “commercially reasonable” means anything less than actual pass-through costs, then other customers are subsidizing.
- For profit: investors could also “eat it.”

## SB 51 – "The Georgia Cogeneration and Distributed Generation Act of 2001"; provisions

67     (4) Shall not charge a customer generator any monthly fee or standby charge or require  
68     any equipment, insurance, or any other requirement unless the fee, charge, or requirement  
69     shall apply to other similarly situated customers who are not customer generators; and  
70     (5) In all cases, shall reasonably conform any and all charges or fees imposed on a  
71     customer generator to the actual cost of providing the service for which the charges or  
72     fees are imposed.

- Means a utility would have to revise all rates require monthly fees, standby charges and other requirements to all customer to charge those to a customer generator.
- Territorial Act already has nondiscrimination provisions so what does this add except the political difficulty of adjusting all rates and service rules.

## Docket No. 36286, In Re: Notice Of GASU's Request To Be Authorized As A Solar Utility

- September 20, 2012 - Georgia Solar Utilities, Incorporated ("GASU") filed a Petition before the PSC requesting that it approve GASU as a monopoly solar utility, grant it the right to undertake utility scale solar development in Georgia
- GASU further requested that it be authorized to begin to build a distributed solar power generation system and that the PSC agree that the Putnam 80 MW project and similar other projects up to 500 MWs be started as the beginning point for the distributed generation system.
- November 20, 2012 - Commissioner McDonald offered a motion that the PSC issue an order that not only recognizes the potential benefit to ratepayers of new solar technology, but supports the efforts of GASU to pursue appropriate legislation in the Georgia General Assembly.
- The PSC adopted Commissioner McDonald's motion, as amended by Commissioner Everett's friendly amendment.
- GASU is now shopping around a bill for a sponsor.

## Georgia Solar Utilities, Incorporated Flyer – Georgia Power only? Part 1

# SOLAR: GEORGIA'S NEW CASH CROP

### **The bill:**

1. provides a 100% voluntary solar program that would allow ratepayers to opt-in on their monthly power bill.
2. lowers power bills for customers who take advantage of the falling costs of Georgia-grown solar energy.
3. opens the marketplace for competition in the solar industry, under the supervision of the Georgia Public Service Commission.
4. leverages private-sector investment to finance solar projects, not taxpayer subsidies.
5. compensates utilities for grid access and other electricity transmission costs.

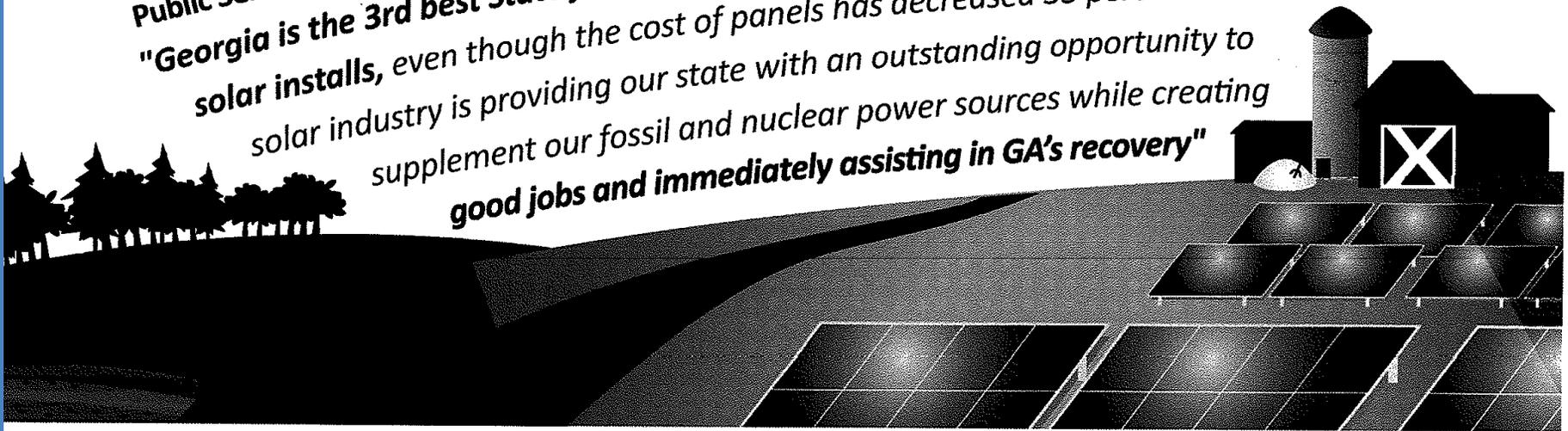


### **"Check-the-box" sign-up:**

Customers can participate by "checking a box" on their monthly bill or online sign-up page.

## Georgia Solar Utilities, Incorporated Flyer – Georgia Power only? Part 2

Public Service Commissioner, Lauren "Bubba" McDonald:  
**"Georgia is the 3rd best State for solar energy in the USA, but ranks 35th in actual solar installs, even though the cost of panels has decreased 33 percent. The solar industry is providing our state with an outstanding opportunity to supplement our fossil and nuclear power sources while creating good jobs and immediately assisting in GA's recovery"**



## HB 657 - Rural Georgia Economic Recovery and Solar Resource Act of 2014; enact

### *Sponsored By*

(1) Kidd, E. Culver "Rusty" (I) 145<sup>th</sup>; (2) Kirby, Tom (R) 114<sup>th</sup>; (3) Rogers, Terry (R) 10<sup>th</sup>  
(4) Brockway, Buzz (R) 102<sup>nd</sup>; (5) Fullerton, Carol (D)153<sup>rd</sup> ; (6) Frazier, Gloria (D) 126<sup>th</sup>

### *Committees*

HC: NONE

### *First Reader Summary*

A BILL to be entitled an Act to amend Article 1 of Chapter 3 of Title 46 of the Official Code of Georgia Annotated, relating to generation and distribution of electricity generally, so as to authorize the Public Service Commission to establish a rural community solar initiative and oversee and manage a responsible expansion of solar energy in this state; to provide for a short title; to provide for legislative findings and intent; to provide for applicability; to provide for related matters; to provide an effective date; to repeal conflicting laws; and for other purposes.

### *Status History*

March 22, 2013 - House Hopper

# Georgia Distributed Generation Act and Electric Territorial Act

## Talking Point/Theme:

- Both Acts function today to achieve those goals and permit the development of renewable and distributed generation
- Proposals to amend either of these Acts should be carefully considered as these Acts represent an intricate and intertwined balancing act regarding multiple issues.
- Amendments to these Act could result in intended or unintended:
  - Ratepayers subsidization of the distributed generation of a few parties, or
  - Stranded costs, i.e., utility infrastructure debt with a shrinking number of customers pass-through costs to.
- Amendments are not needed because renewables and distributed generation are already being developed in Georgia at a records pace.

# PKF - Other Presentations and Events

- [Solar Programs in Georgia and Proposed Amendments to the Georgia Cogeneration and Distributed Generation Act and Electric Territorial Act - March 18, 2013](#)
- [Innovative Smart Grid Projects - November 7, 2012](#)
- [Are you ready to be deposed - Engineering & Operations Exchange - June 11-13, 2012](#)
- [Finance 101 Forum for Utility Managers - May 2, 2012](#)
- [Economic Development Advisory: Georgia General Assembly Passes Economic Development-Friendly Bills During 2012 Session - April 10, 2012](#)
- [Georgia Electric Service Law 101 – Executive Summary of Ga. Territorial Electric Service Act and Ga. Cogeneration and Distributed Generation Act - November 11-13, 2011](#)
- [Update on the Deployment and Use of Smart Grid Technology in Georgia - October 17, 2011](#)
- [Sustainable Cities - GMA Annual Convention - June 25-28, 2011](#)
- [Legislative Update - Electric Cities Annual Meeting - March 30, 2011](#)
- [Green Building Focus - February 24, 2011](#)
- [Georgia's Constitutional Amendment 4: Guaranteed Energy Savings Performance Contracting - February 23, 2011](#)
- [Energy & Sustainability Advisory: Energy Efficiency and Conservation – Successful Legislative Session in Georgia - November 10, 2010](#)
- [DOE Loan Guarantees - Real Estate and Renewable Energy Markets Forum - August 24-25, 2010](#)
- [Georgia Territorial Electric Service Act 101 - August 27, 2009](#)
- [Georgia Territorial Electric Service Act 101 - August 25, 2009](#)
- [Public Finance 101 - 2008 TGA Utility Finance & Accounting Conference \(August 18-19, 2008\)](#)
- [Public Finance Advisory: Certain Governmental Issuer's Tax-Exempt Bonds Questioned by IRS Regarding Post-Issuance Tax Compliance - January 30, 2009](#)
- [Solar Programs in Georgia and Proposed Amendments to the Georgia Cogeneration and Distributed Generation Act and Electric Territorial Act - March 18, 2013](#)
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## Questions:

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