



Piedmont Municipal Power Agency

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PMPA and Distributed Generation

Piedmont Municipal Power Agency (PMPA) has been accommodating distributed generation since it adopted a Net Metering Policy in 2009. This policy, along with one regarding Green Generation Projects owned by our Member Utilities, allows for generation to be utilized on our Members' distribution systems which is generated from solar, biomass, hydroelectric, hydrogen, geothermal, waste heat, or wind power. These policies provide for the owners of these renewable energy projects to be paid for their surplus energy which is sent to the grid by receiving credits commensurate with PMPA's avoided cost of supplying this energy.

It should be noted that these policies limit the sizes of individual projects as well as the total of the projects in aggregate. These renewable energy projects may not exceed 2% of PMPA's peak demand.

In addition to the size and type of distributed generation projects included in these policies, other factors were considered. First, all of our Members have all-requirements power supply contracts with PMPA, meaning that PMPA must supply all of the Members' power requirements and that the Members are not allowed to receive power from any other sources, including generation owned by the Members' retail customers. This was handled by allowing for Tri-Party Power Sales Agreements which, in essence, provide for PMPA to purchase the excess generation from these projects and use it to supply the needs of the Members. Second, PMPA only supplies energy at wholesale. So, the only credit for avoided cost is at wholesale rates.

PMPA realizes that distributed generation, solar power in particular, will play a larger role in future power supply. Further, the introduction of third-party solar sales is being discussed in the General Assembly. Several things are of concern to PMPA regarding this expansion of distributed resources.

The current bill being debated would prohibit the distribution systems from charging any fee or standby charge or asking the solar customer to satisfy any other requirement that does not apply to a customer without solar panels. This means that the non-solar customers would subsidize the solar customers to the extent there are additional costs associated with accommodating these solar installations.

Also, the solar generators are depending on the distribution systems to furnish instantaneous backstand service when the solar units are not generating sufficient energy. In addition, solar generators would not be paying their full portion of operating and maintaining the grid because a part of this cost is currently recovered in energy sales.

Solar generation projects already receive significant subsidies from both the Federal and State governments in the form of tax credits. Why should the electricity ratepayers provide an additional subsidy?

The current bill further provides that third-party owners of solar panels would not be regulated as utilities. The investor-owned utilities are regulated by the Public Service Commission, the Cooperatives by their member-elected boards, and the municipal systems by local elected officials. Who will determine the rules for these new groups supplying electricity in South Carolina?

This issue needs to be studied carefully and not adopted in haste. Let's be sure that any new legislation does not actually increase the bills of the majority for the sake of a small group's profit.

Piedmont Municipal Power Agency is a joint-action agency providing wholesale electric services to ten municipalities in upstate South Carolina: Abbeville, Clinton, Easley, Gaffney, Greer, Laurens, Newberry, Rock Hill, Union, and Westminster. PMPA's energy mix is 90% CO2-emission free.