

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2005-387-E – ORDER NO. 2006-772  
DECEMBER 19, 2006

IN RE: Petition of the Office of Regulatory Staff to ) ORDER ADOPTING  
Establish Dockets to Consider Implementing ) MODEL  
the Requirements of Section 1254 ) INTERCONNECTION  
(Interconnection) of the Energy Policy Act of ) STANDARD  
2005. )

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Petition of the Office of Regulatory Staff (ORS) to, if appropriate, implement Section 1254 of the Energy Policy Act of 2005 (EPAcT).

The EPAcT requires state commissions, with respect to each electric utility for which the state commission has ratemaking authority to consider certain standards to encourage better utilization of energy resources. Section 1254 of the EPAcT requires each electric utility to make interconnection service available, upon request, to any electric consumer that the electric utility serves. Interconnection services are to be based on the standards developed by the Institute of Electrical and Electronics Engineers (IEEE), as may be amended from time to time. Specifically, the EPAcT references IEEE Standard 1547 for Interconnecting Distributed Resources with Electric Power Systems. In addition, Section 1254 of the EPAcT requires that agreements and procedures be established such that the services offered promote the current best practices of interconnection for

distributed generation, including but not limited to practices stipulated in model codes adopted by associations of state regulatory agencies.

Pursuant to the instructions of the Commission's Docketing Department, a Notice of Filing was published in newspapers of general circulation in the service areas of the utilities affected by the EAct Code provision. Petitions to Intervene were filed by Progress Energy Carolinas, Inc. (PEC), South Carolina Electric & Gas Company (SCE&G) and Duke Energy Carolinas, LLC (Duke). On January 19, 2006, Order No. 2006-18 was issued, which established a proceeding and which requested comments. Written comments were received.

Subsequently, a Joint Petition was received from all parties for Approval of Model Small Generation Interconnection Standards and Associated Application to Interconnect and Interconnection Contract Forms. A hearing was then held on October 26, 2006 in the Offices of the Commission. Len S. Anthony, Esquire, represented PEC. Catherine D. Taylor, Esquire, represented SCE&G. Richard L. Whitt, Esquire, and Lawrence B. Somers represented Duke. Nanette S. Edwards, Esquire, represented ORS. Testimony was presented by B. Mitchell Williams of PEC, Philip R. Kleckley of SCE&G, and Ollie Frazier, II of Duke.

Williams' testimony (which was approved of and supported by the testimony of Kleckley and Frazier) supported adoption of the Model Interconnection Standard (the Standard). The Standard consists of the Interconnection Standard, Interconnection Application, Interconnection Agreement, and related criteria applicable to small customer-owned generators in South Carolina who desire to interconnect and operate

their generators in parallel with the various Utilities' distribution systems, with uniform, simplified, standard interconnection criteria and procedures for making interconnections. The Interconnection Standard, Interconnection Application, and Interconnection Agreement address the requirements set forth in Section 1254 of the EPA Act and are based on Standard 1547 for Interconnecting Distributed Resources with Electric Power Systems developed by the IEEE.

Equipment manufacturers, according to Williams, recognize the utility industry's adoption of the IEEE standard and therefore manufacture equipment that complies with the standard. PEC considers this Model Interconnection Standard to be the appropriate means to address interconnection of most small generation (100 kW or less) with the electric distribution systems in South Carolina which are under the jurisdiction of the Commission. Williams stated that the Model Interconnection Standard proposed is identical to the North Carolina version, except for references to the specific state.

Williams testified that the proposed Model Interconnection Standard would apply to parallel interconnection of single phase small generation systems rated at 20 kW or less for residential customers and 100 kW or less for nonresidential customers. Generators failing to meet the requirements of the Standard may still be considered for interconnection after more detailed review specific to the proposed application and generator. The Standard will not apply to the interconnection of generators intending to sell all or any portion of their generation to any entity other than the utility to which it is directly connected. If at any point in the future a customer wishes to sell its generation

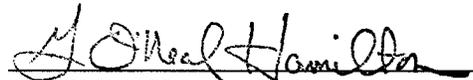
output to a third party, the interconnection standards promulgated by the Federal Energy Regulatory Commission (FERC) would apply.

The testimony also described how the utilities would process applications for interconnection of small generators and the need for the application fee. Williams noted that there was no opposition to the proposed adoption of the Standard.

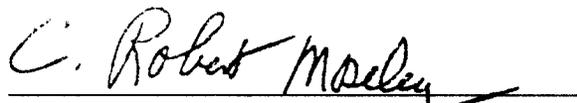
We have considered this matter and believe that the Model Interconnection Standard should be adopted as filed. Such a standard is consistent with the purposes of Section 1254 of the EPAct and provides specific standards for parallel interconnection of single phase small generation systems rated at 20kW or less for residential customers and 100 kW or less for nonresidential customers. Further, there is no opposition to the Standard's adoption. Accordingly, the Model Interconnection Standard is hereby adopted as filed.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
G. O'Neal Hamilton, Chairman

ATTEST:

  
C. Robert Moseley, Vice Chairman

(SEAL)