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Docket No. 4822: **Capacity and Energy Payments to Cogenerators under PURPA**

Docket No. 16573: **Georgia Power Company's Green Energy Program**

Docket No. 19279: **Biomass Gas & Electric, LLC's Petition to Establish Docket Regarding Forsyth County Renewable Energy Plant**

ORDER

APPEARANCES:

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I. STATEMENT OF PROCEEDINGS

A. Summary and Jurisdiction

It is the Georgia Public Service Commission's ("Commission") goal to ensure that the valuation of renewable and demand side resources is calculated appropriately. As the underlying avoided cost methodology has not been the subject of a full Commission review in over twenty-five (25) years, the Commission ordered the reopening of a proceeding in Docket No. 4822 as part of the July 29, 2019 Amended Final Order for Georgia Power Company's ("Georgia Power" or "Company") 2019 Integrated Resource Plan ("IRP"). Given the overlapping nature of the issues, and to ensure all impacted programs and avoided cost calculations were addressed, Docket Nos. 16573 and 19279 were re-opened as well.

The Company has an obligation to accurately determine avoided costs in compliance with the requirements of the Public Utility Regulatory Policies Act ("PURPA"), a federal law. PURPA avoided cost rates have historically been used to compensate cogenerators and certain small power producers, up to eighty (80) megawatts ("MW"), that have been certified as a qualifying facility ("QF"). During Georgia Power's 2016 IRP, Docket No. 40161, the Company proposed the use of the Renewable Cost Benefit ("RCB") Framework to identify additional costs and savings resulting

from the additional deployment of renewable resources onto the grid. In the 2016 IRP Order Adopting Stipulations, dated August 2, 2016, the Commission required Commission Staff ("Staff") and the Company to continue discussions regarding the use of the RCB Framework and file a recommendation on the matter within four (4) months. On December 2, 2016, Staff and the Company filed a Joint Recommendation for the continued implementation of the RCB Framework for its use in the 2017 Renewable Energy Development Initiative ("REDI"), for both utility scale and distributed generation ("DG"), but not for the calculation of avoided costs for behind the meter ("BTM") technologies. The Joint recommendation was approved by the Commission on December 22, 2016.

In early 2017, several parties including Staff, Georgia Power, the Georgia Solar Energy Industries Association ("GASEIA"), Georgia Interfaith Power and Light ("GIPL") and Southface Energy Institute ("Southface") met to discuss how to implement the RCB Framework for use of calculating avoided costs for BTM solar technologies. The parties reached an agreement which was approved by the Commission on June 7, 2017. This agreement applied the RCB Framework to the calculation of avoided costs for BTM solar systems.

Together, PURPA and the RCB Framework are mechanisms used by the Company to set compensation rates for DG solar customers. Customers with rooftop solar systems that receive service under the Renewable and Nonrenewable Resources ("RNR") tariff are compensated under RNR-Monthly Netting or RNR-Instantaneous Netting. The RNR-Monthly Netting option has predetermined limits of 5,000 customers or until newly installed capacity reaches 32 MW, whichever comes first.

B. Jurisdiction

The Commission has jurisdiction to oversee the valuation of renewable and demand side resources and to decide the other issues within Docket Nos. 4822, 16573, and 19279. The Commission has general regulatory authority over electrical utilities in the state pursuant to O.C.G.A. § 46-2-20, 46-2-21 and 46-2-23. In addition, the Commission administers the Integrated Resource Planning Act. O.C.G.A. § 46-3A-1 through 11.

O.C.G.A. § 46-2-23(a) provides the Commission with "exclusive power to determine what are just and reasonable rates and charges to be made by any person, firm, or corporation subject to its jurisdiction." Title II, § 210 of PURPA, 16 U.S.C §§ 796 and § 824 a-3; related Federal Energy Regulatory Commission ("FERC") rules are found in FERC Order No. 69, Docket No. 79-55, (February 19, 1980), FERC Order No. 872, 172 FERC 61,041 (July 16, 2020), FERC Order No. 872-A, Docket Nos. RM19-15-001 and AD16-16-001 (November 19, 2020), and 18 C.F.R. Subpart C, § 292.

C. Background

The Commission's Procedural and Scheduling Order, dated August 20, 2020, set out the issues to be decided during this proceeding which include:

1. By using the current avoided cost methodologies, are renewable energy and energy efficiency resources being valued correctly?
2. Should the Commission approve any modifications to the current methodologies that are used to calculate PURPA avoided costs?
3. Should the Commission approve any modifications to any of the following three (3) Standard Offer Contracts available for a Qualifying Facility project:
    a. Standard Contract for the Purchase of Non-Firm Energy from a Qualifying Facility,
    b. Standard Contract for the Purchase of Firm Capacity and Energy from a Qualifying Facility, and
    c. Standard Contract for the Purchase of Firm Capacity and Energy from a Renewable Qualifying Facility Utilizing the Proxy Unit Methodology?
4. All other issues that impact the valuation, application, and/or calculation of avoided costs regarding renewable energy or energy efficiency resources.

On November 9 and 10, 2020, in accordance with the Procedural and Scheduling Order, the Commission held hearings on the Direct Testimony of all the parties that recommended changes to the PURPA avoided cost formula or had proposed modifications to the three PURPA pro-forma contracts. On November 9, 2020, hearings on the Direct Testimony of Georgia Power's panel of witnesses were held which consisted of Jeffrey R. Grubb, A. Wilson Mallard and Jeffrey

B. Weathers ("Company Witnesses"). On November 10, 2020, hearings on the Direct Testimony of other parties were conducted which consisted of: GIPL, Southface and Vote Solar ("GIPL-S-VS") - Douglas Jester and Matt Cox ("Witnesses Cox and Jester"); Georgia Large Scale Solar Association ("GLSSA") - Ryan Sanders, John Sterling and Ben Vollmer ("GLSSA Panel"); GLSSA - John Wilson ("GLSSA Witness Wilson"); GLSSA - Arne Olson ("GLSSA Witness Olson"); and GASEIA - Karl Rabago ("GASEIA Witness Rabago").

On January 19 and 20, 2021, the Commission held hearings on the Rebuttal and Surrebuttal testimony of all parties in this proceeding. On January 19, 2020, the hearing for Public Interest Advocacy Staff ("PIA Staff") and Georgia Power's Witnesses were conducted. PIA Staff witnesses included John Kaduk, Timothy Cook, and Jeffrey Bower ("PIA Staff Witnesses"). On January 20, 2021, the Rebuttal/Surrebuttal hearing continued with testimony for the following panels: GLSSA Panel; GLSSA Witness Wilson; Witnesses Cox and Jester; Heelstone Renewable Energy, LLC ("Heelstone") - Justin Gravatt, Jennifer Kerrigan, and W. Austin Scheffy ("Heelstone Witnesses"); and Sierra Club - Jeremy Fisher ("Sierra Club Witness Fisher").

On February 16 and 17, 2021, parties filed Briefs and/or Proposed Orders. These parties included: PIA Staff, Georgia Power, GLSSA, GIPL-S-VS, Heelstone, Southern Alliance for Clean Energy ("SACE"), Georgia Association of Manufacturers ("GAM"), Southern Renewable Energy Association ("SREA"), GASEIA, and Sierra Club.

On February 23, 2021, PIA Staff and Georgia Power executed and submitted a Stipulation designed to resolve the issues that were raised in these dockets, provided as Attachment A. The Stipulation contains 11 provisions.

D. Commission Decision

At the Administrative Session on March 2, 2021, PIA Staff recommended approval of the executed stipulation and that the Commission require that QFs continue to pay their total reasonable interconnection costs. Staff further recommended that modifications to the transmission system, (Network Upgrade Costs) that are required in order to facilitate the QF's interconnection be refunded (100%) back to the QF since these upgrades benefit the system and therefore customers with improved grid reliability.

Commissioner McDonald offered the following motion regarding Heelstone's issues as an amendment to PIA Staff's recommendation:

I move that the parties should adhere to the contract as written. In particular, I move that the Commission find:

1) *That the contract provides that the parties shall use the variable rate compensation formula set forth by the Commission in its 1994 Final Order in Docket 4822. The contract does not contain language stating that if that formula is later modified by the Commission then the modified formula shall be used by the parties to the contract.*
2) *That the contract language in Section 5.3.2 of the Standard QF PPA constitutes the only interconnection procedure with which the Heelstone Projects must comply and that Heelstone has complied with that procedure. This contract language states that the interconnection shall be performed in accordance with Attachment J, the Large Generator Interconnection Procedures ("LGIP").*
3) *That the contract does not provide that the Company is required to provide the historical data requested by Heelstone and that the contract does not require, or allow, for a fixed price.*

The Commission approved PIA Staff's recommendation as amended by Commissioner McDonald's motion on a vote 4-1. In addition, Commissioner Shaw offered the following motion as an amendment to PIA Staff's Recommendation as amended by Commissioner McDonald's motion:

I am concerned about the impact that changing avoided cost prices have had on certain small providers like the municipal water systems of City of Jesup and Chatsworth WWC. I would like Staff and the Company to investigate whether there is something that can be done to help these systems and any other similarly situated entities. Accordingly, I move that Staff and the Company meet to discuss this issue and report back to the Commission within 60 days on any possible solutions.

The Commission approved Commissioner Shaw's motion on a vote 4-1. Then, the Commission approved PIA Staff's recommendation as amended by Commissioners McDonald's and Shaw's motions on a vote 4-1.

II. Findings of Fact And Conclusions of Law

A. The Stipulation

The Commission finds and concludes that the Stipulation agreed to by Georgia Power and PIA Staff resolves the issues addressed therein in a fair and reasonable manner that complies with the applicable requirements of PURPA.

B. Network Upgrade Costs

Although FERC's interconnection processes and agreements for interconnection at the transmission level require that an interconnection customer pay for Network Upgrade Costs, those costs are fully reimbursable by the utility, with interest (68 Fed. Reg. at 49, 899). Heelstone raised potential impacts of the Commission moving away from FERC's policy on Network Upgrade costs and having QFs sign Qualifying Facility Interconnection Agreements ("QFIA") instead of FERC's Large Generator Interconnection Agreements ("LGIA") (Heelstone Rebuttal Testimony pg. 40-41, 48-50). The QFIA requires an additional study ("Delivery Study"), which requires a deposit of $25,000 and mandates that any additional Network Upgrade Costs identified in the study would be added to the interconnections costs already identified for inclusion in the QFIA. Under the QFIA process the Company required that Network Upgrade Costs identified in the Delivery Study be added to the interconnections costs that had already been identified through the other LGIP required studies. Heelstone received three Delivery Study Reports with significant additional Network Upgrade Costs. Those studies were wildly inconsistent (Heelstone Rebuttal Testimony pg. 44-47). Heelstone's experience with multiple and inconsistent Delivery Study Reports raised serious concerns about the validity of the Delivery Study and Georgia Power's proposed policies on Network Upgrade Costs.

Georgia Power argued that reimbursement of Network Upgrade Costs back to the developer constitutes a customer subsidy (Direct Tr. at 283). The Company testified that it was important to

take steps to leave the customer indifferent (Direct Tr. at 103, 108). The Company testified that it had "identified the possibility" that additional costs could occur, and that this study would identify "network improvements that may be required to get the energy generated by the QF to where it needs to go"(Direct Tr. at 80). However, during this case the Company declined to provide any scope or technical description for this study and has not differentiated this study from the FERC approved studies that are already required in the QFIA and LGIA.

PIA Staff took the position that any resolution to this issue by the Commission that does not require the Company to fully reimburse Network Upgrade Costs runs the risk of allowing an abuse of power. For example, FERC considered a "but for" approach, which would hold the interconnection customer responsible for Network Upgrade Costs that would not have been generated absent its interconnection (68 Fed. Reg. at 49,904). FERC stated that such a mechanism could be allowed in RTO/ISO systems where the funding policy is "independently administered," but where, as here, the transmission provider, Southern Company or Georgia Power, is not independent "and has an interest in frustrating rival generators," such an approach would be too subjective and thereby create opportunities for undue discrimination (Id.).

PIA Staff pointed to the fact that the Company's concerns regarding customers subsidizing these upgrades have been raised and rejected by FERC in its 2003 Order (68 Fed. Reg. at 49,899, Direct Tr. at 283). In that Order, the Alabama Public Service Commission argued that "a pricing policy that spreads the costs of all interconnection-related facilities situated 'at and beyond' the Point of Interconnection to all transmission customers results in a subsidy to the Interconnection Customer, causes inefficiencies in siting, and is inconsistent with longstanding cost causation principles" (Id.). Other commentators argued that Network Upgrade Costs should include only facilities that are ''integrated'' with the transmission system, meaning that they are likely to be used by entities other than the Interconnection Customer (Id.). FERC rejected all of these concerns and affirmed its position that facilities beyond the point of interconnection are part of the transmission provider's transmission system and thus benefit all users (Id.). This decision shows that when FERC considered the balance of interests at stake, it found that the risks involved in allowing the utility to decide which Network Upgrade Costs to reimburse outweighed the risk of inefficient siting decisions and the subsidy of network upgrades by customers.

The Commission finds and concludes that it is appropriate that QFs shall continue to pay their total reasonable interconnection costs and that modifications to the transmission system, (Network Upgrade Costs), that are required in order to facilitate the QF's interconnection shall be refunded (100%) back to the QF. The Commission finds that is appropriate to refund the Network Upgrade Costs back to the QF since these upgrades benefit the transmission system and therefore benefits all customers with improved grid reliability.

C. Heelstone

Heelstone entered into a "Standard Contract for the Purchase of Non-Firm Energy from a Qualifying Facility" ("Energy-Only Contract") with Georgia Power for six (6) projects (Heelstone Rebuttal Testimony pg. 5). Each contract required Georgia Power to interconnect projects to the Georgia Power Electric System in accordance with the Southern Company's LGIP which includes the FERC-approved LGIA (Heelstone Rebuttal Testimony pg. 30-31). However, Georgia Power required Heelstone to sign QFIAs instead of the required LGIAs (Heelstone Rebuttal Testimony pg. 32). When Heelstone refused, the Company threatened to withhold the designations that each project needs before it may operate unless Heelstone executed QFIAs (Heelstone Rebuttal Testimony pg. 33-34).

The QFIA required an additional study (entitled a "Delivery Study"), which requires a deposit of $25,000 and mandates that any additional Network Upgrade Costs identified in the study would be added to the interconnections costs already identified for inclusion in the QFIA (Heelstone Rebuttal Testimony pg. 35).

Heelstone Witnesses testified that the Company's description of the "Delivery Study," which they referred to as an additional study, lacked detail. Heelstone Witnesses asserted that it is unclear how the scope of the Delivery Study is not already covered by the three studies included in the LGIP process. Heelstone Witnesses further testified that the Company has not supplied a scope or written guidelines for this Delivery Study, nor the QFIA interconnection process for transmission connected generators. Furthermore, Heelstone Witnesses provided Exhibit 5 which was a QFIA that was provided by the Company. Heelstone Witnesses identified multiple differences between the QFIA and the LGIA prescribed by FERC. These differences included

increased costs and creates risk for the QF interconnecting under the QFIA that appear to have no justification, including differences in operations and maintenance costs, taxes, interconnection payment timeline and limited options for posting security (Heelstone Rebuttal Testimony pg. 38-41). As a result, Heelstone Witnesses recommended that the Commission maintain the use of the LGIP, and by association the LGIA, and reject the Company's proposal to include the Delivery Study as a part of the QFIA process (Heelstone Rebuttal Testimony pg. 48).

Heelstone Witnesses also testified that there is no mechanism by which a QF developer can obtain the QF Compensation System Lambda that Georgia Power uses for the Standard QF PPA. Instead, the only publicly available information is the FERC System Lambda, but the difference between system lambdas has a real economic impact to potential QF developers (Heelstone Rebuttal Testimony pg. 19).

Heelstone recommended the Commission either: (i) grandfather any existing Standard QF PPA under the existing compensation formula; or (ii) approve a fixed price set at the Company's avoided cost at the time the Standard QF PPA was entered and which continues for its duration (Heelstone Rebuttal Testimony pg. 27).

In its Surrebuttal Testimony, Company Witnesses recommended that the Commission not grandfather the PPAs (Company Surrebuttal Testimony pg. 58). The experience with Heelstone's projects more clearly illuminated the need to ensure a QF either (1) executes a QFIA (where all appropriate costs for transmission system changes are borne by the QF in compliance with this Commission's standing order) or (2) undergoes an analysis where identified costs, if any, are appropriately allocated to the QF through the negotiated Energy-Only PPA or Firm Capacity and Energy PPA (Company Surrebuttal Testimony pgs. 60-61). Company Witnesses stated that allowing a QF to execute a pro forma Energy-Only PPA without committing to execute a QFIA could cause cost subsidy by customers (Company Surrebuttal Testimony pg. 61).

On February 10, 2021 Heelstone filed a petition for Declaratory Relief in this docket ("Heelstone's Petition"). Heelstone's Petition makes three specific declaratory requests: (1) Declaration that the Company's "Top of Stack" lambda which is publicly filed in Form 714 at the FERC is not an accurate proxy for the Company's "utility system lambda" which is an integral

component of the fixed compensation formula incorporated into the Standard QF PPAs executed by Heelstone; (2) Declaration that the calculation of compensation to Heelstone for energy generated and sold to the Company pursuant to the Standard QF PPAs is fixed by the formula in existence when Heelstone entered into each Standard QF PPA and will continue unchanged for the duration each Standard QF PPA; and (3) Declaration that Heelstone has complied with all requirements of interconnection of its Projects having secured Large Generator Interconnection Agreements as required by Section 5.3.2 of Heelstone's Standard QF PPAs pursuant to Appendix J, Procedures for Obtaining Interconnection Service, of the Transmission Tariff.

On February 22, 2021, the Company filed a Motion to Dismiss Heelstone's Petition. The Company stated that the issues requested for the Commission to "declare" in the Petition are simply a reformatted presentation of the identical issues raised by Heelstone in its Rebuttal Testimony and reiterated in its post-hearing Brief in the Avoided Cost Proceeding. The Company conceded in its response that the underlying Avoided Cost Proceeding is the appropriate venue to decide these issues on the merits.

At the Administrative Session on March 2, 2021, PIA Staff stated that the issues raised by Heelstone in their Petition for Declaratory Relief were the same issues that Heelstone raised in their Testimony in this docket. PIA Staff recommended that the Heelstone Petition be dismissed as duplicative and that the issues be resolved in the underlying Avoided Cost Proceeding in Docket Nos. 4822, 16573, and 19279. The Commission approved PIA Staff's recommendation to consider the issues that were raised in Heelstone's petition in this docket.

The Commission finds and concludes that Section 8 of the Heelstone Projects' Standard Offer PPAs sets forth the calculation of monthly energy payments. The contract in Section 8.1 (ii) states that the parties shall use the Georgia Power Territorial Hourly Avoided Energy Rate for such hour for such month pursuant to the formula as set forth by the Commission in its 1994 Final Order in Docket No. 4822. The contract refers to a specific formula in a specific order and does not contain language stating that if that formula is later modified by the Commission then the modified formula shall be used by the parties to the contract.

The Commission finds and concludes that the contract language in Section 5.3.2 of the Heelstone Projects' Standard Offer PPAs constitute the only procedures for obtaining interconnection service with which the Heelstone Projects must comply. This contract language states that the interconnection shall be performed in accordance with Attachment J, the Large Generator Interconnection Procedures and that Heelstone has complied with that procedure.

The Commission finds and concludes that the Heelstone Projects' contracts do not provide that the Company is required to provide the historical data requested by Heelstone and that the contract does not require, or allow, for a fixed price.

D. Further Investigation

The Commission finds and concludes that it is reasonable and appropriate to require Staff and the Company to meet to investigate whether there is something that can be done to help small providers like the municipal water systems of the City of Jesup and Chatsworth WWC and any other similarly situated entities concerning the impact that changing avoided cost prices have had on such systems and report back to the Commission, within 60 days of the Final Order in this docket, on any possible solutions.

E. Other Issues Raised in Docket

1. Marginal Cost Multiplier

GLSSA Witness Wilson stated that the startup/commitment cost adder "is intended to capture the effect of an individual QF project being compensated under a PURPA PPA on the unit commitment costs for the system" (GLSSA Witness Wilson Rebuttal Testimony pg. 13). This value is in contrast to the Marginal Cost Multiplier, which is intended to capture the effect of the QFs in aggregate on the system lambda (GLSSA Witness Wilson Rebuttal Testimony pg. 14).

Witnesses Cox and Jester agreed that "Georgia Power has not demonstrated that the prior decision-making of the Commission was incorrect in establishing [the Marginal Cost Multiplier], nor have they provided evidence that the Unit Commitment Cost adder is necessarily capturing these values" (GIPL-S-VS Surrebuttal Testimony pg. 23).

Sierra Club Witness Fisher testified that the method the Company uses to calculate the Unit Commitment Cost ("UCC") is flawed and suppressed the avoided cost and should be revised (Sierra Club Rebuttal Testimony pg. 22). Sierra Club Witness Fisher stated that when units are committed and run at costs exceeding system lambda over an extended period of time, the Company's method for capturing these costs are not properly reflected in the avoided costs paid to QFs (Sierra Club Surrebuttal Testimony pg. 6). Sierra Club Witness Fisher recommended that the Commission conduct a study of the impact of self-commitments on marginal energy cost similar to one conducted by the Southern Power Pool provided in Exhibit JIF-09 (Sierra Club Rebuttal Testimony pg. 24).

GLSSA Witness Wilson also proposed two changes to the Startup/Commitment Cost Adder, also referred to as the UCC Adder. First, GLSSA Witness Wilson recommended that the Commission revise the PURPA Avoided Cost Formula such that the Marginal Cost Multiplier be applied to the Startup/Commitment Cost Adder, noting that "since the marginal cost multiplier is intended to adjust the system lambda, to the extent that the commitment cost adder relies on the system lambda, then it too should be adjusted to reflect the full impact of exiting QFs on system costs" (GLSSA Witness Wilson Rebuttal Testimony pg. 16). No further analysis or evidence was provided, and no other parties addressed this issue.

The Commission does not approve any proposed changes to the marginal cost multiplier.

GLSSA Witness Wilson further proposed that the Commission require the Company "to revise its commitment/startup cost adder to consider a solar profile, rather than a flat hourly generation profile, for purposes of compensating solar QFs" (GLSSA Witness Wilson Surrebuttal Testimony pg. 12). This recommendation was based on PIA Staff Witnesses' Rebuttal Testimony, which stated that the method used by the Company to calculate the impact of QF on startup and commitment costs compares multiple runs of its production cost model and assumes an adjustment to load that is the same in each hour (plus or minus 1,000 MW or 2,000 MW), rather than a profile that matches the expected output of a QF resource such as a solar generator (PIA Staff Rebuttal Testimony pg. 25).

The Commission does not approve the proposal to require the Company to revise its commitment/startup cost adder to consider a solar profile, rather than a flat hourly generation profile, for purposes of compensating solar QFs.

2. Renewable Cost Benefit Framework

a) Avoided Energy Costs

Company Witnesses proposed applying the Avoided Energy Cost component of the RCB Framework to the PURPA Avoided Cost Formula (Company Direct Testimony pg. 45). Company Witnesses confirmed that this change will not lead to a substantive modification of the calculation of avoided cost and is simply a modification of the terminology to align the PURPA Avoided Cost Formula with the RCB Framework (Company Surrebuttal Testimony pg. 36). With the understanding that this is solely a terminology change, PIA Staff Witnesses were supportive of the proposal (Rebuttal/Surrebuttal Tr. at 88). No other parties expressed a position on this proposal.

The Commission does not approve the proposal to apply the Avoided Energy Cost component of the RCB Framework to the PURPA Avoided Cost Formula.

b) Modifications to the RCB Framework

GASEIA Witness Rabago proposed multiple modifications to the RCB Framework (GASEIA Direct Testimony pg. 42-44). GASEIA Witness Rabago's findings and conclusions were largely the same as those offered during the Company's 2019 IRP (GASEIA Direct Testimony pg. 4).

GASEIA Witness Rabago testified that the Company should develop estimate values for fuel hedging benefits, deferred distribution investment benefits, ancillary services costs, and the potential benefits of islanded operation of DG (GASEIA Direct Testimony pg. 11). GASEIA Witness Rabago noted that the Company's RCB Framework states that it does not include fuel hedging benefits because it does not believe renewable resources provide such benefits and that the Company further stated that it does not recognize this effect because it has hedging programs that are overseen by regulators (GASEIA Direct Testimony pg. 22).

GASEIA Witness Rabago proposed to account for fuel hedging benefits by calculating the equivalent cost of guaranteeing a fixed price of fuel for the generation that the Company would operate but for the operation of DG over the life of the project, levelized on a per-kW and per-kWh basis—that is, the price of a financial instrument to hedge equivalent gas price volatility over the life of the solar generation (GASEIA Direct Testimony pg. 23).

GLSSA Witness Olson testified that the Company incorrectly calculates Support Capacity costs. GLSSA Witness Olson recommended that the Company use the root mean square approach for determining the regulating reserve requirement, and also provided analysis that used California ISO data to support his recommendation (GLSSA Witness Olson Direct Testimony pg. 22-23). GLSSA Witness Olson also recommended that the forecast error component of Support Capacity be eliminated because the cost associated with forecast error is already factored into the way in which the Company de-rates solar nameplate capacity (GLSSA Witness Olson Direct Testimony pg. 23-24).

GLSSA Witness Olson testified that avoided cost methodologies are not well suited to evaluating modern solar facilities and energy storage facilities because these facilities can provide services that are difficult to value, and that avoided cost methodologies are not well-suited to valuing energy storage facilities (GLSSA Witness Olson Direct Testimony pg. 26). GLSSA Witness Olson proposed that the Company integrate large-scale solar and storage resources into its portfolio-level analysis throughout the IRP and evaluate project bids into procurements (GLSSA Witness Olson Direct Testimony pg. 28-29). GLSSA Witness Olson further proposed that for long-term planning purposes, the Company use ICE factors for tracking systems as utility-scale solar projects are likely to include tracking" (GLSSA Witness Olson Direct Testimony pg. 17). GLSSA Witness Olson proposed that the Company undertake a study of the system value of "flexible solar" resources, which can take dispatch signals from a control center and provide additional value to utilities (GLSSA Witness Olson Direct Testimony pg. 29-30).

During cross-examination, GASEIA Witness Rabago testified that assessing costs and benefits on the one hand and designing rates, including avoided cost compensation rates, are two different regulatory processes (Direct Tr. at 888).

Company Witnesses testified that the RCB Framework was extensively reviewed and approved by the Commission in the 2016 and 2019 IRPs and will be evaluated again in the Company's upcoming 2022 IRP (Company Rebuttal Testimony pg. 13).

The Commission does not approve any proposed modifications to the RCB Framework.

c) Solar Plus Storage RCB Framework Component

GASEIA Witness Rabago proposed adding a solar plus storage component to the RCB Framework (GASEIA Direct Testimony pg. 11). GASEIA Witness Rabago noted that Company Witnesses indicated that it would address such projects on a case-by-case basis. GASEIA Witness Rabago stated that this approach is problematic since a case-by-case approach invites subjective and discriminatory treatment of new market projects. Further, it was noted that the Company reported in its January 2020 RCB Framework Compliance Filing that some action on this issue may be taken in the next IRP (GASEIA Direct Testimony pg. 25-26).

The Commission does not approve the proposal to add a solar plus storage component to the RCB Framework.

3. Uneconomic Dispatch

Witnesses for both GIPL-S-VS and Sierra Club raised issues regarding uneconomic dispatch. In their Direct Testimony, Witnesses Cox and Jester reported that, based on their analysis, at least one uneconomic generating unit, with costs exceeding the reported system lambda, operated during 95% of hours in 2019 (GIPL-S-VS Direct Testimony pg. 26-28). Witnesses Cox and Jester stated that the difference between Avoided Energy Cost and the cost of generators that are actually online results in incorrect market signals that likely discourage solar investment in Georgia. Witnesses Cox and Jester testified that they would expect that those instances when conditions require a generating unit to be dispatched uneconomically would be relatively rare (Direct Tr. at 454-455).

Sierra Club Witness Fisher testified that the Company is dispatching units uneconomically. He further testified that there are two major issues citing, that the Company's avoided cost methodology is a "black-box" calculation and lacked transparency and participated in the practice

of committing coal units "out-of-merit" which distorts and suppresses avoided energy costs that ultimately limits revenue to QFs (Sierra Club Rebuttal Testimony pg. 2). Sierra Club Witness Fisher recommended that the Company replace the current Start-up & Commitment Component Adder, also referred to as the UCC with a multiplier that provides the appropriate marginal cost of generation. Sierra Club Witness Fisher also recommended that the Commission open an investigation into the Company's self-commitment practices to assess the impacts of uneconomic dispatch and examine the extent to which self-commitment practices suppress avoided cost revenues for QFs (Sierra Club Rebuttal Testimony pg. 4).

Company Witnesses asserted that Southern Company correctly calculates system lambda and does not engage in uneconomic dispatch to serve load. Various system or operational requirements can necessitate running certain generating units, even if their costs in a particular hour exceed those of the marginal generating costs on the system. Those generating units do not set system lambda in such cases (Company Rebuttal Testimony pg. 21). Company Witnesses asserted that the methods and conclusions of Witnesses Cox and Jester are flawed (Company Rebuttal Testimony pg. 22-25).

PIA Staff Witnesses disagreed with Witnesses Cox and Jester's characterization of uneconomic dispatch, as there are many reasons why utilities must commit or dispatch resources that are not least-cost, and stated that there is not sufficient evidence to support the conclusion that the Company is uneconomically dispatching its units (PIA Staff Rebuttal Testimony pg. 49).

The Commission does not approve Sierra Club Witness Fisher's recommendation to open an investigation into the Company's self-commitment practices to assess the impacts of uneconomic dispatch and examine the extent to which self-commitment practices suppress avoided cost revenues for QFs.

4. Capacity Value Prior to the Year of Need

GLSSA Witness Wilson testified that additional capacity beyond the target reserve margin ("TRM") has value to the system prior to the year of need for three reasons: customers benefit from reduced reliability-related costs, Georgia Power may be able to sell capacity in excess of its

TRM, and it may be cost-effective to retire some excess capacity early (GLSSA Witness Wilson Direct Testimony pg. 22-23, 25). GLSSA Witness Wilson proposed quantifying the reliability value that additional capacity provides using the Economic Carrying Cost ("ECC") of a Combustion Turbine ("CT") in years prior to capacity need with a specified formula. GLSSA Witness Wilson further proposed that Georgia Power study the avoided cost of capacity associated with the retirement of Plant Wansley units 1 and 2 and use that value as the avoided capacity cost if that amount is greater than the value determined by the reserve margin study (GLSSA Witness Wilson Direct Testimony pg. 24-25).

GASEIA Witness Rabago testified that the Company should not assume zero capacity value in years when the Company does not have capacity need (GASEIA Direct Testimony pg. 25).

GLSSA Witness Wilson provided support for his proposal by referencing the use of an extraordinary advantage to acquire low cost capacity before the year of need as the Commission had previously done with wind resources (GLSSA Witness Wilson Rebuttal Testimony pg. 19-20). GLSSA Witness Wilson clarified that the avoided cost value from his proposal is due to increased reliability rather than a direct capacity value (GLSSA Witness Wilson Rebuttal Testimony pg. 20-21).

In response, Company Witnesses stated that paying a capacity payment when capacity is not needed to meet the target reserve margin does not provide direct value and is not required by PURPA. Company Witnesses referenced FERC Order Nos. 872 and 872-A which state that "if a purchasing utility avoids no capacity costs due to the QF purchase, then the avoided cost for capacity will be zero" (Company Rebuttal Testimony pg. 50-52).

PIA Staff Witnesses agreed that additional capacity has a reliability value, but it is not necessarily a utility avoided costs that must be compensated under PURPA (PIA Staff Rebuttal Testimony pg. 45). PIA Staff Witnesses stated that solar resources are currently only compensated for capacity value beginning in the year of need in the RCB Framework and are not compensated for the increased reliability value that is provided to the system (PIA Staff Rebuttal Testimony pg.

46). PIA Staff Witnesses recommended that reliability value be considered as part of the RCB Framework in the upcoming 2022 IRP (PIA Staff Rebuttal Testimony pg. 47-48).

GLSSA Witness Wilson responded to PIA Staff 's recommendation to defer the valuation of reliability to the IRP by stating that there is no meaningful distinction between capacity value and reliability value as they effectively value the same concept and that his proposed methodology properly calculates that reliability value. GLSSA Witness Wilson clarified that FERC policy does not require capacity value to be set to zero as outlined by Georgia Power Witnesses' testimony and leaves that discretion to the Commission (GLSSA Witness Wilson Surrebuttal Testimony pg. 14-17).

Witnesses Cox and Jester agreed with PIA Staff Witnesses' recommendation that in the next IRP the Commission should consider methods for quantifying reliability value and incorporate the value into the RBC Framework (GIPL-S-VS Surrebuttal Testimony pg. 20). Witnesses Cox and Jester also disagreed with the Company Witnesses' assertion that FERC requires a capacity value of zero suggesting that this determination is within the purview of the Commission (GIPL-S-VS Surrebuttal Testimony pg. 21-22).

Company Witnesses refuted all proposals outlined by parties to provide reliability value or capacity value before the year of need (Company Surrebuttal Testimony pg. 21-29).

The Commission does not approve the proposal to provide capacity value prior to the year of need. The issue of whether to quantify the reliability value and incorporate into the RCB Framework can be considered in the upcoming IRP.

5. Capacity Value

Witnesses Cox and Jester proposed that the Commission compensate all QFs for capacity benefits through an improved approach to capacity valuation and better contracting options (GIPL-S-VS Direct Testimony pg. 7). Witnesses Cox and Jester stated that solar generators, in particular, provide capacity to the system; however, the QF Standard Offer Contracts provide no option for solar QFs to be compensated for this capacity value (GIPL-S-VS Direct Testimony pg. 39). Witnesses Cox and Jester proposed that the Commission prevent the Company from utilizing the

capacity provided by QFs to meet its capacity needs unless the Company has contracted to compensate such QFs, and to amend QF contracts to credit QFs for the capacity they provide once a capacity need is established (GIPL-S-VS Direct Testimony pg. 44).

Company Witnesses explained that the resources provided under Energy-Only contracts cannot be used for planning purposes to defer capacity because they have no financial obligation to stay on the system, to perform during a given time and therefore are not "firm" resources. Company Witnesses did, however, confirm that solar resources are incorporated into the planning process using other contract vehicles (Direct Tr. at 87, 142-146). Company Witnesses further clarified in its Rebuttal Testimony that Georgia Power, as a cost-based utility, only "uses" capacity that: (1) it plans for; (2) acquires through an RFP pursuant to the Commission's RFP Rule; and (3) is generating when required (Company Rebuttal Testimony pg. 49).

PIA Staff Witnesses testified in favor of compensating solar resources for their capacity value in years in which there is an identified capacity need (PIA Staff Rebuttal Testimony pg. 47).

Witnesses Cox and Jester clarified in their Rebuttal Testimony that the terms of the existing and proposed Standard QF Capacity and Energy Contract and the QF Proxy Contract effectively exclude solar generation from eligibility. Since there is no pathway for solar QFs to receive credit for capacity that they provide, the Standard Offer Contract offerings are discriminatory (GIPL-S-VS Rebuttal Testimony pg. 28). Furthermore, Witnesses Cox and Jester assert that a requirement that capacity be "firm" in order to receive credit for avoided costs is contrary to the FERC's PURPA rules (GIPL-S-VS Rebuttal Testimony pg. 34). In Surrebuttal, Witnesses Cox and Jester assert that if the QF is willing to provide energy exclusively to Georgia Power for the length of the contract term, the QF should be compensated when it helps to defer an identified capacity need (GIPL-S-VS Surrebuttal Testimony pg. 28).

Company Witnesses refute PIA Staff Witnesses and intervenor recommendations regarding capacity compensation as being inconsistent with PURPA, adverse to the Commissions IRP and competitive procurement regulations, potentially raises reliability concerns, increases costs and would require amendments to the Commission's RFP rule to adopt (Company Surrebuttal pg. 36-39).

PIA Staff Witnesses clarified that the Company's RCB framework credits solar resources for capacity value, but that the PURPA Standard Offer Contracts do not provide a suitable contract for solar resources to receive capacity value. PIA Staff Witnesses referred to the Company's Firm Energy and Capacity standard contract as a suitable process for intermittent renewables to obtain a capacity payment if payment of its performance metrics were appropriate to an intermittent resource (Rebuttal/Surrebuttal Tr. at 195-199).

Company Witnesses confirmed that solar resources receive capacity compensation, but not fixed capacity payment, under RFP contracts. Under PURPA, the Capacity and Energy and Proxy QF Standard Offer Contracts are available, but standalone solar QFs cannot meet these contracts availability requirements (Rebuttal/Surrebuttal Tr. at 436-437).

The Commission does not approve the proposed changes to how capacity value is determined at this time.

GLSSA Witness Wilson proposed to modify the calculation of the value of new capacity to use publicly available Energy Information Administration ("EIA") data for the cost of building a new CT in the Southeast rather than basing the value on Southern Company data. According to GLSSA Witness Wilson, this change would result in an ECC of a new combustion turbine ("CT") to $75.47 /kW-yr in 2028 instead of $57.07 /kW-yr as calculated by Georgia Power (GLSSA Witness Wilson Direct Testimony pg. 26-27).

GLSSA Witness Wilson supported his proposal by stating that the cost estimates used by Georgia Power are due to specific cost advantages that may not be true. The advantages that the Company assumes are that the resource will be built on a brownfield site with existing underutilized transmission resources, that the Company has an economy of scale for procuring a large amount of capacity at once, and that the Company will be better-than-average at procuring the resources. GLSSA Witness Wilson warns that future CT capacity may have a shorter useful life, twenty years, rather than the typical forty years (GLSSA Witness Wilson Rebuttal Testimony pg. 21-22).

Company Witnesses explained the potential differences between the Company's estimates and using EIA data and that they use recent project experience and reevaluate the cost yearly. The Company further testified that EIA data may use a variety of different assumptions, such as unit configuration, number of units per site, or location that might not have the same level of precision as the Company's data (Company Rebuttal Testimony pg. 56-57).

The Commission does not approve GLSSA Witness Wilson's proposal to require the Company to modify its CT cost estimates.

6. Capacity Worth Factor Analysis

GLSSA Witness Olson testified that the Company's method of calculating capacity worth factors ("CWFs") using the SERVM model may be underestimating the value of solar because periods of high load (and thus higher likelihood of a loss-of-load event) often correlate with higher solar output (GLSSA Witness Olson Direct Testimony pg. 13-14). GLSSA Witness Olson testified that the Company's conclusion that cold winter weather correlates with higher plant outages is not reflected in the data used to support the conclusion and is based on outdated analysis (GLSSA Witness Olson Direct Testimony pg. 14-16). GLSSA Witness Olson proposed that the Company "repeat the analysis [of CWFs] using performance of its units during these more recent [cold weather] events and provide the supporting data to allow the Commission to review the reasonableness of these assumptions" (GLSSA Witness Olson Direct Testimony pg. 16).

The Commission does not approve GLSSA Witness Olson's proposal to require the Company to repeat the analysis of CWFs using more recent events.

7. Fixed Priced Contracts

Witnesses Cox and Jester proposed that QFs under 3 MW in size have access to contracts with fixed energy rates over the course of the contract, that would be based on forecasts at the time of contracting. Witnesses Cox and Jester stated that this change would help ensure reasonable access to financing (GIPL-S-VS Direct Testimony pg. 56-59).

Under cross examination, Company Witnesses agreed that fixed energy pricing is an important factor to the success of IRP solicitations for new resources. Company Witnesses distinguished between non-solicited resources under this docket and competitive solicitations in which the Commission determines the quantity of MWs procured. Company Witnesses testified that using the PURPA Avoided Cost formula based on day ahead pricing reduces the risk to customers compared to fixed energy pricing if the Commission cannot control the number of MWs (Direct Tr. at 138).

Multiple parties, including PIA Staff Witnesses, pointed out that the Commission's current and past renewable solicitations do not guarantee that future renewable solicitations will continue to be approved through future IRPs and that there needs to be a viable Standard Offer Contract available to QFs for the implementation of PURPA (Direct Tr. at 294, 556; Rebuttal/Surrebuttal Tr. at 200, 507). Company Witnesses also agreed that future RFPs are not certain, and that the Commission might not order a future DG allotment (Direct Tr. at 133). Very few small QFs have executed Energy-Only Standard Offer QF Contracts. Company Witnesses testified that currently only eight solar QFs participate in the Energy-Only Standard Offer QF Contract, totaling approximately six to seven MW of solar capacity. Company Witnesses agreed that the amount of Energy-Only solar QFs on the Company's system is small in relation to the total portfolio (Direct Tr. at 136).

Company Witnesses further testified that both the Commission and FERC have expressed concerns over the risk of fixed pricing and payments to QFs. Company Witnesses state that in the 1994 Final Order in this docket, the Commission established the use of the fixed formula for Avoided Energy Cost. Likewise, Company Witnesses stated that in its recent Order 872 and 872-A, FERC recognized that fixed price QF contracts have often resulted in customers paying in excess of avoided costs, and that a variable avoided cost energy rate approach is a superior way to accurately set Avoided Energy Cost (Company Rebuttal Testimony pg. 41).

Witnesses Cox and Jester suggested that the Commission create guardrails to protect against unchecked QF development if fixed pricing was made available. The panel proposed that

the Commission revisit the fixed price offering when the aggregate capacity of QF participants reaches one (1) gigawatt (GIPL-S-VS Rebuttal Testimony pg. 42-43).

In its Rebuttal Testimony, PIA Staff Witnesses stated that the 1994 Order in this docket did not approve fixed energy pricing but allowed for the Commission to "permit fixed payments if it finds that to be appropriate based upon the particular circumstances." PIA Staff recognized that resources on the lower end of the DG scale may have the fewest options for selling capacity and energy. PIA Staff Witnesses stated that if it were the Commission's goal to encourage development of smaller QF resources, PIA Staff would support a fixed Avoided Energy Cost or fixed energy price option for smaller QFs (Staff Rebuttal pg. 63-63).

The Commission does not approve the proposal by Witnesses Cox and Jester for fixed priced contracts for QFs under 3 MW.

8. Data Transparency

Several parties testified that greater transparency into Georgia Power's methodologies and calculations of its Avoided Costs and RCB Framework would benefit the market through a better understanding of the Company's analysis and procedures (GASEIA Direct Testimony pg. 10, GIPL-S-VS Rebuttal Testimony pg. 2). PIA Staff Witnesses agreed that there is uncertainty for stakeholders surrounding certain Avoided Cost and RCB Framework methods. PIA Staff Witnesses testified that every effort should be made to make every assumption and modeling technique transparent unless the Company can fully explain how the exposure of specific information will harm customers (PIA Staff Rebuttal Testimony pg. 39).

Company Witnesses testified that the proposals by Intervenors and PIA Staff Witnesses to enhance "transparency" would harm competition, and ultimately, customers as it will primarily benefit developers while exposing customers to risks (Company Surrebuttal Testimony pg. 3).

The Commission does not approve any action on this issue.

III. ORDERING PARAGRAPHS

The Commission decides, based upon its evaluations and determinations as set forth in the preceding Findings of Fact and Conclusions of Law and upon the evidence of record, that it is appropriate to order:

A. **WHEREFORE, IT IS ORDERED**, that the Commission adopts the Stipulation (Attachment A) as a fair and reasonable resolution of the issues in Docket Nos. 4822, 16573, and 19279.

B. **ORDERED FURTHER,** that QFs shall continue to pay their total reasonable interconnection costs. Modifications to the transmission system, (Network Upgrade Costs), that are required in order to facilitate the QF's interconnection shall be refunded (100%) back to the QF.

C. **ORDERED FURTHER** that the Marginal Cost Multiplier shall be retained in the currently approved formula for avoided energy cost as specified in the 1994 Final Order in Docket No. 4822.

D. **ORDERED FURTHER,** that the Fuel Cost Multiplier shall be removed from the currently approved formula for avoided energy cost as specified in the 1994 Final Order in Docket No. 4822.

E. **ORDERED FURTHER,** that the Renewable Cost Benefit Framework components of Reduced Transmission Losses, Reduced Distribution Losses, and Support Capacity production costs associated with regulation shall be added to the avoided cost formula. These values shall be applied to prices paid to QFs under Docket No. 4822. The capacity aspects of the Renewable Cost Benefit Framework shall be removed from the avoided cost calculations in Docket No. 16573.

F. **ORDERED FURTHER,** that the Support Capacity production costs associated with regulation shall be set to zero until PIA Staff reviews the internal Southern Company operational data and the Commission approves the data and methodology used in calculating short-term production cost impacts, at which time the Support Capacity cost component value shall be adjusted accordingly.

G. ORDERED FURTHER, that PIA Staff and the Company shall meet prior to Georgia Power's 2022 Integrated Resource Plan proceeding to discuss how locational value of renewable resources might be accounted for in the Company's payments to QFs. The Company shall include in the 2022 IRP a proposal to study locational value aspects following the conclusion of the 2022 IRP.

H. ORDERED FURTHER, that the Company shall conduct an analysis of the capacity value of different renewable technologies using the effective load carrying capability method and include the results of this analysis in its 2022 IRP. At a minimum, the Company shall evaluate utility scale solar (fixed and tracking), distributed generation scale solar, wind, and battery storage (1-hour, 4-hour, 6-hour, and 8-hour).

I. ORDERED FURTHER, that within six months of approval of the Southeast Energy Exchange Market by the Federal Energy Regulatory Commission, the Company shall file a report identifying what, if any, effects the Southeast Energy Exchange Market is expected to have on the calculation of avoided costs in Georgia.

J. ORDERED FURTHER, that Georgia Power shall post its QF Interconnection Procedures, which shall include a pro-forma State-jurisdictional Qualified Facility Interconnection Agreement template for distribution and transmission level connections, on the Georgia Power website for use by any QF pursuing a Qualified Facility Interconnection Agreement. Georgia Power's website shall also direct any QF pursuing a FERC-jurisdictional interconnection agreement (i.e., the Large Generator Interconnection Agreement or the Small Generator Interconnection Agreement) to Attachment J of the Southern Company Open Access Transmission Tariff found on the Southern Company OASIS website.

K. ORDERED FURTHER, that once Georgia Power's QF Interconnection Procedures are completed, reviewed by Staff and published on Georgia Power's website, Georgia Power shall file a notice with the Commission to inform all QFs that such QF Interconnection Procedures have been posted. Within six months, if Staff and the Company are unable to agree on the Company's QF Interconnection Procedures and QFIA Agreement(s) then these items shall be brought before the Commission for approval.

L. **ORDERED FURTHER,** that the Commission reserves the right to determine the reasonableness of any State-jurisdictional interconnection costs assigned to a QF through a Qualified Facility Interconnection Agreement or a negotiated QF Standard Offer Contract.

M. **ORDERED FURTHER,** that Georgia Power's QF Standard Offer Contracts are approved as filed with Georgia Power's Direct Testimony in this proceeding, with the modifications outlined in the Stipulation.

N. **ORDERED FURTHER,** that the Company shall not modify the Peak Period Hours in Appendix B of the pro-forma Firm Capacity and Energy PPA, until proper notice and confirmation by the Commission or Commission Staff is obtained in the appropriate proceeding. After such approval, the Company shall file an updated pro-forma Firm Capacity and Energy PPA.

O. **ORDERED FURTHER,** that the Company shall not modify the Monthly Value Factors in Appendix A of the pro-forma Proxy PPA, until proper notice and confirmation by the Commission or Commission Staff is obtained in the appropriate proceeding. After such approval, the Company shall file an updated pro-forma Proxy PPA.

P. **ORDERED FURTHER,** that the pro-forma QF Standard Offer Contracts, as modified in the stipulation and adopted by this Order, shall be deemed certified by the Commission at the time the contract is executed by both parties, unless, in the case of a QF pursuing a Small Generator Interconnection Agreement, Large Generator Interconnection Agreement or interconnection with an Integrated Transmission System participant, the pro-forma provisions have been further negotiated by the parties to include the total reasonable cost of the QF's interconnection. In such case, Georgia Power shall submit the negotiated contract to the Commission Staff at least 30 days prior to the effective date of the contract to afford Commission Staff the opportunity to review the contract and determine whether any modification to the standard form has been made that is material enough to require separate Commission approval. Absent any contrary indication by Staff within 15 days after the Company's submission, the contract shall be "deemed certified." However, if Staff believes the negotiated contract deviates sufficiently from the intent of the QF Standard Offer Contract such that separate Commission review and approval is required, the Company shall then file the contract to request review by the Commission.

Q. **ORDERED FURTHER,** that Georgia Power shall file 20 years of annual avoided cost projections in Docket Nos. 4822 and 16573.

R. **ORDERED FURTHER,** that the Heelstone Projects contracts state that the parties shall use the variable rate compensation formula set forth by the Commission in its 1994 Final Order in Docket 4822. The contract does not contain language stating that if that formula is later modified by the Commission then the modified formula shall be used by the parties to the contract.

S. **ORDERED FURTHER,** that the contract language in Section 5.3.2 of the Heelstone Projects' Standard Offer PPAs constitute the only interconnection procedure with which the Heelstone Projects must comply and that Heelstone has complied with that procedure. This contract language states that the interconnection shall be performed in accordance with Attachment J, the Large Generator Interconnection Procedures.

T. **ORDERED FURTHER,** that the Heelstone Projects' contracts do not provide that that the Company is required to provide the historical data requested by Heelstone and that the contract does not require, or allow, for a fixed price.

U. **ORDERED FURTHER,** that Staff and the Company shall meet to investigate whether there is something that can be done to help small providers like the municipal water systems of the City of Jesup and Chatsworth WWC and any other similarly situated entities concerning the impact that changing avoided cost prices have had on such systems and report back to the Commission, within 60 days of the Final Order in this docket, on any possible solutions.

V. **ORDERED FURTHER,** that all findings, conclusions, statements, and directives made by the Commission and contained in the foregoing sections of this Order are hereby adopted as findings of fact, conclusions of law, statements of regulatory policy, and orders of this Commission.

W. **ORDERED FURTHER,** that a motion for reconsideration, rehearing, or oral argument or any other motion shall not stay the effective date of this Order, unless otherwise ordered by the Commission.

X. ORDERED FURTHER, that jurisdiction over these matters is expressly retained for the purpose of entering such further Order or Orders as this Commission may deem just and proper.

The above by action of the Commission at its Administrative Session on the 2nd day of March, 2021.

Reece McAlister
Executive Secretary

3/11/21
Date

Chuck Eaton
Chairman

3-11-21
Date

Attachment A

The undersigned parties stipulate and agree that the Commission's review of Georgia Power Company's ("Georgia Power" or "Company") calculation of PURPA avoided costs related to Docket Nos. 4822, 16573 and 19279 should be resolved by the Commission entering an order that finds as follows:

1. The Marginal Cost Multiplier shall be retained in the currently approved formula for avoided energy cost specified in the 1994 Final Order in Docket No. 4822.

2. The Fuel Cost Multiplier shall be removed from the currently approved formula for avoided energy cost specified in the 1994 Final Order in Docket No. 4822.

3. The Renewable Cost Benefit ("RCB") Framework components of Reduced Transmission Losses, Reduced Distribution Losses, and Support Capacity production costs associated with regulation will be added to the avoided cost formula. These values will be applied to prices paid to QFs under Docket No. 4822 and, for the avoidance of doubt, the capacity aspects of the RCB Framework will be removed from the avoided cost calculations in Docket No. 16573. The parties agree that the methodologies currently in use by the Company for the Reduced Transmission Losses and Reduced Distribution Losses are appropriate and shall be implemented immediately. PIA Staff does not agree that the data and methodology currently used by the Company to calculate the Support Capacity costs has been demonstrated to appropriately calculate short-term production cost impacts. Thus, the Support Capacity cost component value shall be set to zero until PIA Staff reviews the internal Southern Company operational data and the Commission approves the data and methodology used in calculating short-term production cost impacts, at which time the Support Capacity cost component value will be adjusted accordingly.

4. PIA Staff and the Company shall meet prior to the 2022 Integrated Resource Plan ("IRP") proceeding to discuss how locational value of renewable resources might be accounted for in the Company's payments to QFs. The Company shall include in the 2022 IRP a proposal to study locational value aspects following the conclusion of the 2022 IRP.

5. The Company shall conduct an analysis of the capacity value of different renewable technologies using the effective load carrying capability ("ELCC") method and include the results of this analysis in its 2022 IRP. At a minimum, the Company will evaluate utility scale solar (fixed and tracking), distributed generation scale solar, wind, and battery storage (1-hour, 4-hour, 6-hour, and 8-hour).

6. Within six months of approval of the Southeast Energy Exchange Market ("SEEM") by the Federal Energy Regulatory Commission ("FERC"), the Company will file a report identifying what, if any, effects SEEM is expected to have on the calculation of avoided costs in Georgia.

7. Georgia Power shall post its QF Interconnection Procedures, which shall include a pro-forma State-jurisdictional Qualified Facility Interconnection Agreement ("QFIA") template for distribution and transmission level connections, on the Georgia Power website for use by any QF pursuing a QFIA. Georgia Power's website shall also direct any QF pursuing a FERC-jurisdictional interconnection agreement (i.e., the Large Generator

Interconnection Agreement ("LGIA") or the Small Generator Interconnection Agreement ("SGIA")) to Attachment J of the Southern Company Open Access Transmission Tariff found on the Southern Company OASIS website. Once the QF Interconnection Procedures are completed, reviewed by Staff and published on the Georgia Power website, Georgia Power shall file a notice with the Commission to inform all QFs that such QF Interconnection Procedures have been posted. Within six months of the final order in this proceeding, if Staff and the Company are unable to agree on the Company's QF Interconnection Procedures and QFIA Agreement(s), then these items will be brought before the Commission for approval.

8. The Commission reserves the right to determine the reasonableness of any State-jurisdictional interconnection costs assigned to a QF through a QFIA or a negotiated QF Standard Offer Contract.

9. Georgia Power's QF Standard Offer Contracts will be approved as filed with Georgia Power's direct testimony in this proceeding, with the following modifications:

    a. The Monthly Administrative Charges for all three pro-forma QF Standard Offer Contracts will be set initially at $115 per month for a facility up to 3 megawatts ("MW") in size, and will be set at $275 per month for any facility sized 3 MW and larger.

    b. Regarding the proposed pro-forma Firm Capacity and Energy PPA:

        i. Section 3.2: Remove the first sentence of Section 3.2 to eliminate the QF's right to terminate the PPA early for convenience with 365 days written notice to Georgia Power.

        ii. Regarding Appendix B, the Company shall not modify the Peak Period Hours (PPH) until proper notice and confirmation by the Commission or Commission Staff is obtained in the appropriate proceeding. After such approval, the Company shall file an updated pro-forma contract.

    c. Regarding the pro-forma Proxy PPA:

        i. The pro-forma Proxy PPA shall be modified to allow interconnection to the Georgia Integrated Transmission System ("ITS") by (i) amending the definition of the "Georgia Power Electric System" to include the Georgia ITS, and (ii) including a new attachment, Appendix L indicating the required amendments to the related definitions and terms of the pro-forma Proxy PPA to reflect the QF's choice of interconnection agreement.

        ii. Regarding Appendix A, the Company shall not modify the Monthly Value Factors ("MVF") until proper notice and confirmation by the Commission or Commission Staff is obtained in the appropriate proceeding. After such approval, the Company shall file an updated pro-forma contract.

10. The pro-forma QF Standard Offer Contracts, as modified by paragraph 9, shall be deemed certified by the Commission at the time the contract is executed by both parties, unless, in the case of a QF pursuing an SGIA, LGIA or interconnection with an ITS participant, the pro-forma provisions have been further negotiated by the parties to include the total reasonable cost of the QF's interconnection. In such case, Georgia Power will submit the negotiated contract to the Commission Staff at least 30 days prior to the effective date of the contract to afford Commission Staff the opportunity to review the contract and determine whether any modification to the standard form has been made that is material enough to require separate Commission approval. Absent any contrary indication by Staff within 15 days after the Company's submission, the contract will be "deemed certified." However, if Staff believes the negotiated contract deviates sufficiently from the intent of the QF Standard Offer Contract such that separate Commission review and approval is required, the Company will then file the contract to request review by the Commission.

11. For Docket Nos. 4822 and 16573 avoided cost filings, Georgia Power shall increase the number of years of annual avoided cost projections from 10 years to 20 years.

Agreed to this 23rd day of February 2021.

On Behalf of the Georgia Public Service Commission
Public Interest Advocacy Staff

On Behalf of Georgia Power Company