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Dear Commissioners,

For several years, Georgia Power has procured local solar energy at rates far below other states and importantly, without ratepayer subsidies. There is no doubt whether the Georgia Power competitive procurement has been a major success.

For this we course have this Commission to thank while Georgia Power has done a good job at managing the RFP's making them attractive to the investment community at large.

During the 2023 DG Working Group, Georgia Power announced its intent to bid into the 2023 DG RFP directly with Company-Owned proposals. We are all for fair competition, but Georgia Power's chosen approach has a very high risk of turning out unfair to both the development community and ratepayers.

Georgia Power has already indicated they will seek recovery for all development costs, including projects that are not successful. They will have no termination penalties, no fees, no production guarantees, or any of the other guardrails specifically designed to ensure only quality projects get awarded. By submitting Company-owned bids into the RFP, Georgia Power has an advantage at almost every turn of the project lifetime, but especially in these areas:

Inside information. The Georgia Power Bid Team should be completely separated from the rest of the company. The Commission Staff should be able to identify and verify some key metrics as evidence of no information sharing across different departments. For example, developers have to submit Interconnection guidance requests for every potential location and usually get less than 25% success rate. Georgia Power should have similar conversion rates to the developers at different stages of development.

Contract Terms and Performance. Any of the following results in termination of the PPA for a developer project: produce less than guaranteed performance, produce more than guaranteed performance, delays, any changes to the facility or lapse in insurance or performance security. The PPA termination penalties are $145,000 per MW or $870,000 for a 6MW project and they don't go down over time. Georgia Power not having these guardrails in place makes it possible for them to overestimate production, delay construction and commissioning and neglect operations during the project lifetime with no consequence.

Cost recovery of development. Solar development is by nature a speculative business, almost the exact opposite of providing electric service to millions of customers. It includes a lot of wasted time and money for bids that never get awarded, carried by the those that become successful projects. Georgia Power has indicated it will seek recovery for their development efforts, even for projects that never move forward. This is hardly a driver for prudent spending.

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Cost Recovery. Developers must include **all** the costs of owning and operating the solar farm in their bid price. Through its unique position as a regulated monopoly, Georgia Power has the luxury of seeking recovery for construction or maintenance cost overruns and poor performance during operation. Whereas developers must always err on the side of caution, having this opportunity of cost recovery may incentivize Georgia Power to underestimate their costs to win more projects relying on recouping those costs later in the future.

Fees. A 6MW project will pay $96,000 in application, interconnection study and Winner's fees all of which need to be captured in the bid rate. Does Georgia Power pay these fees and include the cost in the company-owned bid rate? Currently, there is no transparency on this.

Our proposal is:

- Simplest is to require Georgia Power to participate through a Southern Company unregulated subsidiary. During the DG Working Group meetings held earlier this year, this was proposed by the developers but rejected by Georgia Power with little explanation.
- If allowed to participate directly as the regulated entity, Georgia Power must clearly point out that **all** the lifetime costs are included in their proposals. Georgia Power should commit to not seeking cost recovery on their projects.
- If allowed to rate base their projects, we request that Georgia Power proposals are limited to 20% of the overall program capacity. This should not be taken as a carveout, but to limit the disruption to the program.

Developing solar farms is clearly not part of Georgia Power's mandate to provide safe and reliable electricity. If Georgia Power competed fairly, they almost certainly could not be competitive against the more nimble developers. Taking advantage of their monopoly position to win projects will almost certainly result in higher costs to the rate payers due to cost recovery. I have no objection to added competition, but I am convinced that if the door is left open for Georgia Power to request cost recovery when everyone else must bid a fixed rate, their participation in the 2023 DG RFP will be a setback to the successful competitive bidding process in place for years.

Sincerely,



Otso Lehmussaari
Vice President of Development
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