

ReNEWS Southeast Volume 1

Article By:

Litigation at KL Gates

K&L Gates reports on the latest renewable energy policies and activities in the southeastern United States

SOUTHEASTERN STATES SEE LARGE YEAR-OVER-YEAR INCREASE IN RENEWABLE OUTPUT

- States in the Southeastern United States saw significant year-over-year increases in generation from renewable sources according to a recent report from the U.S. Energy Information Administration. These increases were driven in large part by the expanding use of solar energy resources in the southeast.
- North Carolina increased output from solar generation by 36% from 5.3 million megawatt hours (“MWh”) to just over 7.2 million MWh. As a result, North Carolina produced the second most amount of energy from solar resources in the United States in 2018. North Carolina exceeded the output of “traditional” solar states, such as Arizona and Nevada, and trailed only California in overall solar energy output.
- While the overall output elsewhere in the southeast was not as high as in North Carolina, several states saw significant 2017 to 2018 increases in solar energy output, including Florida (148.6%), South Carolina (294.9%), Virginia (158.9%), Alabama (110.6%), Kentucky (92.0%), Mississippi (253.1%), and Arkansas (456.6%).

FLORIDA PSC APPROVES TECO SOLAR TARIFF

- On May 14, 2019, the **Florida Public Service Commission** (“PSC”) unanimously [approved Tampa Electric Company’s](#) (“TECO”) optional solar energy tariff, giving TECO’s roughly 765,000 customers the option to purchase energy from the Lake Hancock solar facility. The 32 megawatt (“MW”) facility, which recently began full operations on April 25, is one of 10 TECO solar projects expected to come online by 2021 and generate a combined 600 MW of power.
- The tariff will allow homeowners, renters, and businesses alike to purchase solar-generated energy at \$0.063/kilowatt hour, giving customers that previously relied on privately owned

solar generation the benefit of less-expensive utility-scale solar rates.

INSTALLATION SET TO BEGIN ON UNITED STATES' SECOND OFFSHORE WIND PROJECT

- Although U.S. production of offshore wind has yet to reach a high capacity, the country's overall online capacity for wind energy will increase by 12 MW when **Dominion Energy** begins installing the Coastal Virginia Offshore Wind ("CVOW") off of Virginia Beach sometime this summer or fall.
- The project, which will consist of two 6 MW turbines located 27 miles off the coast, is being co-developed between Dominion Energy and Danish offshore wind company **Orsted**. According to Dominion Energy, the project is the first step toward a potential large-scale development in an 112,800-acre commercial wind site Dominion Energy has leased from the **Bureau of Ocean Energy Management**.
- CVOW, which is expected to come online in December 2020, will be the second offshore wind project in the United States and the first offshore wind project in the United States to be owned by an electric utility.

LARGE SOLAR FARM SET TO OPEN IN SOUTH CAROLINA

- In May 2019, Eastover Solar announced plans to spend \$80 million constructing a new 740-acre solar farm near Eastover in Richland County, South Carolina. Eastover Solar is owned by **Community Energy**, a renewable power company based in Pennsylvania.
- Construction on the solar farm is expected to conclude in 2021. Once completed, the 73 MW solar farm will be sold to Dominion Energy and used to provide electricity to around 18,000 homes in Richland County.

OFFSHORE WIND TURBINE COMPONENTS COULD EVENTUALLY BE MANUFACTURED IN NORTH CAROLINA

- North Carolina Governor Roy Cooper's [March 2019 budget proposal](#) includes a small line item that could significantly impact the offshore wind industry. Cooper's budget includes a proposal for a one-year \$300,000 study analyzing North Carolina's ability to manufacture, ship, and service offshore wind turbine components. These components — which could include wind turbine towers, blades, and other specialized parts — are currently imported primarily from Europe.
- The proposal represents a small portion of the otherwise \$25.2 billion budget proposal. However, it could give North Carolina an important competitive market advantage if the state can get ahead of the industry. An offshore wind component industry could complement the already 27 wind-related manufacturing facilities currently operating in North Carolina.
- According to experts, other U.S. states in the Mid-Atlantic and New England have already

begun exploring the prospect of manufacturing these components. While North Carolina is unlikely to be the first state to enter the market, the study, if undertaken, could help the state establish itself as one of the key players in the industry.

- The next step in the process is the passage of a spending plan by the North Carolina House of Representatives (the “House”). The House is not required to adopt Governor Cooper’s proposals, so it remains to be seen whether the wind study will move forward.

NORTH CAROLINA ALLOWS DUKE ENERGY TO IMPLEMENT CUTTING-EDGE MICROGRID PROJECT, AND STATE RECEIVES LARGE COMMITMENT OF SOLAR FARM FROM NOVO NORDISK

- On May 10, 2019, the North Carolina Utilities Commission issued an [order](#) approving a **Duke Energy** project to install a microgrid in Madison County. The microgrid system, distributed energy resources that may serve as a connected entity and may connect to a grid or serve as an island, will incorporate a combination of solar- and battery-powered technologies. The two resources, a 2 MW solar facility and 4 MW lithium battery, will form the microgrid in Hot Springs, North Carolina, a rural mountain community northwest of Asheville, and will serve hundreds of residents as backup power in the event of an outage.
- In addition to Duke Energy’s efforts, **Novo Nordisk**, a global healthcare company, announced on May 22, 2019, that it is investing \$70 million to create a 672-acre solar farm in Pender County, North Carolina. The facility is expected to be operational by 2020, and **Cypress Creek Renewables** began construction in March. The initiative is estimated to create 900 construction jobs in 2019. The project will power a large Novo Nordisk manufacturing site, among others. [Trade press](#) reported that the company chose North Carolina due to its abundance of solar energy.

SOUTH CAROLINA SOLAR LAW ELIMINATES 2% NET METERING CAP ALONG WITH OTHER SOLAR ADVANCEMENTS

- On May 16, 2019, the governor of South Carolina signed [The Energy Freedom Act](#) into law, advancing the state’s commitment to renewable technology. The state’s energy companies (Duke Energy Carolina, Dominion Energy, and South Carolina Electric and Gas) reached their statutorily mandated caps for solar generation in the summer of 2018. The new law removes the 2% net metering cap on solar generation capacity, alleviating the risk to the solar industry of not meeting the one-to-one rates.
- Original sponsors of the bill included Republican congressmen in both the House and Senate of South Carolina, as well as Democrats. The state’s majority Republican legislature convened, debated, and overwhelmingly passed the solar policy.
- [Trade press](#) noted that the law resulted from the boom in solar development that occurred following the undoing of the [V.C. Summer nuclear expansion](#), which left ratepayers liable for billions of dollars. Solar developers interjected to help ratepayers reduce their utility bills by offsetting their energy supply with solar power.

POWER IS ON AT TENNESSEE'S LARGEST SOLAR DEVELOPMENT

- On April 29, 2019, [trade press](#) reported that Tennessee's largest solar development went online. The development, created by the Silicon Ranch Corporation, is a public-private partnership with the City of Millington, the Tennessee Valley Authority, and the U.S. Navy, among others. The project will produce 53 MW of solar power for the state, as well as improving resiliency and energy security at the Naval Support Academy Mid-South. The naval academy will now operate on a more than 50% carbon-free generating portfolio, according to Doug Perry, Vice President of Commercial Energy Solutions at Tennessee Valley Authority.

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