Dissent of Commissioner Wise
Docket Nos. 36498 and 36499
Page 1 of 3
I fear that the Commission’s approval of this solar program is both imprudent and irresponsible. Georgia Power was asked in open meetings leading up to the vote whether this program will put upward pressure on rates, and the response from Georgia Power is that they really did not know whether there would be such upward pressure. Despite not knowing the rate impact, the Commission approved this program, potentially putting the ratepayer at risk.

The Commission took this action fully knowing that Georgia Power has an excess reserve margin of between 25 and 30 percent. In essence, the Commission is forcing Georgia Power Company to purchase power that is not needed, for a price that we do not know whether it is economical and whose reliability is intermittent, at best. There is no excuse for forcing a utility to purchase power it does not need, whether that additional power comes from natural gas, nuclear or solar generation. Further, evidence on the record provides that this Commission has never taken this unprecedented step in modern history.

The solar program passed by this Commission will bring online an energy source that will likely displace less costly generation. This is why I offered an amendment to the main motion, which passed, that prohibits Georgia Power from accepting any bid that is above the utility’s levelized avoided cost. Further, a friendly amendment by Commissioner Everett requires the Commission to approve the determination of the levelized avoided cost prior to initiating the RFP process. Georgia Power must also utilize the most recently available generation cost information to ensure that the additional solar acquisition does not put any upward pressure on rates. Although these changes make the initiative less problematic and insert some much needed consumer protections into the process, this is still bad policy. Common sense tells us that when you shut down a cheap natural gas plant so the Company can write a check to a solar developer for premium priced power, rates will go up. Even if the bids do come in within or below avoided cost, that should not be the only determining factor for whether this is good public policy. As I tried to articulate at hearing, just because wiregrass, biomass and wind may all come under levelized costs, does that mean we should add another 500 megawatts of each? At what point does it move from being a policy decision of the Commission to just plain bad policy? Solar is not a substitute for base load generation. It is intermittent and you cannot store the energy that it produces. It costs more to generate and no expert with credibility has asserted it is at grid parity with other traditional forms of generation. You still need the electrical system to prop up solar. It cannot stand on its own without subsidy. Even in the ASI program bidders recognize the federal income tax credit is critical to making the projects work economically.

The Commission also should have accepted one of my amendments which would have set limits on the sizes of the projects to be proposed. Such a policy would have been consistent with the ASI and would have maximized participation. As it stands now, a handful of bidders, including Georgia Power Company, can submit proposals for mega-projects that would consume the entire 500 megawatts. Or worse, because the Commission set no parameters, a single company could conceivably offer an attractive bid that consumes all 500 megawatts.

Energy diversification is good and Georgia Power’s proposals in these dockets recognize the value of diversity. I have supported such diversification in the past and will continue to advocate for energy diversification. Solar energy can, and should, have a place within a diverse generation and energy portfolio. What the Commission has attempted with its vote on the expansion of solar energy in this docket is not the right resource or program for Georgia at this time.

Smart energy purchases are better left to the experts with the long view in mind, not the social engineers. But that is the result of this vote by the Commission, social engineering. Rather, the Commission has engaged a Washington-style, feel good energy policy, not based on economics or any rational public policy argument.
This Commission should have rejected this expansion of solar energy; we should have accepted the Stipulation entered into by Georgia Power and the Public Interest Advocacy Staff without the amendment that has created a new solar energy program for Georgia. We should have deferred this debate until such time that Georgia Power demonstrated a need for more power and more current solar pricing data could be analyzed so that we could make smarter decisions on the deployment of this energy resource.

Stan Wise
Commissioner

7-17-13
Date