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Mr. Matthew Higdon
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Mr. Higdon:

Thank you for the opportunity to provide comments to the draft Environmental Assessment (EA) regarding the TVA Power Supply Flexibility Proposal. The following comments reflect the policy priorities of the national solar industry with an interest in providing reliable, low-cost solar energy to the Tennessee Valley. We consulted with our affiliate in the region, TenneSEIA, on the content of these comments.

The Solar Energy Industries Association (SEIA) is leading the transformation to a clean energy economy, creating the framework for solar to achieve 20% of U.S. electricity generation by 2030. SEIA works with its 1,000 member companies and other strategic partners to fight for policies that create jobs in every community and shape fair market rules that promote competition and the growth of reliable, low-cost solar power.

In SEIA and TenneSEIA's April 2019 joint comments on the proposed TVA Integrated Resource Plan (IRP), the organizations firmly recommended that TVA implement a customer-focused approach to provide the least-cost, most flexible, lowest risk energy to the system, and while also providing the maximum amount of environmental and economic benefit for the people of the Tennessee Valley.

SEIA is encouraged to see TVA act on some of our proposed recommendations through the Power Supply Flexibility Proposal.

SEIA's comments on the draft Environmental Assessment can be found on pages two and three of this document.

Background: SEIA understands that the foundation of this proposal lies upon the willingness of Local Power Companies (LPCs) to enter into long term contracts with the Tennessee Valley Authority (TVA) to be eligible to participate in the Power Supply Flexibility Proposal. We are encouraged to see that TVA has listened to the needs of LPCs to create an option for them to procure low-cost, clean energy. However, the premise of a 20-year wholesale generation commitment with a 20-year termination notice in exchange for up to 5% power supply flexibility should be seen as a first step toward a cleaner, more distributed TVA. While we are generally supportive of the Power Supply Flexibility Proposal, SEIA has provided further commentary and questions on specific items below.

Power Supply Flexibility Cap Calculation: In the draft Environmental Assessment, TVA states that the 3-5% power supply flexibility calculation was derived for each LPC using "average total hourly energy sales over the last five TVA fiscal years." In consultation with partners in the region, SEIA believes there is too much ambiguity in the customer classes included in this calculation to support TVA's methodology without further explanation.

Regionally, utilities have calculated renewable energy thresholds using an average of retail peak load. For example, in South Carolina's Act 62 (2019), the statute states that utilities must interconnect legacy solar projects until they reach a limit defined as: "an aggregate nameplate capacity equal to twenty percent of the previous five-year average of the electrical utility's South Carolina retail peak load." SEIA recommends that TVA clarify this calculation and if necessary, modify it to ensure it reflects an accurate level of applicable load to be potentially served by this proposal.

Justification for 5% Cap: TVA states that it studied an alternative plan with a flexibility threshold beyond the contemplated 5%, but that higher levels of flexibility created revenue erosion and a "higher risk to the financial plan." SEIA would like to note that TVA recently announced a Green Invest solar project of 212 MW capacity for an LPC, Knoxville Utilities Board (KUB). In its own press release, TVA boasts that the project will "produce carbon-free energy equivalent to 8% of KUB's annual electric load." While recognizing the Green Investment program is a different construct than what is contemplated in the Power Supply Flexibility Proposal, SEIA is interested in learning more about how the 8% number stated in the press release was calculated, how that compares to the methodology behind the proposal at hand, and how such a project of that size did not create revenue erosion for TVA.

Aggregation: TVA states that each LPC has an opportunity to procure a minimum of 1 MW of capacity through the Power Supply Flexibility Proposal, with the largest LPCs able to procure 70-80 MW each. TVA states that the entire program can accommodate up to 800 MW of capacity. Notwithstanding SEIA's previously stated questions around the 5% cap, SEIA would like to further understand if multiple LPCs are able to aggregate demand under the current proposal. Aggregation of load can lead to greater economies of scale of qualifying projects, thus enabling TVA to help LPCs achieve desired long term cost savings. SEIA points to other regional programs that allow aggregation of load, including the North Carolina Green Source Advantage program which allows an aggregate of 5 MW or more of peak load across multiple locations.

Reallocation of Unused Capacity: SEIA joins with its affiliate, TenneSEIA, in its statement of interest around reallocation of unused program capacity. If TVA is expecting and thus modeling a program capacity of 800 MW total, SEIA would like further clarification on whether the remaining capacity of LPCs that do not choose to participate in the program will be made available until the 800 MW systemwide cap is reached.

Areas of Agreement: SEIA, echoing comments made by TenneSEIA, commends TVA on the autonomy granted to the LPCs with respect to eligible technologies and individual project selection to achieve the Power Supply Flexibility Proposal program goals.

Respectfully submitted,

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