

TenneSEIA Letter to TVA

(article written May 15, 2014)

TenneSEIA recently sent a letter to TVA's Vice President of Stakeholder Relations, Dr. Joe Hoagland, regarding the need to leverage the federal 30% investment tax credit (ITC) before it expires (or drops to 10% for non-residential projects) at the end of 2016. The idea to call TVA out on this issue was spawned by a discussion during TenneSEIA's IRP working group call in March. The forthcoming policy adjustment represents a challenge to solar development across sectors, but in particular it could hinder development for large-scale projects in 2015 and 2016 given potentially lengthy permitting processes and investors aversion to risks.

While TVA appears to be maintaining a relatively slow-and-steady pattern of solar development into the near future, some neighboring utilities are clearly ramping up to meet the 2016 deadline. TVA only offered 126MW of new capacity in 2014, and additional capacity is unknown, but anticipated to be similar in 2015. Conversely, Georgia Power will have added 785MWdc of solar power between 2013 and 2016 through their Advanced Solar Initiative and Large-Scale Solar Initiative. Duke Energy is reviewing responses to a recent RFP for 300MWac of solar power to be developed in North Carolina by the end of 2015. Duke targeted 2015 to take advantage of both the federal 30% ITC as well as state's 35% ITC, which is set to expire at the end of 2015.

TenneSEIA's proposal to TVA, is to add a full 500 MW of solar projects to be in development before the end of the first quarter 2015, including a mix of distributed and utility-scale solar. To TVA's credit, Dr. Hoagland and Patty West (Director of Renewable Energy Programs) arranged a lunch with TenneSEIA President Mary Shaffer Gill and Vice Chairman Gil Hough shortly after receiving the letter. However, their initial response to this request was that leveraging the ITC would not necessarily bring tax and investment dollars, but instead could potentially bring non-TVA-region players to the valley who would see a quick win and leave the long-term burden on the ratepayer. TenneSEIA appreciate's TVA's time and consideration, but does not agree with this assessment and is planning a response.