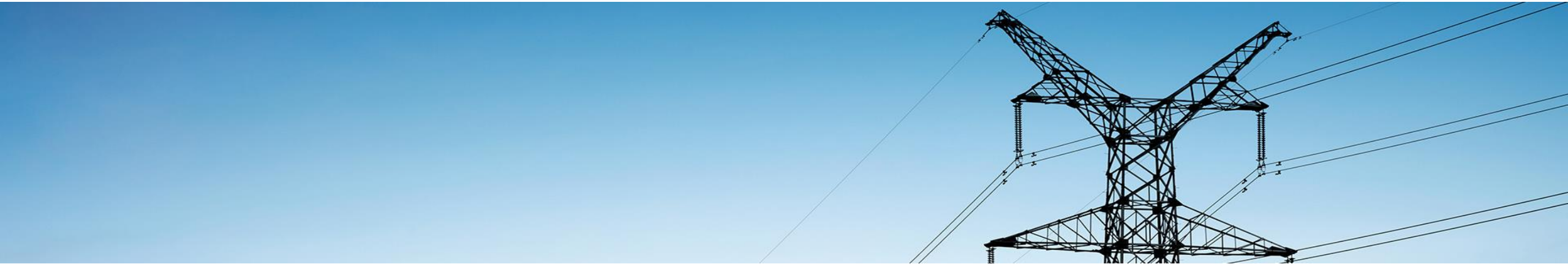


# COVID-19 State Regulatory Considerations

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*Presented at: Solar Asset Management North America  
April 7-8, 2020*

*Digital event organized by* **SOLAR**PLAZA



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  - Regulations and policies on renewables expansion
  - Comparative analysis of regulatory risk
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# Coronavirus regulatory considerations

## Regulators

### Maintaining reliability/customer service

- Keeping the lights on
- Restoring service

### Traditional concerns will take a back seat

- Rate cases
- Policymaking proceedings
- Legislative initiatives

## Utilities

### Increased operations/maintenance costs

- Over-time
- Replacement employees
- Employee health and safety measures

### Reduced revenue/cash flow

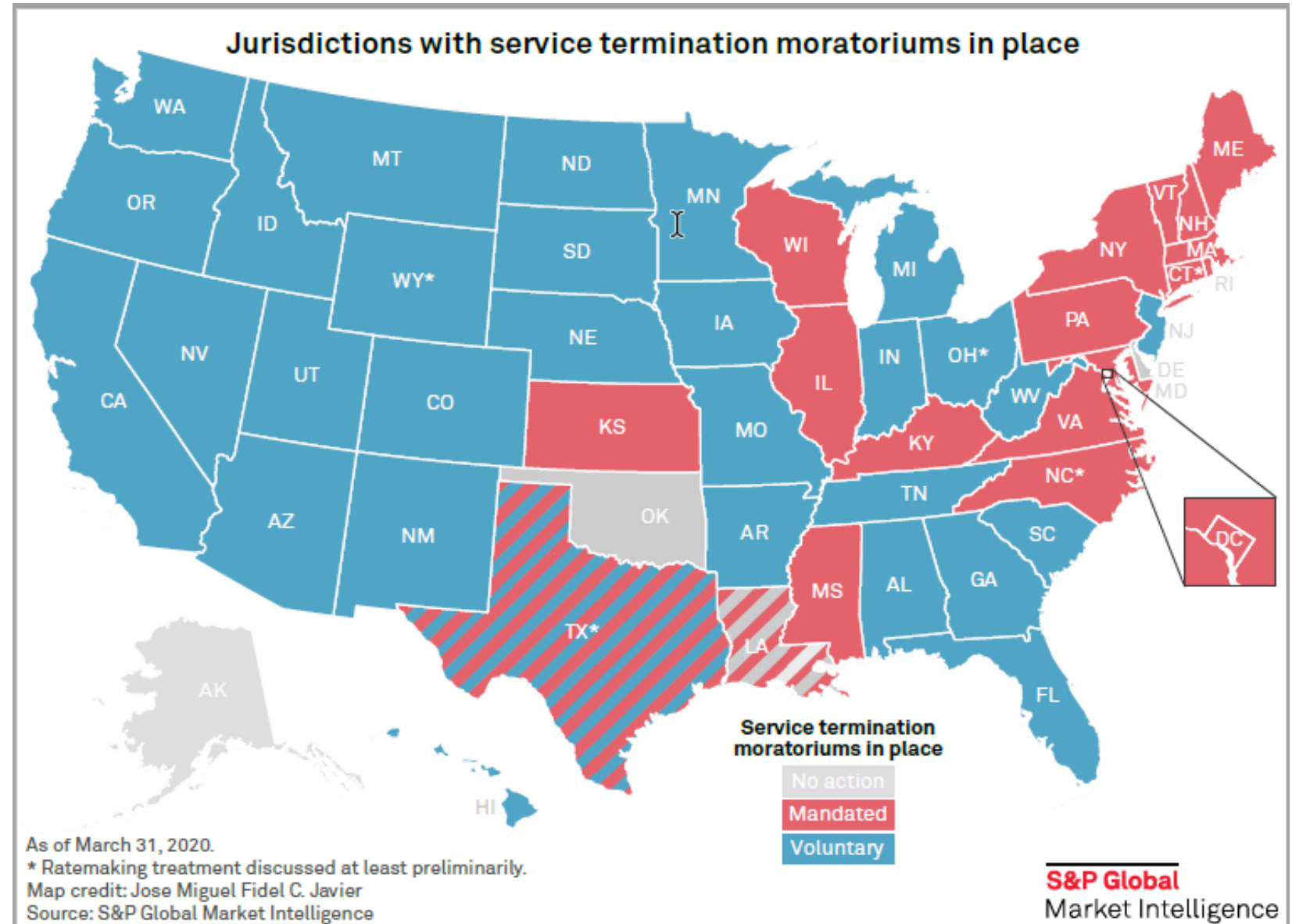
- Businesses/government agencies closed
- Higher rate of non-payment
- Offset by increase residential usage??

***No direct impact on solar industry, but there could be indirect effects.***

# Moratoriums on service terminations

Of the 53 jurisdictions followed by RRA:

- 49 Have a moratorium
  - 20 Mandatory
  - 29 Voluntary
- 5 Discussed recovery



# Regulatory measures to address impacts on utilities

## Mechanisms to streamline recovery of costs/lost revenue<sup>1</sup>

Formula-based ratemaking	Uncollectibles recovery rider	Earnings sharing		Full decoupling	
Alabama	Dist. of Columbia	Alabama	Massachusetts	Arizona	Nevada
Arkansas	Ohio	Arkansas	Mississippi	California	New Hampshire
Georgia	Pennsylvania	Connecticut	Nevada	Connecticut	New Jersey
Hawaii	Rhode Island	Florida	New Mexico	Georgia	New York
Illinois	Texas <sup>1</sup>	Georgia	New York	Hawaii	North Carolina
Louisiana	Virginia	Hawaii	Oklahoma	Idaho	Oregon
Maine		Idaho	Oregon	Indiana	Pennsylvania <sup>2</sup>
Massachusetts		Iowa	Rhode Island	Louisiana	Rhode Island
Minnesota		Kansas	Virginia	Maine	Utah
Mississippi		Louisiana	Wisconsin	Maryland	Vermont
Pennsylvania <sup>2</sup>		Maine		Massachusetts	Washington
Tennessee					
Texas <sup>1</sup>					
Vermont					

<sup>1</sup> Type of plan in place for at least one utility in the state, unless otherwise noted.

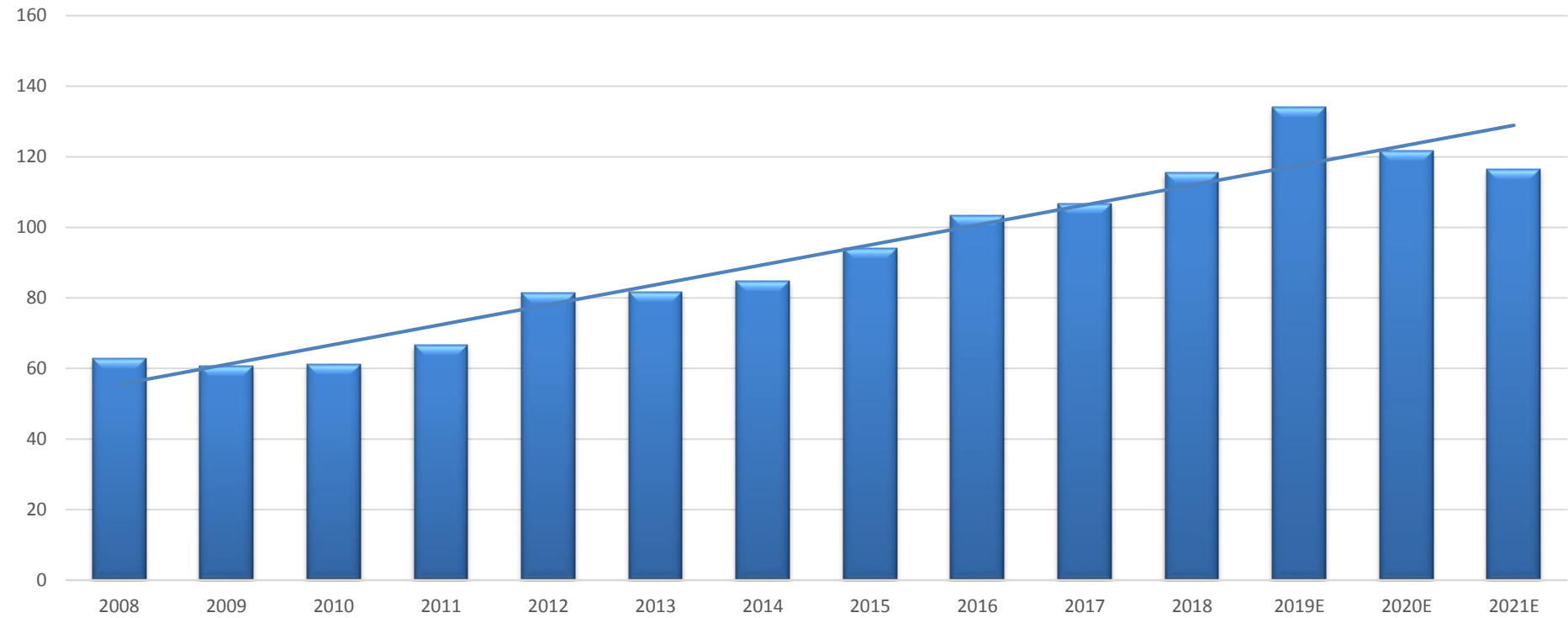
<sup>2</sup> Specifically permitted by rule, law or commission order; no mechanism currently in place.

As of March 16, 2020.

Source: Regulatory Research Associates, a group within S&P Global Market Intelligence.

# Capital expenditures – power and gas

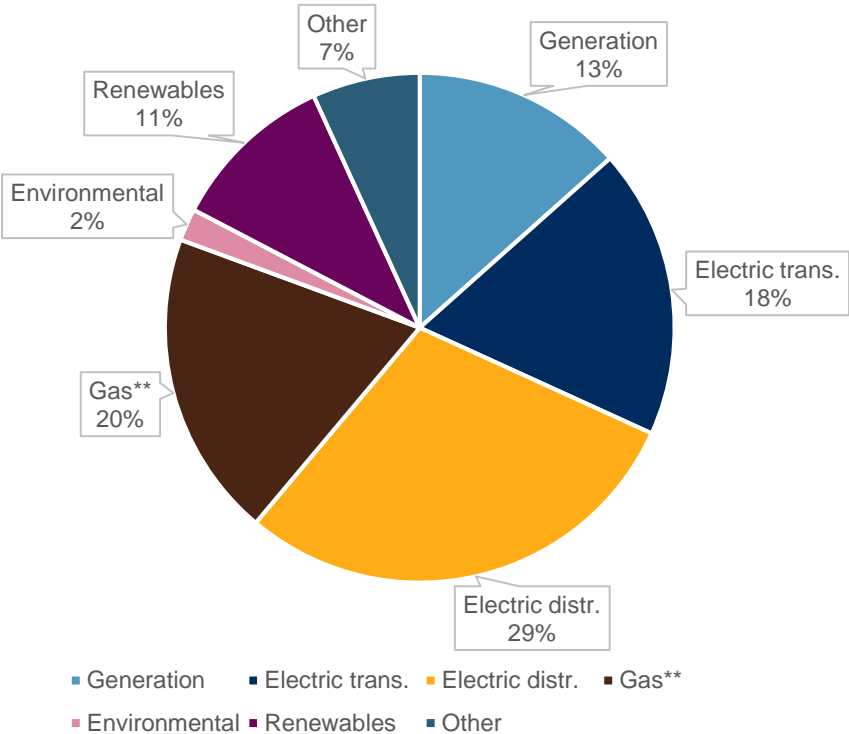
Energy utility actual and estimated capital expenditures (\$B)  
2008 actual to 2021E



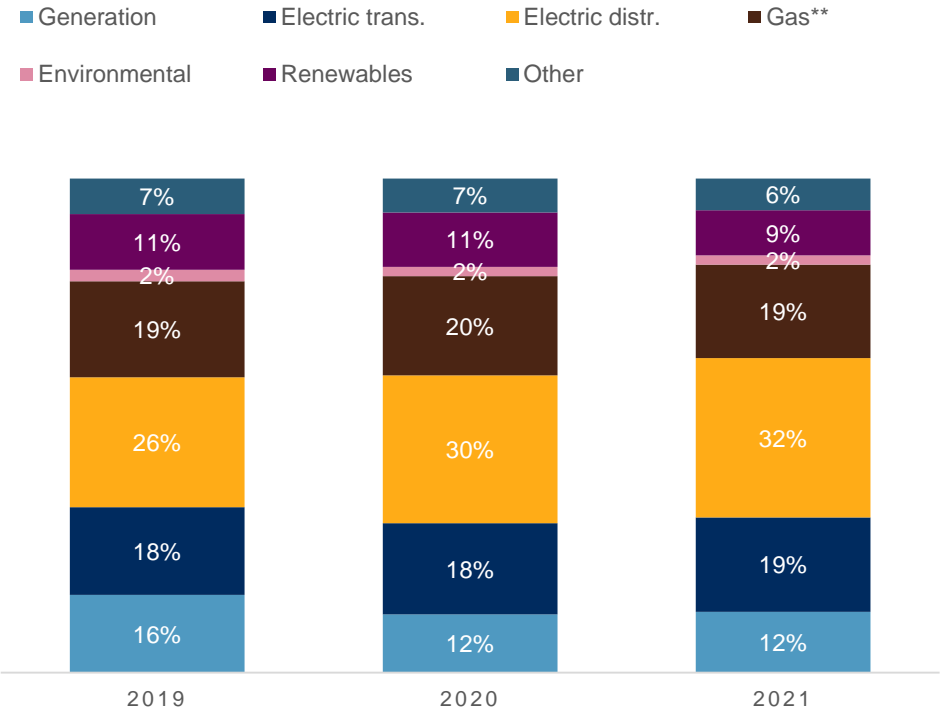
Data compiled Oct. 16, 2019 for the 52 electric and gas holding companies in Regulatory Research Associates' coverage universe.  
E=Estimated  
Source: S&P Global Market Intelligence

# Capital expenditures – power and gas by segment

Aggregate estimated capital spending by business category 2019 through 2021\*



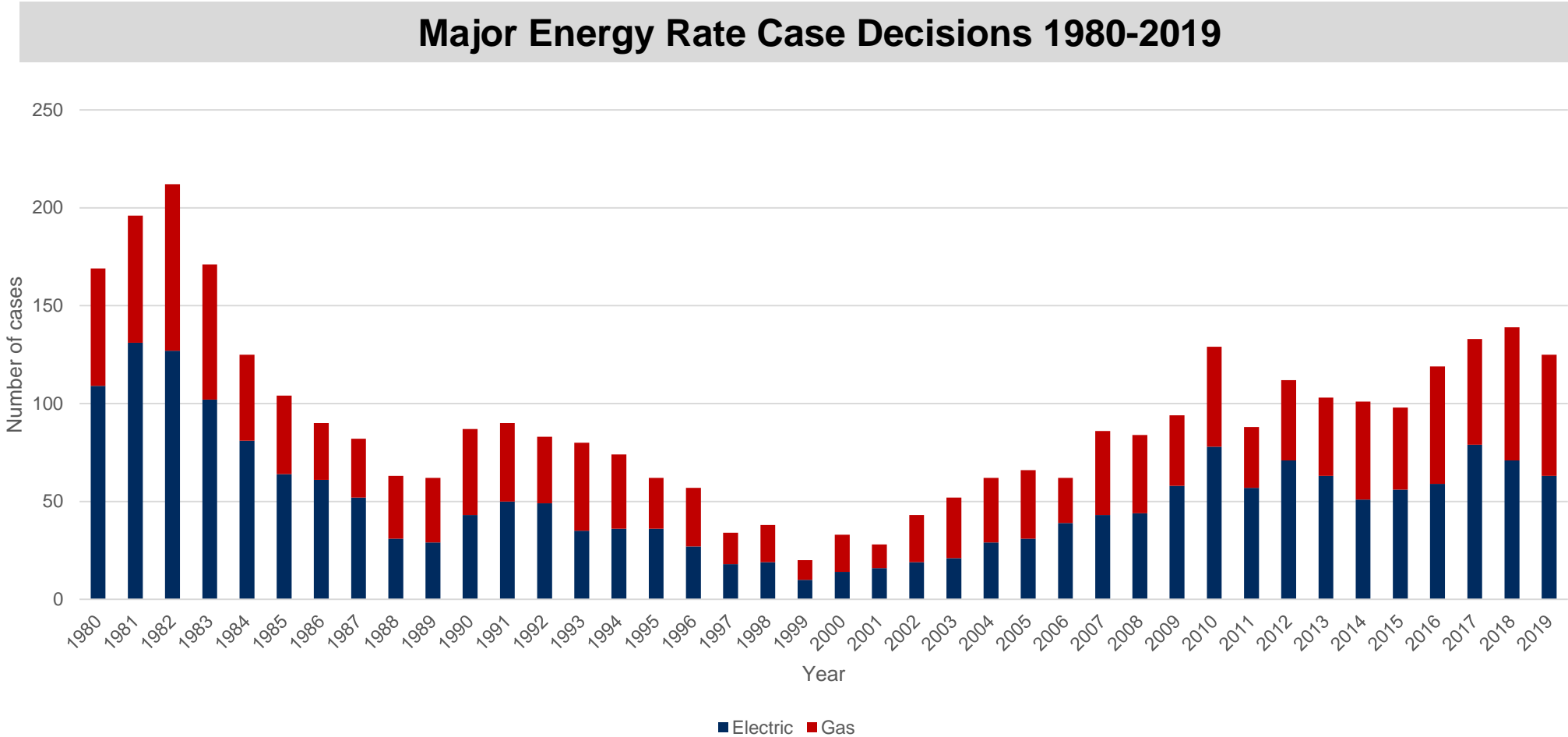
Annual estimated capital spending by business category 2019 through 2021\*



Data gathered as of Oct. 16, 2019. Source: S&P Global Market Intelligence.  
Data is for the 52 power and gas utility holding companies in Regulatory Research Associates coverage universe. RRA is a group within S&P Global Market Intelligence.  
\*Only for those companies that broke out data by category.  
\*\*Gas includes pipeline, storage, distribution and other gas infrastructure.



# State rate case activity



As of Jan. 2, 2020. Source: Regulatory Research Associates, a group within S&P Global Market Intelligence.

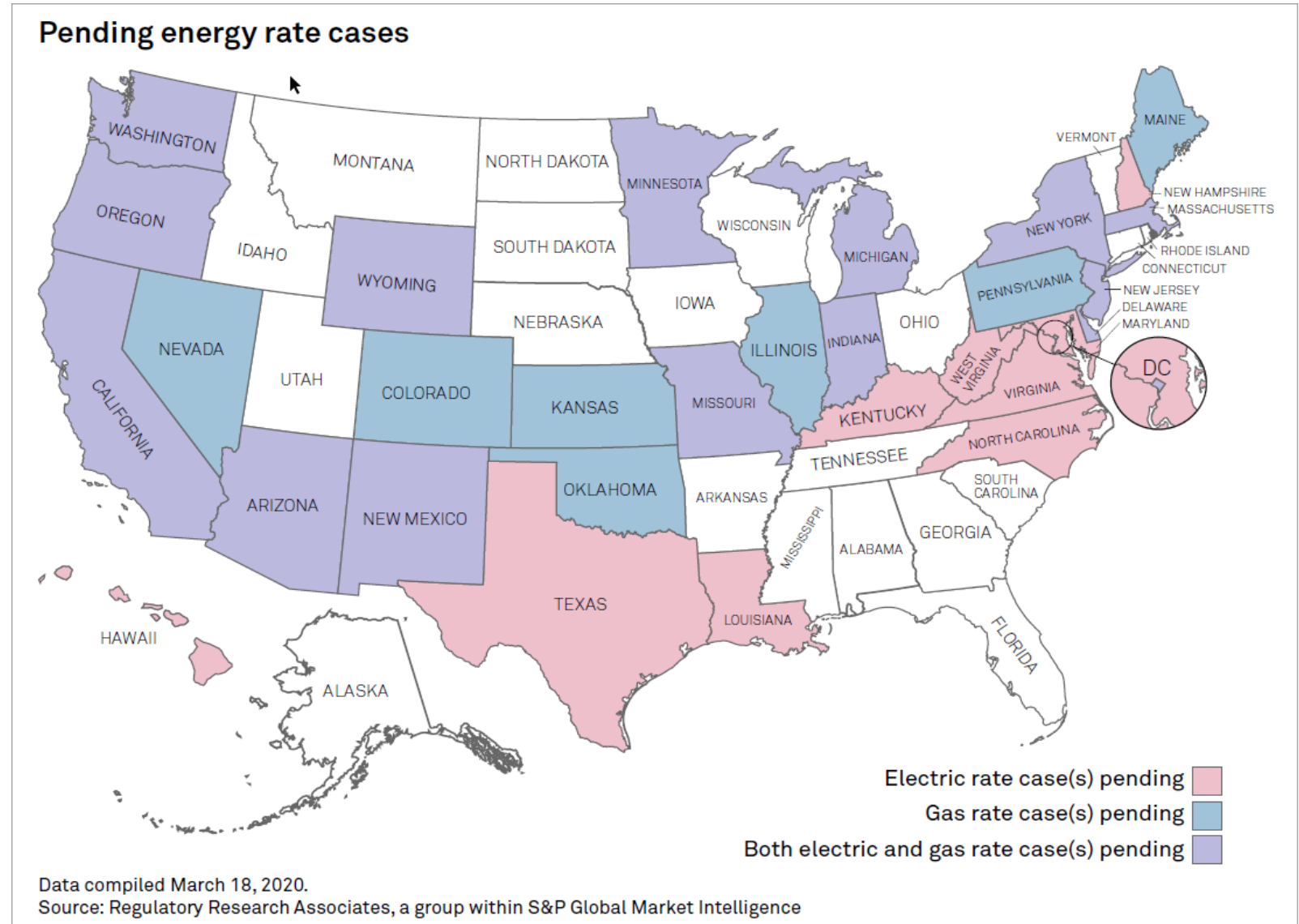
# Pending rate cases

# As of March 31, 2020

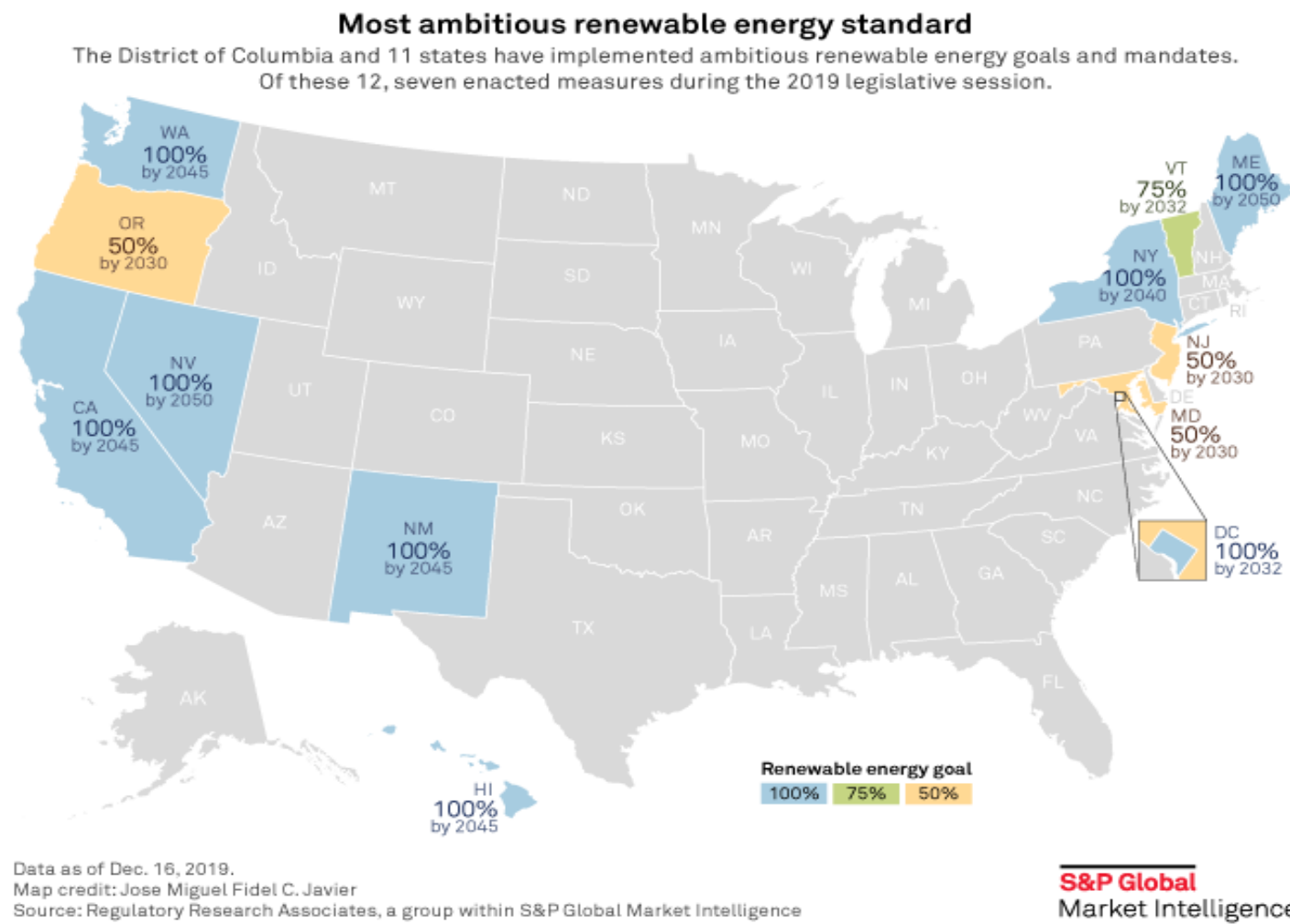
**31** Cases decided  
**5** In March

80 Cases pending  
7 Due in April

## 12 Schedules delayed



# Renewables - State-led initiatives the main driver of expansion



As of Year-End 2019

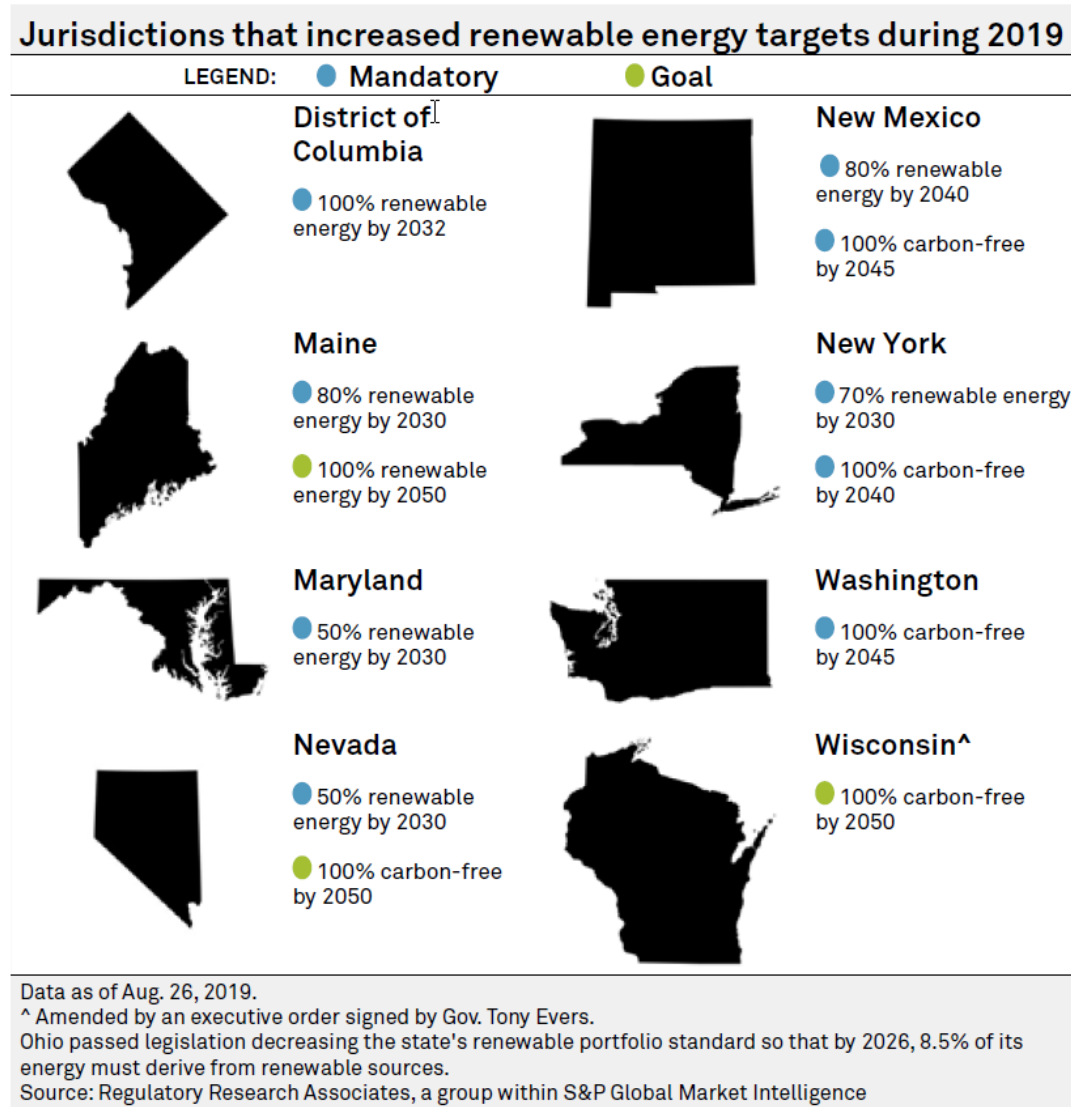
37 jurisdictions have RPS

8 target 100% renewables  
Attainment by 2040-2050

Specific carve outs for:  
Solar  
Offshore wind  
Battery storage

RPS = Renewable portfolio standard

# Renewables - State-led initiatives are driving expansion



## 2019 legislative session

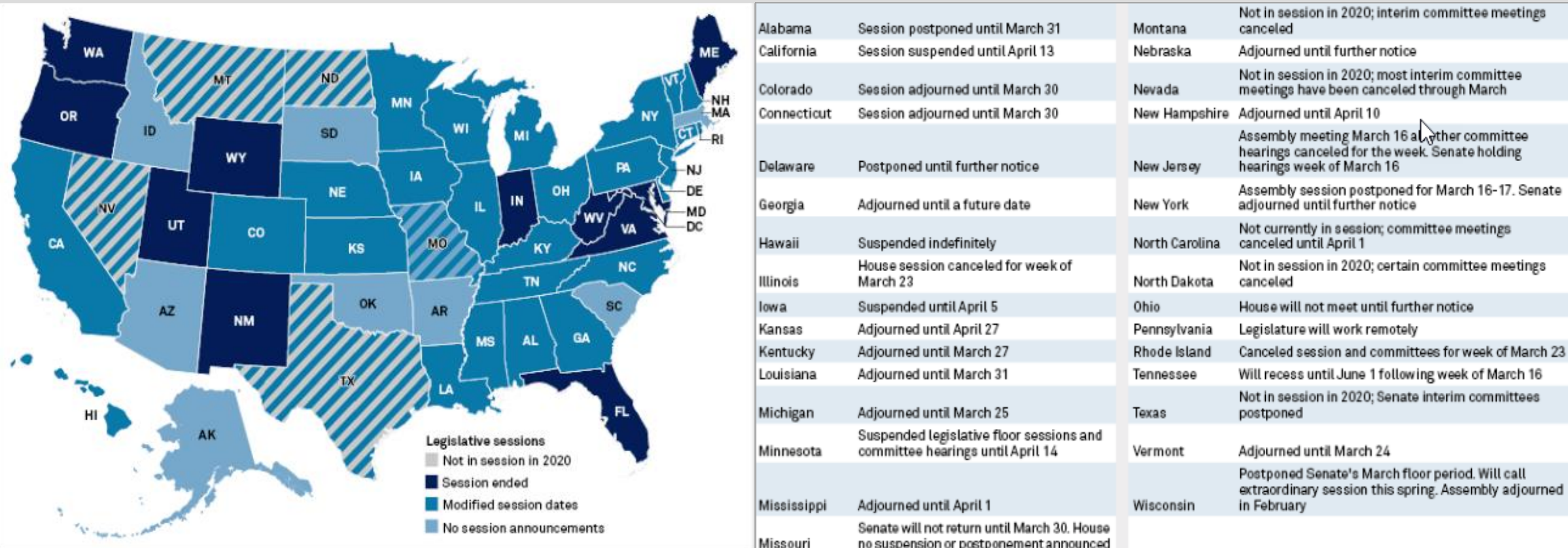
- 8 states enacted RPS legislation
- 7 increased their standard
- 1 reduced their standard

## 2020 legislative activity—RPS

- FL—100% by 2050
- IL—100% by 2050
- IA—100% by 2050
- MA—100% by 2035/2045
- MD—100% by 2040
- MI—100% by 2050
- NJ—100% by 2050
- NC—100% by 2050
- OR—100% by 2045
- PA—100% by 2050
- RI—100% by 2050
- VA—100% by 2045/2050
- VT—100% by 2050

# State legislative activity—2020 sessions disrupted

## Coronavirus impact on state legislatures



Data compiled as of March 20, 2020, on a best efforts basis — may not be comprehensive  
 Source: National Conference of State Legislatures; Regulatory Research Associates, a group within S&P Global Market Intelligence.



# Renewables – development outlook

Wind and solar project pipeline, 2020-2025



As of: March 25, 2020.

Note: Only includes projects with known planned commissioning dates

Source: S&P Global Market Intelligence

## Prior to COVID-19 spread

In a March 4, 2020 article, Market Intelligence projected that the combination of renewable mandates and projects in flight will increase U.S. wind and solar penetration to over 16% by 2030.

## Current view

In an April 1, 2020 article, Market Intelligence noted:

Disruptions in supply chains may cause delays to projects under construction and those planning to break ground in 2020.

The delays may affect the tax credits investors would be able to claim.

Safe harbor rule could provide cover.

# Thank you

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**Learn more at:**

**[spglobal.com/MI-Energy](https://spglobal.com/MI-Energy)**

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