



June 21, 2022

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Alabama Public Service Commission
RSA Union Building
100 North Union Street, Suite 850
Post Office Box 304260
Montgomery, AL 36130-4260

Attention: Mr. Walter L. Thomas, Jr.
Secretary

Re: Project Update -- Renewable Generation Certificate ("RGC")
Docket No. 32382

Dear Commissioners:

As you are undoubtedly aware through media reports and other available information, solar projects across the country have been affected by a number of adverse developments in that sector, including supply chain issues, cost and availability of panels, and other pressures. One of the most significant of these has been the solar tariff investigation recently initiated by the Department of Commerce, with the resulting uncertainty prompting supply companies to halt production and suspend the execution of new contracts for panels and other equipment. Unfortunately, those same developments are impacting two projects of Alabama Power Company, as previously approved by the Alabama Public Service Commission ("Commission") under the RGC.

The first of the affected projects is with Letohatchee Solar Project LLC, which was authorized by Commission order issued December 7, 2021. The counterparty to that arrangement has exercised its contractual right to terminate the energy purchase agreement, thereby effectively cancelling the project. By its terms, the associated Contract for Renewable Subscription Program ("Participation Contract") has likewise terminated. Accordingly, the 80 MW (AC) capability related to this project will be restored to the unused block under the RGC and will be available for other projects that might arise thereunder.

The second project affected by adverse developments in the solar market is with HEP Greenville Solar LLC, as authorized by Commission order issued July 13, 2021 ("Greenville Solar Order"). The counterparty to that arrangement recently informed the Company that it would not go forward under the terms and conditions of the existing energy purchase agreement (and was thus contemplating termination), but that the project could be completed if some discrete changes were made to that contract. These involve a reduced

term (from 25 years to 15 years) and the flexibility to delay certain key milestone events (if necessary) for up to six months. Significantly, the price under the energy purchase agreement would not be affected, thus enabling the associated Participation Contracts to remain in place. Even with the described changes, the HEP Greenville Solar Project is still expected to yield positive economic benefits to all customers through avoided energy and capacity savings, along with the customer-specific contributions under the Participation Contracts. Supplemental analyses have been provided to the Commission Staff and to the Office of the Attorney General demonstrating that the arrangement, as revised, continues to yield positive net benefits.

Prior to the issuance of the Greenville Solar Order, Commission Staff reviewed detailed information relating to the HEP Greenville Solar Project, including all components of the minimum informational requirements established in Docket No. 32382. As noted, supplemental analyses updating a small subset of this earlier information to reflect the described changes show that the Project is still expected to benefit all customers. Accordingly, absent objection by Commission Staff within 10 days, the modified energy purchase agreement with HEP Greenville Solar LLC will proceed forward under the authority granted by the Commission in the Greenville Solar Order.

If you have any questions or need further information, please contact me.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Richard Hite", with a stylized flourish extending from the end.

cc: Executive Director and
Chief Administrative Law Judge
The Honorable John A. Garner

Director, Electricity Policy Division
Mr. John D. Free

Office of the Attorney General
Ms. Olivia W. Martin

All Parties (Service List)
Docket No. 32382