POWER & POLICY

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DSM as a Resource: Active Rate Cases, IRP Proceedings, and EE Programs Across the Southeast

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From the Editor

The Southeast is adding load faster than any region in the country, and every commission in this issue is grappling with the same question: how do you meet it? The answer that keeps getting overlooked is also the fastest and cheapest one. Demand-side resources unlock capacity that already exists, efficiency upgrades, demand response programs, and load flexibility that free up kilowatt-hours. They cost less, come online faster, and reduce the infrastructure burden on every other customer. This issue covers eleven states where that case is being made in rate cases, IRPs, and EE programs. In some states, commissions are requiring it. In others, the door is open.

I. STATE-BY-STATE ANALYSIS

North Carolina — Three Active Proceedings, One Breaking Settlement

- **DEC/DEP merger approved (NCUC Order, May 1, 2026):** The NCUC approved the combination of Duke Energy Carolinas and Duke Energy Progress on May 1, 2026, following FERC approval in January 2026 and a concurrent South Carolina PSC order. The March 2026 settlement included the NC Public Staff, the NC Attorney General's Office, Google, Nucor, Walmart, and other intervening parties. The merger is expected to save North Carolina retail customers approximately $286 million and is targeted to take effect January 1, 2027. The South Carolina settlement separately committed Duke to file a petition to review and expand its EE/DSM portfolios within six months of merger approval, a deadline now running with a petition due by November 1, 2026. (NCUC Order May 1, 2026; Duke Energy press release March 10, 2026)
- **Rate case settlement (E-7, Sub 1329):** Duke Energy Carolinas settled at a 9.8% ROE, down from its original request of 10.95%. If approved by the NCUC, residential customers would see a 5.9% increase in 2027 and 3.6% in 2028, about $6.53 per month on average. The settlement includes a $10 million shareholder contribution to low-income programs and keeps residential decoupling and performance-based regulation on the table. A commission decision is expected November 2026. (DEC settlement filing, E-7 Sub 1329, July 14, 2026; WFAE, July 20, 2026)

> *What is decoupling? Traditional utility rates tie a utility's revenue directly to how much electricity it sells, which creates a financial disincentive to support energy efficiency programs. Decoupling breaks that link by setting a fixed revenue target independent of sales volume. If customers use less, rates adjust slightly upward to hit the target; if they use more, rates adjust down. The result: a utility with decoupling has no financial reason to resist EE programs. No Southeast utility currently has a decoupling mechanism. If the NCUC approves the Duke Energy Carolinas proposal, North Carolina would be the first.*

What is performance-based regulation? Performance-Based Regulation is a regulatory framework that ties a utility's earnings to specific outcomes rather than purely to how much capital it invests. Duke's filing includes four components: a Multi-Year Rate Plan that sets rates for two years at a time, an Earnings Sharing Mechanism that returns excess profits to customers, Performance Incentive Mechanisms tied to customer and policy goals such as renewables adoption and reliability, and a Residential Decoupling Mechanism. Together they shift a utility's financial incentives away from selling more electricity and toward delivering results. No Southeast utility currently operates under a PBR framework.

- **Carbon Plan and IRP (E-100, Sub 207):** Duke's 2025 Consolidated Carbon Plan projects total net load increasing 16 to 60% over 15 years, driven primarily by data center growth. The plan maintains a 1% annual EE savings target. Intervenors have argued Duke's modeling undervalued behind-the-meter battery storage and customer-sited resources that could substitute for new generation. A commission order is pending. (NCUC Docket E-100, Sub 207; Duke Energy 2025 Carolinas Resource Plan)
- **Duke Energy Progress rate case (E-2, Sub 1380):** DEP filed its rate case November 20, 2025, with the same performance-based regulation proposal including residential decoupling. A decision must come within 10 months of filing or the request may take effect automatically. (NCUC Docket E-2, Sub 1380)

WATCH	*The DEC rate case settlement heads to the NCUC for approval this fall. The decoupling proposal, if approved, would make North Carolina the first Southeast state with a utility decoupling mechanism. The Carbon Plan order is expected on a similar timeline.*

Virginia — A $77 Billion Merger and a Transmission Cost Proceeding

DEVELOPMENT TO WATCH: Dominion-NextEra Merger

On July 15, 2026, Dominion Energy and NextEra filed a merger application at Virginia SCC. NextEra proposes to acquire Dominion, valued at approximately $77 billion, which would create the world's largest utility holding company by market capitalization. Dominion would remain a Virginia-regulated utility. The SCC has up to 180 days to review the application. (SCC Case PUR-2026-00112, filed July 15, 2026)

What it means for EE and DSM: the Dominion DSM and VPP proceedings already before the SCC (PUR-2025-00210/211) will continue on their own track and will be among the first indicators of how the combined company approaches demand-side resources.

- **Transmission cost rider proceeding (PUR-2026-00056):** Dominion filed to increase its Rider T1 by $124.7 million, about $0.94 per month for an average residential customer. Consumer advocates, SCC Staff, Sierra Club, and Appalachian Voices filed testimony urging the SCC to require large customers to pay mandatory Contributions in Aid of Construction for transmission projects needed to serve them. The SCC held an evidentiary hearing July 14 - 17. A final order is due August 1, 2026. (SCC Case PUR-2026-00056, filed May 1, 2026)
- **Dominion DSM and VPP proceeding (PUR-2025-00210/211):** Dominion's Phase XIV DSM programs and Virtual Power Plant Pilot tariff are before the SCC for approval. The VPP pilot would allow aggregated distributed resources to be dispatched as a demand-side resource. A commission order is pending following the June 2, 2026, evidentiary hearing. (SCC Cases PUR-2025-00210 and PUR-2025-00211)

WATCH	*The Rider T1 order is due August 1, the most time-sensitive item in this issue. The merger review (PUR-2026-00112) has a 180-day SCC clock running from July 15.*

Georgia — Three Active Proceedings, One December Deadline

- **9,900 MW certification and load flexibility (Dockets 56298/56310):** The Commission's December 30, 2025, Final Order certified 9,900 MW of new supply-side capacity. A required load flexibility investigation, due June 30, 2026, confirmed that no formal program exists for customers above 100 MW. Georgia Power must provide a load flexibility assessment alongside every new large load submission. A final order is expected fall 2026. (GPSC Dockets 56298/56310; Georgia Power/PIA Staff Load Flexibility Compliance Report, June 30, 2026)
- **Real Time Pricing/data center fuel cost investigation (Docket 56765):** A May 2026 stipulation opened a standalone investigation due December 31, 2026 into how Real-Time Pricing customer revenues are allocated across customer classes. PSC staff found RTP customers increase average fuel costs for other customers by approximately 5 to 11% per month. The stipulation also delivered approximately $285 million in annual customer savings through Temporary Rate Adjustment Riders. (GPSC Docket 56765, stipulation approved May 28, 2026)

WATCH	*The RTP fuel cost investigation deadline of December 31, 2026 (Docket 56765) is the most important near-term cost-allocation proceeding in Georgia. The fall order on Dockets 56298/56310 will address whether load flexibility evolves into a formal tariff.*

Louisiana — Mandatory EE Rules in Effect, $21 Billion Gas Proposal Under Review

- **Mandatory EE rules and statewide evaluator (R-31106):** After 14 years of rulemaking, including the 2024 approval of a third-party statewide administrator that was ultimately terminated before launch, the LPSC voted 4-1 in August 2025 to reset the program. Under the new LEEP rules effective January 1, 2026, Louisiana's jurisdictional utilities administer their own EE programs under mandatory requirements: budgets set at 1% of each utility's 2023 revenues in 2026, escalating to 1.5% by the fourth year; a 1.0 TRC portfolio threshold; at least 15% of each utility's residential budget directed to low-income programs; and at least 70% of total budgets flowing directly to customer incentives. Tetra Tech serves as the independent statewide EM&V contractor, verifying savings across all programs from a single standard. (LPSC General Order 01-08-2026, R-31106; The Center Square, September 2, 2025)
- **Demand response approved (R-35136):** The LPSC unanimously approved Entergy Louisiana's five-year, $75.6 million demand response program on March 18, 2026, covering residential smart thermostats, battery energy storage, EV charging, and commercial/industrial offerings. The Commission rejected a utility performance incentive, keeping the program cost-focused. (LPSC Docket R-35136, approved March 18, 2026)
- **Entergy Louisiana gas generation proposal (U-37882):** Entergy Louisiana is seeking approval to construct seven new combined-cycle gas turbines totaling 5,278 MW plus battery storage at an estimated cost of $21.37 billion to serve a 20-year data center contract in Richland Parish. The LPSC approved an accelerated 8-month Lightning Initiative review on April 15, 2026. A final vote is targeted for November to December 2026. Consumer advocates have raised concerns about ratepayer risk exposure over a 20-year contract for a single customer. (LPSC Docket U-37882, filed March 27, 2026)

WATCH	*The Entergy Louisiana gas generation vote (U-37882) is expected between November to December 2026, before new commissioners take office in 2027. The proceeding record will show how demand-side resources were weighed in the Lightning Initiative review.*

Alabama — A New Framework for Data Center Contracts

The APSC issued an order on July 3, 2026, opening a generic proceeding to establish standards for reviewing Alabama Power contracts with large load data center customers requiring at least 150 MW. Tied to Act 610 (SB 270, enacted April 2026), the framework requires contracts to cover all incremental costs and promote positive benefits to other ratepayers, explicitly including whether the contract is expected to increase the efficiency of the utility's power system. Initial

comments are due August 6 and reply comments are due August 21, 2026. This is the most accessible formal public participation opportunity at the APSC in years. (APSC Docket 33709, Order issued July 3, 2026)

WATCH	*Comments due August 6 and August 21 in APSC Docket 33709. How the power system efficiency criterion is defined in comments will shape whether DSM considerations are embedded in every future Alabama Power large load contract.*

Arkansas — TRM Update, Strong EM&V Results

The Arkansas PSC approved Technical Reference Manual Version 10.1 in October 2025, updating deemed savings values for EE cost-effectiveness calculations across every jurisdictional utility. The IEM's PY2025 Annual EM&V Summary Report found five of seven utilities exceeded their electric savings goals, with the portfolio coming in 3.8% above target overall. Entergy Arkansas filed a base rate case in February 2026 with rates requested effective January 2027; no EE-specific element has been confirmed in the filing. (APSC Order No. 45, Docket 10-100-R, October 14, 2025; IEM PY2025 Annual EM&V Summary Report, June 22, 2026)

Florida — New DSM Programs, a Large Load Tariff, and Two Supreme Court Cases

The FPL base rate settlement, effective January 1, 2026, established Florida's first large load tariff (LLCS-1/LLCS-2) and added new DSM programs including an HVAC On-Bill pilot and a Residential Low-Income Renter Pilot. FPL's 2025 DSM plan continues 13 existing programs with one new addition. Duke Energy Florida's petition to establish a large load tariff for AI and data center customers was advanced to a full evidentiary hearing by the PSC on July 9, 2026, with commissioners questioning compliance with Florida's new large load statute (HB 1007); a hearing is set for late August 2026. Two separate Tampa Electric disputes are now before the Florida Supreme Court: the Office of Public Counsel's challenge to the FPSC's affordability analysis in the 2024 rate case, and an overlapping dispute over whether TECO's cost allocation should use a 4-month or 12-month coincident peak formula that determines how capacity costs are split between large industrial customers and residential ratepayers. (FPSC Dockets 20250011-EI, 20250048-EG, 20250113-EI; Florida Supreme Court, briefs filed January 2026)

Kentucky — First New DSM Programs Since 2017, With a Rate Design Tension

Kentucky Power filed in November 2025 to continue its first new demand-side management programs since 2017 and to increase the DSM surcharge using an underspent 2025 budget. In the same utility's rate case, Kentucky PSC affirmed that DSM programs lower overall generation costs and rejected a bid to end them, while approving a declining-block residential rate that raises Tier 1 usage by 20.3% and cuts Tier 2 by 9.8%, creating a different incentive structure for customers who have already reduced usage below 600 kWh through efficiency upgrades. (KPSC Cases 2025-00365 and 2025-00257)

Mississippi — Supply-Side Decisions Moving Without DSM Conditions

Mississippi Power received a Certificate of Public Convenience and Necessity on July 7, 2026 to convert one coal unit at Plant Daniel to natural gas at an estimated cost of $69 million to serve data center demand, with no DSM conditions attached. The Commission also approved Mississippi Power's 2026 jurisdictional cost-of-service study in April 2026, establishing the cost allocators that will anchor the company's next rate case and determine how large load costs are distributed. Mississippi's next general rate case will be the first formal opportunity to address cost allocation and whether demand-side resources are credited as system alternatives. (MPSC Dockets 2026-UA-5, July 7, 2026; 2026-UN-6, April 14, 2026)

South Carolina — EE/DSM Commitment in the Merger Settlement, New DR Tariffs Active

The Duke Energy Progress rate case settlement, approved in late 2025 with new rates effective February 1, 2026, includes a commitment that within six months of merger approval, Duke will file a petition to review and expand its EE/DSM portfolios. With the NCUC and PSCSC both approving the merger on May 1, 2026, that petition is due by November 1, 2026. Duke's joint DSM/EE mechanism review (Docket 2026-57-E) proposes annual EE savings up to 1.75% of retail sales and 20 MW of Active Load Management per utility beginning 2027. Duke Energy Progress and Duke Energy Carolinas both added Non-Residential Storage Demand Response tariffs effective March 1, 2026, the first of their kind in South Carolina. Dominion Energy South Carolina's 2026 IRP, which includes a dedicated DSM Refresh section, has a PSC hearing scheduled for November 9, 2026. (PSCSC DEP settlement, December 2025; Docket 2026-57-E; Docket 2026-9-E, hearing November 9, 2026)

Tennessee / TVA — A Modest EE/DR Target in a Large Resource Plan

TVA's updated 2026 resource plan projects data center-driven load growth approaching its Higher Growth Economy scenario. In that scenario TVA would add 7 to 26 GW of new gas capacity through 2040 alongside 2 to 3 GW of energy efficiency and demand response additions. Final Board recommendations are expected August 2026. A TVA OIG report released January 12, 2026 found TVA's demand response programs delivered 27% less curtailment capacity than planned in FY2024 and 23% less in FY2025, with the shortfall attributed to inaccurate pre-launch estimates and adoption challenges with new programs. TVA's overall EE/DR commitment is more than $1.5 billion for FY2024 through FY2028.This finding is a useful reminder that program design and customer engagement is consequential to the performance of the program. (TVA 2026 IRP preliminary release; TVA OIG Report No. 2025-17554, January 12, 2026)

II. EMERGING THEMES ACROSS THE REGION

Theme	What It Means	States
Cost Allocation and DSM Investment	How infrastructure costs are allocated across customer classes determines how much ratepayer headroom exists for EE programs. Large load tariffs, mandatory CIAC payments, and RTP investigations are all mechanisms that affect this balance.	GA, VA, FL, AL, MS, LA, SC
EE/DSM Commitments Embedded in Settlements	The most durable EE/DSM outcomes this cycle are conditions in rate case settlements. Duke Energy Progress's SC settlement commits to an EE/DSM portfolio review. The DEC NC settlement keeps decoupling and PBR on the table. These may prove more consequential than standalone program filings.	NC, SC, VA
Decoupling Proposed in North Carolina	Both DEC and DEP have proposed residential decoupling in their North Carolina rate cases, the most direct structural support for EE programs. If approved, North Carolina would be the first Southeast state with a utility decoupling mechanism.	NC
Independent EM&V Now in Two States	Louisiana (Tetra Tech) and Arkansas (IEM/Hummingbird Consulting) now have independent statewide EE evaluators	LA, AR

	in place. Independent EM&V is the foundation for credible savings claims and future program expansion.	
⚡ DR Performance and Planning Targets	TVA's OIG found demand response programs delivered 23 to 27% below target two years running, attributed to inaccurate pre-launch estimates and adoption challenges. Program design quality and realistic target-setting matter as much as program approval.	TN (TVA), all states

> *Commissioner composition shapes whether DSM gets treated as a resource, and across the Southeast, it varies. A February 2026 Southern Alliance for Clean Energy analysis found that most Southeast utilities fall below national energy efficiency averages.*

III. ACTIVE PROCEEDINGS AT A GLANCE

State	Utility	Proceeding	Docket	Key Next Date
Alabama	Alabama Power	Large Load Contract Framework	33709	Comments Aug 6 / Aug 21
Arkansas	Multiple	TRM v10.1 / EE Framework	10-100-R	Monitor EECR redetermination
Florida	FPL	DSM Plan	20250048-EG	Annual cycle
Florida	Duke Energy Florida	Large Load Tariff	20250113-EI	Evidentiary hearing late Aug 2026
Florida	Tampa Electric	Rate Case, Supreme Court Appeal	20240169-EI	Briefs filed Jan 2026; decision pending
Georgia	Georgia Power	9,900 MW Certification / Load Flexibility	56298/56310	Final order fall 2026
Georgia	Georgia Power	RTP / Fuel Cost Investigation	56765	December 31, 2026
Kentucky	Kentucky Power	DSM Continuation	2025-00365	PSC order pending
Louisiana	All utilities	Mandatory EE Rules (LEEP)	R-31106	Utility compliance filings, X-37717
Louisiana	Entergy Louisiana	Gas Generation / Data Center	U-37882	Final vote Nov to Dec 2026
Mississippi	Mississippi Power	Next Rate Case (not yet filed)	TBD	Watch for filing
North Carolina	Duke Energy Carolinas	Rate Case / Decoupling / PBR	E-7, Sub 1329	NCUC decision expected Nov 2026
North Carolina	Duke (both)	Carbon Plan / IRP	E-100, Sub 207	Order Q3 to Q4 2026
South Carolina	Dominion SC	IRP	2026-9-E	Hearing November 9, 2026
Tennessee / TVA	TVA	2026 IRP Update	Federal	Board action August 2026

Virginia	Dominion Energy VA	Transmission Cost Rider / CIAC	PUR-2026-00056	Order due August 1, 2026
Virginia	Dominion Energy VA	Merger Application	PUR-2026-00112	SCC review by January 2027

IV. WHAT TO WATCH

- **Virginia Rider T1 order (PUR-2026-00056), due August 1:** The SCC's decision on whether to require mandatory CIAC payments from large customers will set a regional precedent for transmission cost allocation that other Southeast commissions will reference.
- **TVA Board action on 2026 IRP, August 2026:** The final resource plan will set TVA's EE/DR investment targets through 2040. Whether the OIG's DR underperformance findings are reflected in revised demand-side targets will be a key signal. (TVA OIG Report No. 2025-17554)
- **Alabama Docket 33709 comments, August 6 and 21:** The comment period is the most accessible formal participation opportunity at the APSC in years. How the power system efficiency criterion is defined will shape whether DSM considerations are built into Alabama Power's large load contract reviews going forward.
- **Duke Energy Carolinas NC rate case, NCUC decision expected November 2026:** The decoupling proposal and PBR framework are the most consequential DSM outcomes. If approved, North Carolina would have the first utility decoupling mechanism in the Southeast. (NCUC Docket E-7, Sub 1329)
- **Louisiana gas generation vote (U-37882), November to December 2026:** The LPSC's vote on Entergy Louisiana's proposal will come before new commissioners take office in 2027. The proceeding record will show how demand-side resources were weighed in the Lightning Initiative review. (LPSC Docket U-37882)
- **Georgia RTP investigation, December 31, 2026:** The investigation into how fuel costs are allocated across customer classes is the most direct cost-allocation proceeding in the Southeast right now. The outcome will affect ratepayer headroom for EE and DSM investment going into the next base rate case. (GPSC Docket 56765)

COMING IN ISSUE 3 **October 2026 — Q3 Regulatory Roundup: Decisions, Deadlines, and the Year-End Picture**