

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, DECEMBER 22, 2015 SCC-CLERK'S OFFICE
DOCUMENT CONTROL CENTER

APPLICATION OF

2015 DEC 22 P 2: 16

DOSWELL LIMITED PARTNERSHIP

CASE NO. PUE-2015-00127

For approval and certification of a
340 MW electric generating facility in
Hanover County pursuant to §§ 56-46.1
and 56-580 D of the Code of Virginia

ORDER FOR NOTICE AND HEARING

On December 4, 2015, Doswell Limited Partnership ("Doswell" or "Applicant") filed with the State Corporation Commission ("Commission") an application ("Application") for a certificate of public convenience and necessity ("Certificate") to construct and operate a nominal 340 megawatt ("MW") generating facility, including associated facilities, in Hanover County, Virginia (collectively, the "Project"). Doswell filed its Application pursuant to §§ 56-46.1 and 56-580 D of the Code of Virginia ("Code") and the Filing Requirements in Support of Applications for Authority to Construct and Operate an Electric Generating Facility.¹ In conjunction with its Application, Doswell also filed a Motion for Protective Ruling on December 4, 2015. On December 15, 2015, the Applicant filed supplemental information relating to Exhibit 2 of the Application.

In its Application, Doswell proposes to build the Project on the grounds of the existing Doswell Energy Center in Hanover County ("DEC Site").² The Applicant indicates that it plans

¹ 20 VAC 5-302-10 *et seq.*

² Application at 3; Direct Testimony of Michael F. Vogt at 2. The DEC Site is located south of the Little River and north of Route 738.

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to construct the Project on the east side of the DEC Site, adjacent to property zoned for heavy industrial uses and owned by Bear Island Paper Company.³

Doswell currently operates electric generating facilities on the approximately 155-acre DEC Site.⁴ According to the Application, Doswell currently operates (i) four combined-cycle turbines in conjunction with four duct burners capable of producing approximately 650 MW for primary electricity generation; (ii) one simple-cycle combustion turbine ("CT") capable of producing approximately 171 MW for on-demand, peaking electricity generation; and (iii) auxiliary facilities supporting these operations.⁵

Doswell requests approval to expand the DEC Site by adding a simple-cycle electric generating facility capable of firing both natural gas and ultra-low sulfur diesel ("ULSD").⁶ According to the Applicant, this Project involves the addition of two dual-fuel simple-cycle CTs that will provide on-demand, peaking electricity generation.⁷ The Applicant represents that the CTs will use dry low nitrogen oxides ("NO_x") burner technology to minimize NO_x emissions.⁸ Doswell expects the Project to begin commercial operation in March 2018.⁹

Doswell indicates that the Project will use pipeline-quality natural gas and will use ULSD when natural gas is not available.¹⁰ Doswell represents that it will obtain natural gas from its

³ *Id.*

⁴ *Id.*

⁵ Direct Testimony of Michael F. Vogt at 2-3.

⁶ *Id.* at 2.

⁷ *Id.* at 3.

⁸ *Id.*

⁹ Appendix at 6.

¹⁰ Direct Testimony of Michael F. Vogt at 4-5.

According to the Applicant, Doswell is a special-purpose entity organized to develop, construct, own, and operate the facilities on the DEC Site including the proposed Project.¹⁹ Doswell explains that it is controlled by its two partners²⁰ and is 100% owned by affiliates of LS Power.²¹ The Applicant represents that Doswell, its two controlling partners, and LS Power have extensive experience in the development of projects of this nature.²² Doswell also indicates that LS Power is in a strong financial position and is well positioned to fund development of the Project.²³

Doswell asserts that the Project is not contrary to the public interest and will have no material adverse effect on the reliability of electric service provided by a regulated public utility.²⁴ In fact, the Applicant claims that the Project will promote the public interest by providing economic benefits to Hanover County and the surrounding area; and enhance the reliability of the electricity supply in the Commonwealth and the Mid-Atlantic region, particularly during peak demand times and extreme weather events.²⁵ Further, Doswell states that the Project will meet rising demand for electricity in the Mid-Atlantic region with appropriate, environmentally responsible technology; advance the goals set forth in the 2010 Virginia Energy Plan by providing in-state generating capacity; leverage the Commonwealth's existing infrastructure by enhancing an existing generation asset without

¹⁹ Application at 2.

²⁰ Doswell I, LLC, as a general partner, and Doswell LP, LLC, as a limited partner.

²¹ Application at 2.

²² *Id.*

²³ Appendix at 1.

²⁴ Application at 6.

²⁵ *Id.*; Direct Testimony of Michael F. Vogt at 7-8.

requiring the acquisition of additional land; and enhance the competitive market for wholesale electricity in the region by offering generation that will not be owned by an incumbent electric utility.²⁶ In addition, the Applicant states that because it is not a regulated utility, it bears any business risk associated with the Project rather than ratepayers in Virginia.²⁷

Doswell indicates that it will obtain all necessary approvals and permits required for environmental impacts and asserts that the Project will have minimal adverse environmental effects.²⁸ In addition, the Applicant represents that it will comply with all necessary conditions imposed by the regulatory agencies with oversight responsibilities for all environmental aspects of the Project to ensure protection of public health and the environment.²⁹

As provided by § 62.1-44.15:21 D 2 of the Code, the Commission and the State Water Control Board must consult on wetland impacts prior to the siting of electric utility facilities that require a Certificate. As required by Section 3 of the Department of Environmental Quality – State Corporation Commission Memorandum of Agreement Regarding Wetland Impacts Consultation, the Commission's Staff ("Staff") has advised the Department of Environmental Quality ("DEQ"), acting on behalf of the State Water Control Board, that Doswell filed its Application in Case No. PUE-2015-00127 and that consultation is required.³⁰

In addition to consultation on wetlands, §§ 10.1-1186.2:1 C; 56-46.1 G, and 56-580 D of the Code direct the Commission and DEQ to coordinate the environmental review of proposed

²⁶ Application at 6-7; Direct Testimony of Michael F. Vogt at 8-9.

²⁷ Direct Testimony of Michael F. Vogt at 9; Appendix at 13.

²⁸ Application at 4-5; Direct Testimony of Michael F. Vogt at 6.

²⁹ Application at 4; Direct Testimony of Michael F. Vogt at 6.

³⁰ Letter from Garland S. Carr, Esquire, State Corporation Commission, dated December 11, 2015, to David L. Davis, CPWD, PWS, Director, Office of Wetlands & Stream Protection, Department of Environmental Quality, filed in Case No. PUE-2015-00127.

generating plants and associated facilities. Moreover, § 56-46.1 A of the Code provides for the Commission to receive and to consider reports on the proposed facilities from state environmental agencies. Accordingly, the Staff has requested DEQ to coordinate an environmental review of the Project by the appropriate agencies and to provide a report on the review.³¹

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that Doswell should provide public notice of its Application; a public hearing should be scheduled for the purpose of receiving testimony and evidence on Doswell's Application; a procedural schedule should be established to allow interested persons an opportunity to file written or electronic comments on the Application or to participate in this proceeding as a respondent; and the Staff should be directed to investigate the Application and file testimony and exhibits containing its findings and recommendations. Further, we find that this matter should be assigned to a Hearing Examiner to conduct all further proceedings in this matter on behalf of the Commission.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUE-2015-00127.
- (2) As provided by § 12.1-31 of the Code and Rule 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"),³² a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

³¹ Letter from Garland S. Carr, Esquire, State Corporation Commission, dated December 11, 2015, to Bettina Sullivan, Department of Environmental Quality, filed in Case No. PUE-2015-00127.

³² 5 VAC 5-20-10 *et seq.*

(3) A public hearing on the Application shall be convened on April 20, 2016, at 10 a.m., in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive the testimony of public witnesses and the evidence of the Company, any respondents, and the Staff. Any person desiring to offer testimony as a public witness at this hearing should appear in the Commission's Courtroom fifteen (15) minutes prior to the starting time of the hearing and identify himself or herself to the Commission's Bailiff.

(4) A copy of the public version of the Application may be obtained by submitting a written request to counsel for the Applicant, Timothy E. Biller, Esquire, Hunton & Williams LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219. If acceptable to the requesting party, the Applicant may provide the documents by electronic means. Copies of the public version of all documents also shall be available for interested persons to review in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

(5) On or before January 22, 2016, the Applicant shall cause the following notice and the sketch map showing the location of the proposed facilities (Attachment I to this Order) to be published as display advertising (not classified) on two occasions in newspapers of general circulation in Hanover County:

NOTICE TO THE PUBLIC OF AN APPLICATION BY
DOSWELL LIMITED PARTNERSHIP, FOR APPROVAL AND
CERTIFICATION OF A 340 MW ELECTRIC GENERATING
FACILITY IN HANOVER COUNTY PURSUANT TO
§§ 56-46.1 AND 56-580 D OF THE CODE OF VIRGINIA
CASE NO. PUE-2015-00127

On December 4, 2015, Doswell Limited Partnership ("Doswell" or "Applicant") filed with the State Corporation Commission ("Commission") an application ("Application") for a certificate of public convenience and necessity to construct and operate a nominal 340 megawatt ("MW") generating facility, including associated facilities, in Hanover County, Virginia (collectively, the "Project"). Doswell filed its Application pursuant to §§ 56-46.1 and 56-580 D of the Code of Virginia and the Filing Requirements in Support of Applications for Authority to Construct and Operate an Electric Generating Facility. In conjunction with its Application, Doswell also filed a Motion for Protective Ruling on December 4, 2015. On December 15, 2015, the Applicant filed supplemental information relating to Exhibit 2 of the Application.

In its Application, Doswell proposes to build the Project on the grounds of the existing Doswell Energy Center in Hanover County ("DEC Site"). The Applicant indicates that it plans to construct the Project on the east side of the DEC Site, adjacent to property zoned for heavy industrial uses and owned by Bear Island Paper Company.

Doswell currently operates electric generating facilities on the approximately 155-acre DEC Site. According to the Application, Doswell currently operates (i) four combined-cycle turbines in conjunction with four duct burners capable of producing approximately 650 MW for primary electricity generation; (ii) one simple-cycle combustion turbine ("CT") capable of producing approximately 171 MW for on-demand, peaking electricity generation; and (iii) auxiliary facilities supporting these operations.

Doswell requests approval to expand the DEC Site by adding a simple-cycle electric generating facility capable of firing both natural gas and ultra-low sulfur diesel ("ULSD"). According to the Applicant, this Project involves the addition of two dual-fuel simple-cycle CTs that will provide on-demand, peaking electricity generation. The Applicant represents that the CTs will use dry low nitrogen oxide ("NO_x") burner technology to minimize NO_x

emissions. Doswell expects the Project to begin commercial operation in March 2018.

Doswell indicates that the Project will use pipeline-quality natural gas and will use ULSD when natural gas is not available. Doswell represents that it will obtain natural gas from its existing firm and interruptible capacity, or purchase transportation service on an as-needed basis from Virginia Natural Gas, Inc. ("VNG"), under its existing tariff, or purchase from a third party. According to the Applicant, a VNG pipeline that currently traverses the DEC Site will transport natural gas to the Project. To supply gas to the new CTs, Doswell states that it plans to construct a new natural gas supply line and a new pressure-regulating and dew-point heating station on the DEC Site. The Applicant indicates that the Project will not need any new off-site pipeline facilities.

Doswell indicates that it will purchase ULSD from wholesale fuel suppliers in the Mid-Atlantic region. To store the ULSD, the Applicant represents that it plans to construct a dedicated ULSD storage tank on the DEC Site or use one of its two existing approximately 7.5 million gallon storage tanks.

Doswell indicates the Project will interconnect at Virginia Electric and Power Company's existing Four Rivers Substation, located entirely on the DEC Site. To interconnect the Project with the substation, Doswell expects to construct a 0.3 mile interconnection line and associated facilities, located entirely on the DEC Site.

According to the Applicant, Doswell is a special-purpose entity organized to develop, construct, own, and operate the facilities on the DEC Site including the proposed Project. Doswell explains that it is controlled by its two partners and is 100% owned by affiliates of LS Power. The Applicant represents that Doswell, its two controlling partners, and LS Power have extensive experience in the development of projects of this nature. Doswell also indicates that LS Power is in a strong financial position and is well positioned to fund development of the Project.

Doswell asserts that the Project is not contrary to the public interest and will have no material adverse effect on the reliability of electric service provided by a regulated public utility. In fact, the Applicant claims that the Project will promote the public interest by providing economic benefits to Hanover County and the surrounding area; and enhance the reliability of the electricity supply in the Commonwealth and the Mid-Atlantic region,

particularly during peak demand times and extreme weather events. Further, Doswell states that the Project will meet rising demand for electricity in the Mid-Atlantic region with appropriate, environmentally responsible technology; advance the goals set forth in the 2010 Virginia Energy Plan by providing in-state generating capacity; leverage the Commonwealth's existing infrastructure by enhancing an existing generation asset without requiring the acquisition of additional land; and enhance the competitive market for wholesale electricity in the region by offering generation that will not be owned by an incumbent electric utility. In addition, the Applicant states that because it is not a regulated utility, it bears any business risk associated with the Project rather than ratepayers in Virginia.

Doswell indicates that it will obtain all necessary approvals and permits required for environmental impacts and asserts that the Project will have minimal adverse environmental effects. In addition, the Applicant represents that it will comply with all necessary conditions imposed by the regulatory agencies with oversight responsibilities for all environmental aspects of the Project to ensure protection of public health and the environment.

The Commission entered an Order for Notice and Hearing that, among other things, scheduled a public hearing on April 20, 2016, at 10 a.m., in the Commission's Second Floor Courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive testimony from members of the public and evidence related to the Application from the Company, any respondents, and the Commission's Staff. Any person desiring to testify as a public witness at this hearing should appear fifteen (15) minutes prior to the starting time of the hearing and contact the Commission's Bailiff.

Copies of the public version of the Application may be obtained by submitting a written request to counsel for the Applicant, Timothy E. Biller, Esquire, Hunton & Williams LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219. If acceptable to the requesting party, the Applicant may provide the documents by electronic means.

Copies of the public version of the Application and documents filed in this case also are available for interested persons to review in the Commission's Document Control Center, located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays.

Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

Any person or entity may participate as a respondent in this proceeding by filing, on or before February 12, 2016, a notice of participation. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. A copy of the notice of participation as a respondent also shall be sent to counsel for the Company at the address set forth above. Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice and Procedure, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. All filings shall refer to Case No. PUE-2015-00127. For additional information about participation as a respondent, any interested person or entity should obtain a copy of the Commission's Order for Notice and Hearing.

On or before March 11, 2016, each respondent may file with the Clerk of the Commission, and serve on the Commission's Staff, the Company, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth above. Respondents also shall comply with the Commission's Rules of Practice and Procedure, including: 5 VAC 5-20-140, *Filing and service*; 5 VAC 5-20-150, *Copies and format*; and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUE-2015-00127.

On or before April 13, 2016, any interested person wishing to comment on the Company's Application shall file written comments on the Application with the Clerk of the Commission at the address set forth above. Any interested person desiring to file comments electronically may do so on or before April 13, 2016, by following the instructions on the Commission's website: <http://www.scc.virginia.gov/case>. Compact discs or any other form of electronic storage medium may not be filed with the comments. All such comments shall refer to Case No. PUE-2015-00127.

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The Commission's Rules of Practice and Procedure may be viewed at <http://www.scc.virginia.gov/case>. A printed copy of the Commission's Rules of Practice and Procedure and an official copy of the Commission's Order for Notice and Hearing in this proceeding may be obtained by the Clerk of the Commission at the address set forth above.

DOSWELL LIMITED PARTNERSHIP

(6) On or before January 22, 2016, the Applicant shall serve a copy of this Order for Notice and Hearing on the chairman of the board of supervisors and county attorney of Hanover County, Virginia Electric and Power Company, and Virginia Natural Gas, Inc. Service shall be made by either personal delivery or first class mail to the customary place of business or residence of the person served.

(7) On or before February 5, 2016, the Applicant shall file with the Clerk of the Commission proof of the notice and service required by Ordering Paragraphs (5) and (6), including the name, title, and address of each official served with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118.

(8) On or before April 13, 2016, any interested person may file written comments on the Application with the Clerk of the Commission at the address set forth in Ordering Paragraph (7). Any interested person desiring to submit comments electronically may do so on or before April 13, 2016, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Compact discs or any other form of electronic storage medium may not be filed with the comments. All comments shall refer to Case No. PUE-2015-00127.

(9) Any person or entity may participate as a respondent in this proceeding by filing a notice of participation on or before February 12, 2016. If not filed electronically, an original and

fifteen (15) copies of the notice of participation shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (7), and the respondent shall serve a copy of the notice of participation on counsel to the Company at the address in Ordering Paragraph (4). Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation or government body participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUE-2015-00127.

(10) Within five (5) business days of receipt of a notice of participation as a respondent, the Applicant shall serve upon such respondent a copy of this Order for Notice and Hearing, a copy of the public version of the Application, and all materials filed by the Company with the Commission unless these materials have already been provided to the respondent.

(11) On or before March 11, 2016, each respondent may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (7) and serve on the Staff, the Applicant, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be submitted to the Clerk of the Commission. In all filings, the respondent shall comply with the Commission's Rules of Practice, including: 5 VAC 5-20-140, *Filing and service*; 5 VAC 5-20-150, *Copies and format*; and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUE-2015-00127.

(12) The Staff shall investigate the Application. On or before March 25, 2016, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of the Staff's testimony and exhibits, and each Staff witness's testimony shall include a summary not to exceed one page. The Staff shall serve a copy thereof on counsel to Doswell and all respondents.

(13) On or before April 8, 2016, Doswell may file with the Clerk of the Commission:

(a) any rebuttal testimony and exhibits that it expects to offer, and each rebuttal witness's testimony shall include a summary not to exceed one page; and (b) a summary not to exceed one page of each direct witness's testimony if not previously included therewith. The Company shall serve a copy of the testimony and exhibits on the Staff and all respondents. If not filed electronically, an original and fifteen (15) copies of such rebuttal testimony and exhibits shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (7).

(14) The Commission's Rule of Practice 5 VAC 5-20-260, *Interrogatories to parties or requests for production of documents and things*, shall be modified for this proceeding as follows: Responses and objections to written interrogatories and requests for production of documents shall be served within seven (7) business days after receipt of the same. In addition to the service requirements of Rule of Practice 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically, or by facsimile, on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney, if the interrogatory or request for production is directed to Staff.³³ Except as modified above,

³³ The assigned Staff attorney is identified on the Commission's website, <http://www.scc.virginia.gov/case>, by clicking "Docket Search," and clicking "Search Cases," and entering the case number, PUE-2015-00127, in the appropriate box.

discovery shall be in accordance with Part IV of the Commission's Rules of Practice,
5 VAC 5-20-240 *et seq.*

(15) This matter is continued.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
Timothy E. Biller, Esquire, and Richard D. Gary, Esquire, Hunton & Williams LLP, Riverfront
Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219; and C. Meade Browder, Jr.,
Senior Assistant Attorney General, Division of Consumer Counsel, Office of the Attorney
General, 900 East Main Street, Second Floor, Richmond, Virginia 23219. A copy also shall be
delivered to the Commission's Office of General Counsel and Divisions of Energy Regulation
and Utility Accounting and Finance.