

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, MAY 26, 2016

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APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUE-2016-00048

For approval and certification of the proposed
Remington Solar Facility pursuant to §§ 56-46.1
and 56-580 D of the Code of Virginia

ORDER FOR NOTICE AND HEARING

On May 4, 2016, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") for approval and a certificate of public convenience and necessity ("CPCN") to construct and operate a 20 megawatt (nominal alternating current ("AC")) utility-scale solar electric generating facility near the town of Remington in Fauquier County, Virginia ("Remington Solar Facility"). The Company requests approval and a CPCN for the Remington Solar Facility pursuant to §§ 56-46.1 and 56-580 D of the Code of Virginia ("Code") and the Commission's Filing Requirements in Support of Applications for Authority to Construct and Operate an Electric Generating Facility ("Generation Rules").¹ Dominion Virginia Power filed a Motion for Entry of a Protective Order and Additional Protective Treatment ("Motion for Protective Order"), as well as a proposed protective order, with its Application.

According to the Application, Dominion Virginia Power proposes to build the Remington Solar Facility on 125 acres of land owned by the Company, located across from the Company's existing natural gas-fired Remington Power Station.² As proposed, the Remington Solar Facility would include ground-mounted, fixed-tilt solar panel arrays, and would interconnect using 34.5

¹ 20 VAC 5-302-10 *et seq.*

² Pre-filed Direct Testimony of Mark D. Mitchell at 5.

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kilovolt distribution-level facilities (together with the proposed Remington Solar Facility, the "Project").³ If approved, Dominion Virginia Power expects the proposed Project to begin commercial operation on or about October 1, 2017.⁴

According to the Application, Dominion Virginia Power plans to build and operate the Project, if approved, as part of a "public-private partnership." The Company states that the electrical output of the Remington Solar Facility would be dedicated solely to the Commonwealth of Virginia ("Commonwealth"), a non-jurisdictional customer of the Company, and that the Commonwealth has agreed to purchase this electrical output at a negotiated price for a term of 25 years. Additionally, under a separate agreement, Microsoft Corporation ("Microsoft") has agreed to purchase all of the environmental attributes generated by the Project, including the renewable energy credits, at a negotiated price for a period of 25 years.⁵

Dominion Virginia Power estimates the cost of the proposed Project to be approximately \$46 million, excluding financing costs, or approximately \$2,300/kilowatt at the approximately 20 megawatt (nominal AC) rating.⁶ Dominion Virginia Power states that it is not seeking to recover the cost of the Project from its Virginia jurisdictional customers through either a rate adjustment clause or base rates. The Company states that there will be no impacts to its Virginia jurisdictional cost of service, base rates, fuel rates, or rate adjustment clauses as a result of the Company's ownership and operation of the Project during the 25-year term of the agreements described above.⁷

³ *Id.* at 2.

⁴ Application at 5.

⁵ *Id.* at 3-4.

⁶ *Id.* at 5.

⁷ *Id.* at 4.

In its Application, Dominion Virginia Power requests, pursuant to 20 VAC 5-302-40, partial waivers of certain filing requirements of the Generation Rules. Specifically, the Company requests waiver of the following Generation Rules: (i) 20 VAC 5-302-25(8) and 20 VAC 5-302-35(2) as to fuel supply studies and arrangements ("fuel requirements"); (ii) 20 VAC 5-302-25(12)(b), (c), and (d) as to transmission interconnection requirements, facilities, and impacts ("transmission requirements"); and (iii) 20 VAC 5-302-35(6) as to transmission requirements and fuel requirements. In support of its requested waivers of transmission requirements, the Company states that because the proposed Remington Solar Facility would be connected to the Company's distribution system, no new transmission facilities would be required and therefore the transmission requirements are not applicable to the proposed Remington Solar Facility. In support of its requested waivers of fuel requirements, Dominion Virginia Power asserts that such requirements are not applicable because the fuel source for the proposed Remington Solar Facility would be the sun.⁸

Dominion Virginia Power also requests waiver of 20 VAC 5-302-35(4) of the Generation Rules, which requires the filing of economic studies of alternative options, including sensitivity analyses and production cost simulations, that demonstrate that the selected option is the best alternative ("economic analyses"). In support of the requested waiver of the economic analyses, the Company states that: (i) the Project was selected to meet the needs of two customers, the Commonwealth and Microsoft; (ii) the electrical output of the facility will be dedicated to the Commonwealth during the initial 25-year contract term; (iii) the Company is not seeking to recover the costs of the Project from Virginia jurisdictional customers; and (iv) the Company has established accounting procedures and protocols to ensure that Virginia jurisdictional customers

⁸ *Id.* at 7-9.

will not subsidize the Project in any respect.⁹ For similar reasons, the Company requests a waiver of 20 VAC 5-302-35(5) of the Generation Rules, which requires load and generating capacity reserve forecast information demonstrating the need for a proposed generation facility ("need analyses").¹⁰

Dominion Virginia Power also requests a waiver of 20 VAC 5-302-25(4) of the Generation Rules, which requires financial information for the applicant, including its most recent stockholder report and Securities and Exchange Commission Form 10-K. The Company has filed one copy of its 2015 Form 10-K, and it has also provided a website link to this information in Exhibit 1 to its Application. The Company requests a waiver of the requirement to file additional copies of the 2015 Form 10-K in this proceeding.¹¹

As provided by § 62.1-44.15:21 D 2 of the Code, the Commission and the State Water Control Board ("Board") must consult on wetland impacts prior to the siting of electric utility facilities that require a CPCN. As provided by Section 3 of the Department of Environmental Quality – State Corporation Commission Memorandum of Agreement Regarding Consultation on Wetland Impacts, the Staff of the Commission ("Staff") has advised the Department of Environmental Quality ("DEQ"), acting on behalf of the Board, that Dominion Virginia Power filed its Application in Case No. PUE-2016-00048 and that the Board's consultation is required.¹²

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

⁹ *Id.* at 8-9.

¹⁰ *Id.* at 9.

¹¹ *Id.* at 10.

¹² Letter from D. Mathias Roussy, Jr., Esquire, State Corporation Commission, dated May 10, 2016, to David L. Davis, Department of Environmental Quality, filed in Case No. PUE-2016-00048.

generating plants and associated facilities. Additionally, § 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 the DEQ to coordinate an environmental review of the proposed Project by the appropriate agencies and to provide a report on the review.¹³

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that Dominion Virginia Power should provide public notice of its Application; a public hearing should be scheduled for the purpose of receiving testimony and evidence on the Application; a procedural schedule should be established to allow interested persons an opportunity to file 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 thereon. Further, we find that a Hearing Examiner should be assigned to conduct all further proceedings in this matter on behalf of the Commission, including ruling on the Company's Motion for Protective Order and filing a final report containing the Hearing Examiner's findings and recommendations.

We grant the Company's requested waivers of the Generation Rules for purposes of commencing this proceeding. However, by granting these waivers at this stage of the proceeding, we are not ruling on the relevance, if any, that information required by these rules may have in this or any future proceeding.¹⁴

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUE-2016-00048.

¹³ Letter from D. Mathias Roussy, Jr., Esquire, State Corporation Commission, dated May 10, 2016, to Bettina Sullivan, Department of Environmental Quality, filed in Case No. PUE-2016-00048.

¹⁴ Approval of these waivers does not prohibit the issues from being revisited, if warranted.

(2) As provided by § 12.1-31 of the Code and 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"),¹⁵ a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission.

(3) A public hearing on the Application shall be convened at 10 a.m. on October 13, 2016, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive into the record 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) The Company shall make a copy of the public version of its Application, as well as a copy of this Order for Notice and Hearing, available for public inspection during regular business hours at each of the Company's business offices in the Commonwealth. A copy also may be obtained by submitting a written request to counsel for the Company, Horace P. Payne, Esquire, Dominion Resources Services, Inc., Law Department, RS-2, 120 Tredegar Street, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by electronic means. Copies of public versions of all documents filed in this case 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

¹⁵ 5 VAC 5-20-10 *et seq.*

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

(5) On or before June 24, 2016, the Company shall cause the following notice and the sketch map showing the location of the Project included as Schedule 6, Page 2, of the pre-filed direct testimony of Mark D. Mitchell, to be published as display advertising (not classified) on one (1) occasion in newspapers of general circulation throughout the Company's service territory:

NOTICE TO THE PUBLIC OF
AN APPLICATION BY VIRGINIA ELECTRIC AND POWER
COMPANY FOR APPROVAL AND CERTIFICATION OF
THE PROPOSED REMINGTON SOLAR FACILITY
PURSUANT TO §§ 56-46.1 AND 56-580 D OF THE
CODE OF VIRGINIA
CASE NO. PUE-2016-00048

On May 4, 2016, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") for approval and a certificate of public convenience and necessity ("CPCN") to construct and operate a 20 megawatt (nominal alternating current ("AC")) utility-scale solar electric generating facility near the town of Remington in Fauquier County, Virginia ("Remington Solar Facility"). The Company requests approval and a CPCN for the Remington Solar Facility pursuant to §§ 56-46.1 and 56-580 D of the Code of Virginia and the Commission's Filing Requirements in Support of Applications for Authority to Construct and Operate an Electric Generating Facility, 20 VAC 5-302-10 *et seq.*

According to the Application, Dominion Virginia Power proposes to build the Remington Solar Facility on 125 acres of land owned by the Company, located across from the Company's existing natural gas-fired Remington Power Station. As proposed, the Remington Solar Facility would include ground-mounted, fixed-tilt solar panel arrays, and would interconnect using 34.5 kilovolt distribution-level facilities (together with the proposed Remington Solar Facility, the "Project"). If approved, Dominion Virginia Power expects the proposed Project to begin commercial operation on or about October 1, 2017.

According to the Application, Dominion Virginia Power plans to build and operate the Project, if approved, as part of a "public-private partnership." The Company states that the electrical output of the Remington Solar Facility would be dedicated solely to the Commonwealth of Virginia ("Commonwealth"), a non-jurisdictional customer of the Company, and that the Commonwealth has agreed to purchase this electrical output at a negotiated price for a term of 25 years. Additionally, under a separate agreement, Microsoft Corporation has agreed to purchase all of the environmental attributes generated by the Project, including the renewable energy credits, at a negotiated price for a period of 25 years.

Dominion Virginia Power estimates the cost of the proposed Project to be approximately \$46 million, excluding financing costs, or approximately \$2,300/kilowatt at the approximately 20 megawatt (nominal AC) rating. Dominion Virginia Power states that it is not seeking to recover the cost of the Project from its Virginia jurisdictional customers through either a rate adjustment clause or base rates. The Company states that there will be no impacts to its Virginia jurisdictional cost of service, base rates, fuel rates, or rate adjustment clauses as a result of the Company's ownership and operation of the Project during the 25-year term of the agreements described above.

Interested persons are encouraged to review the Application and supporting documents for the details of these and other proposals.

The Commission entered an Order for Notice and Hearing in this case that, among other things, scheduled a public hearing at 10 a.m. on October 13, 2016, in the Commission's second floor courtroom located in the 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 Commission's Staff. Any person desiring to testify as a public witness should appear at the hearing location fifteen (15) minutes before the starting time of the hearing and contact the Commission's Bailiff.

Copies of the public version of all documents filed in this case 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>.

Copies of the public version of the Company's Application and the Commission's Order for Notice and Hearing also may be inspected during regular business hours at each of the Company's business offices in the Commonwealth. Copies of these documents also may be obtained, at no charge, by submitting a written request to counsel for the Company, Horace P. Payne, Esquire, Dominion Resources Services, Inc., Law Department, RS-2, 120 Tredegar Street, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by electronic means.

On or before October 6, 2016, any interested person may file written comments on the Application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Interested persons desiring to file comments electronically may do so on or before October 6, 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 such comments shall refer to Case No. PUE-2016-00048.

Any person or entity may participate as a respondent in this proceeding by filing a notice of participation on or before July 27, 2016. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be filed with the Clerk of the Commission at the address set forth above. A copy of the notice of participation as a respondent also must 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 ("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 Rule 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUE-2016-00048. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order for Notice and Hearing.

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

VIRGINIA ELECTRIC AND POWER COMPANY

(6) On or before June 24, 2016, the Company shall serve a copy of this Order for Notice and Hearing on the chairman of the board of supervisors and county attorney of each county and upon the mayor or manager (or equivalent official) and city or town attorney of every city and town in which the Company provides service in the Commonwealth. Unless electronic delivery is requested, 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 July 13, 2016, the Company shall file 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 October 6, 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 file comments electronically may do so on or before October 6, 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-2016-00048.

(9) On or before July 27, 2016, any person or entity may participate as a respondent in this proceeding by filing a notice of participation. If not filed electronically, an original and

fifteen (15) copies of the notice of participation shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (7). The respondent simultaneously shall serve a copy of the notice of participation on counsel to the Company at the address set forth 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-2016-00048.

(10) Within five (5) business days of receipt of a notice of participation as a respondent, the Company shall serve upon the 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 September 1, 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 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 two pages. If not filed electronically, an original and fifteen (15) copies of such testimony and exhibits shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (7). In all filings, respondents shall comply with the Commission's Rules of Practice, including, but not limited to: 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-2016-00048.

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

(13) On or before September 29, 2016, the Company shall file with the Clerk of the Commission any rebuttal testimony and exhibits that it expects to offer, and each rebuttal witness's testimony shall include a summary not to exceed two pages. The Company shall serve a copy of its rebuttal testimony and exhibits on the Staff and all respondents. If not filed electronically, these documents shall be filed with 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 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) calendar days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-260 of the Rules of Practice, 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 the Staff.¹⁶

¹⁶ The assigned Staff attorney is identified on the Commission's website, <http://www.scc.virginia.gov/case>, by clicking "Docket Search," then "Search Cases," and entering the case number, PUE-2016-00048, in the appropriate box.

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

(15) We grant, as set forth in this Order, the Company's request for partial waiver of the following Generation Rules: (i) 20 VAC 5-302-25(8) and 20 VAC 5-302-35(2) as to fuel requirements; (ii) 20 VAC 5-302-25(12)(b), (c), and (d) as to transmission requirements; (iii) 20 VAC 5-302-35(6) as to transmission requirements and fuel requirements; (iv) 20 VAC 5-302-35(4) as to economic analyses; (v) 20 VAC 5-302-35(5) as to need analyses; and (vi) 20 VAC 5-302-25(4) as to the additional copies of the Company's 2015 Form 10-K.

(16) This matter is continued.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
 Horace P. Payne, Esquire, Dominion Resources Services, Inc., Law Department, RS-2, 120 Tredegar Street, Richmond, Virginia 23219; Elaine S. Ryan, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219-3916; and C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of the Attorney General, 202 North Ninth Street, Richmond, Virginia 23219; and a copy shall be delivered to the Commission's Office of General Counsel and Divisions of Energy Regulation and Utility Accounting and Finance.