

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 1, 2017

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APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUR-2017-00060

For approval of 100 percent renewable energy tariffs pursuant to §§ 56-577 A 5 and 56-234 of the Code of Virginia

ORDER FOR NOTICE AND HEARING

On May 9, 2017, Virginia Electric and Power Company ("Dominion" or "Company") filed an application ("Application") pursuant to §§ 56-577 A 5 and 56-234 of the Code of Virginia ("Code") with the State Corporation Commission ("Commission") for approval of six renewable energy tariffs whereby existing or new non-residential customers with peak measured demands of 1,000 kilowatts or greater can voluntarily elect to purchase 100% of their energy needs from renewable energy resources, collectively designated the CRG Rate Schedules.¹ Dominion requests the Commission approve the CRG Rate Schedules as 100% renewable energy tariffs under Code § 56-577 A 5.²

The Company states that it would develop a portfolio of renewable energy resources ("CRG Portfolio") to exclusively serve CRG Rate Schedule customers based on the participating customers' individual load profiles and preferences.³ To develop the CRG Portfolio, the Company intends to (i) solicit the wholesale renewable energy market within the PJM

¹ The CRG Rate Schedules consist of Rate Schedule CRG – GS-1, Rate Schedule CRG – GS-2, Rate Schedule CRG – GS-3, Rate Schedule CRG – GS-4, Rate Schedule CRG – 27, and Rate Schedule CRG – 28.

² Application at 14. If the Commission approves the CRG Rate Schedules as meeting this statutory definition, the CRG Rate Schedules would impact the Company's obligation to allow retail choice to certain customers seeking to purchase renewable energy.

³ Application at 4.

Interconnection, L.L.C., regional transmission organization footprint and negotiate and execute power purchase agreements ("PPAs") for existing or new facilities; and (ii) develop new Company-owned renewable energy resources to exclusively serve the needs of CRG Rate Schedule customers.⁴

The Company states that it would negotiate and execute a separate requirements contract with each participating customer that would establish an all-inclusive tariff rate for 100% renewable retail electric supply service and would be in lieu of the customer's generation billing under its standard tariff.⁵ The requirements contract would have a minimum term of five years.⁶ To the extent that the CRG Portfolio includes PPAs, the Company proposes to base its all-inclusive tariff rate on the purchased power costs plus a margin equal to the Company's most recently approved return on equity ("ROE") and, to the extent that the CRG Portfolio includes Company-owned renewable resources, a return on investment also would also be tied to the Company's most recently approved ROE.⁷ The Company states that each participating customer also would also pay a negotiated administrative fee to reflect the Company's additional billing and contracting expenses.⁸ CRG Rate Schedule customers would continue to be subject to distribution service charges and transmission demand and energy charges, unless otherwise exempt, but would not be subject to the Company's existing fuel or generation riders.⁹ The

⁴ *Id.* at 5.

⁵ *Id.* at 6, 10.

⁶ *Id.* at 10. If a customer elects to enroll in a Rate Schedule CRG, the customer would be subject to a non-refundable application fee of \$2,000, which is intended to defray the Company's costs related to enrollment and the solicitation process. *Id.* at 12.

⁷ *Id.* at 6.

⁸ *Id.* at 6-7.

⁹ *Id.* at 7.

Company states that the cost of any necessary PPAs or dedicated Company-owned facilities and associated administrative expenses would be directly assigned to customers taking service under the applicable CRG Rate Schedule such that no other Virginia jurisdictional customers nor customers in the Company's other jurisdictions will bear any responsibility for costs incurred to provide service under the CRG Rate Schedules.¹⁰

Following approval of the CRG Rate Schedules, and upon notification of customer interest to receive service under a CRG Rate Schedule through the enrollment process, the Company states that it plans to conduct solicitation processes involving the wholesale renewable generation market for existing or new construction renewable resources which have the ability to service the customer's hourly energy load profile 24 hours a day, seven days a week, 365 days a year, as well as the capacity requirements of the customer. The Company states it would require the installation of metering equipment and communication technology it deems necessary to properly measure the customer's demand and energy usage at each service location used by the customer to meet the demand threshold, the cost of which would be borne by the customer.¹¹

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that Dominion should provide public notice of its Application; a public hearing should be scheduled for the purpose of receiving testimony and evidence on the Company's Application; a procedural schedule should be established to allow interested persons an opportunity to file comments on the Company's Application or to participate in this proceeding as a respondent; and the Commission's Staff ("Staff") should be directed to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon. We also find that a

¹⁰ *Id.* at 8.

¹¹ *Id.* at 10-11.

Hearing Examiner should be appointed to conduct all further proceedings in this matter and to file a final report.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUR-2017-00060.

(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"),¹² a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

(3) A public hearing on the Application shall be convened at 10 a.m. on October 18, 2017, 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 evidence of the Company, any respondents, and the Staff. Any person desiring to offer testimony as a public witness need only appear at the hearing location fifteen (15) minutes before the starting time of the hearing and identify himself or herself to the Commission's Bailiff.

(4) The Company shall make copies 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 of Virginia. A copy also may be obtained by submitting a written request to counsel for the Company, Elaine S. Ryan, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by electronic means. Copies of the public version 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

¹² 5 VAC 5-20-10 *et seq.*

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 July 5, 2017, the Company shall cause the following notice to be published as display advertising (not classified) on one (1) occasion in newspapers of general circulation throughout the Company's Virginia service territory:

NOTICE TO THE PUBLIC OF AN APPLICATION BY
VIRGINIA ELECTRIC AND POWER COMPANY
FOR APPROVAL OF A 100% RENEWABLE ENERGY RIDER
CASE NO. PUR-2017-00060

On May 9, 2017, Virginia Electric and Power Company ("Dominion" or "Company") filed an application ("Application") pursuant to §§ 56-577 A 5 and 56-234 of the Code of Virginia ("Code") with the State Corporation Commission ("Commission") for approval of six renewable energy tariffs whereby existing or new non-residential customers with peak measured demands of 1,000 kilowatts or greater can voluntarily elect to purchase 100% of their energy needs from renewable energy resources, collectively designated the CRG Rate Schedules. Dominion requests the Commission approve the CRG Rate Schedules as 100% renewable energy tariffs under Code § 56-577 A 5. If the Commission approves the CRG Rate Schedules as meeting this statutory definition, the CRG Rate Schedules will impact the Company's obligation to allow retail choice to certain customers seeking to purchase renewable energy.

The Company states that it would develop a portfolio of renewable energy resources ("CRG Portfolio") to exclusively serve CRG Rate Schedule customers based on the participating customers' individual load profiles and preferences. To develop the CRG Portfolio, the Company intends to (i) solicit the renewable energy market within the PJM Interconnection L.L.C. regional transmission organization footprint and negotiate and execute power purchase agreements ("PPAs") for existing or new facilities; and (ii) develop new Company-owned renewable energy resources to exclusively serve the needs of CRG Rate Schedule customers.

The Company states that it would negotiate and execute a separate requirements contract with each participating customer that would establish an all-inclusive tariff rate for 100% renewable retail electric supply service and will be in lieu of the customer's generation billing under its standard tariff. The requirements contract would have a minimum term of five years. To the extent that the CRG Portfolio includes PPAs, the Company proposes to base its all-inclusive tariff rate on the purchased power costs plus a margin equal to the Company's most recently-approved return on equity ("ROE") and, to the extent that the CRG Portfolio includes Company-owned renewable resources, a return on investment also would be tied to the Company's most recently approved ROE. The Company states that each participating customer also would pay a negotiated administrative fee to reflect the Company's additional billing and contracting expenses. CRG Rate Schedule customers would continue to be subject to distribution service charges and transmission demand and energy charges, unless otherwise exempt, but would not be subject to the Company's existing fuel or generation riders. The Company states that the cost of any necessary PPAs or dedicated Company-owned facilities and associated administrative expenses would be directly assigned to customers taking service under the applicable CRG Rate Schedule such that no other Virginia jurisdictional customers nor customers in the Company's other jurisdictions will bear any responsibility for costs incurred to provide service under the CRG Rate Schedules.

Following approval of the CRG Rate Schedules, and upon notification of customer interest to receive service under a CRG Rate Schedule through the enrollment process, the Company states that it plans to conduct solicitation processes involving the renewable generation wholesale market for existing and/or new construction renewable resources which have the ability to service the customer's hourly energy load profile 24 hours a day, seven days a week, 365 days a year, as well as the capacity requirements of the customer. The Company states it would require the installation of metering equipment and communication technology it deems necessary to properly measure the customer's demand and energy usage at each service location used by the customer to meet the demand threshold, the cost of which would be borne by the customer.

The Commission entered an Order for Notice and Hearing that, among other things, scheduled a public hearing to be held at 10 a.m. on October 18, 2017, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street,

Richmond, Virginia 23219, to receive 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 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 of Virginia. Copies of these documents also may be obtained, at no charge, by submitting a written request to counsel for the Company: Elaine S. Ryan, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by electronic means.

On or before October 11, 2017, any interested person may file written comments on the Company's 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 11, 2017, 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. PUR-2017-00060.

Any person or entity may participate as a respondent in this proceeding by filing a notice of participation on or before August 2, 2017. 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 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 ("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 shall 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. PUR-2017-00060. 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 the Commission's website: <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 July 5, 2017, 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 of Virginia. Service shall be made either by personal delivery or first class mail to the customary place of business or residence of the person served.¹³

(7) On or before August 9, 2017, 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

¹³ Service also may be made electronically if a locality has submitted a written request to the Company for electronic service, pursuant to the Commission's April 19, 2016 Order in Case No. PUE-2016-00039. *See Petition of Virginia Electric and Power Company, For a continuing waiver of 20 VAC 5-201-10 J of the Rules Governing Utility Rate Applications and Annual Informational Filings to permit electronic service to local officials upon request*, Case No. PUE-2016-00039, Doc. Con. Cen. No. 160420194, Order (Apr. 19, 2016).

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 11, 2017, 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 11, 2017, 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. PUR-2017-00060.

(9) On or before June 28, 2017, Dominion shall file any testimony and additional exhibits by which Dominion 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 rebuttal testimony and exhibits shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (7). The Company shall serve a copy thereof on the Staff and any respondents.

(10) On or before August 2, 2017, 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), and the respondent 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 shall 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. PUR-2017-00060.

(11) 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 Application, and all materials filed by the Company with the Commission, unless these materials have already been provided to the respondent.

(12) On or before August 23, 2017, 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 one page. 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. PUR-2017-00060.

(13) The Staff shall investigate the Application. On or before September 20, 2017, 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 one page. The Staff shall serve a copy thereof on counsel to the Company and all respondents.

(14) On or before October 4, 2017, 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 one page. The Company shall serve a copy thereof on the Staff and all respondents. If not filed electronically, an original and fifteen (15) copies of such rebuttal testimony and exhibits shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (7).

(15) 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) 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.¹⁴ 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.*

(16) This matter is continued.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
Joseph K. Reid, III, Esquire, Elaine S. Ryan, Esquire, and Ann Hampton Andrews, Esquire,
McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219; Lisa S. Booth, Esquire, Dominion Resources Services, Inc., 120 Tredegar Street, Riverside 2,

¹⁴ 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, PUR-2017-00060, in the appropriate box.

Richmond, Virginia 23219; Cliona M. Robb, Esquire and Michael J. Quinan, Esquire, Christian & Barton, L.L.P., 909 East Main Street, Suite 1200, Richmond, Virginia 23219; and C. Meade Browder, Jr., Senior Assistant Attorney General, Office of the Attorney General, Division of Consumer Counsel, 202 N. 9th Street, Floor 8, Richmond, Virginia 23219-3424. A copy also shall be delivered to the Commission's Office of General Counsel and Divisions of Public Utility Regulation and Utility Accounting and Finance.