

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION  
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APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUR-2017-00137

For approval to establish experimental  
companion tariff, designated Schedule RF,  
pursuant to § 56-234 B of the Code of Virginia

ORDER FOR NOTICE AND HEARING

On October 23, 2017, Virginia Electric and Power Company ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") for approval to establish an experimental and voluntary companion tariff, designated Schedule RF, Environmental Attributes Purchase From Renewable Energy Facilities (Experimental) ("Schedule RF") pursuant to § 56-234 B of the Code of Virginia ("Code") and Rule 80 of the Commission's Rules of Practice and Procedure ("Rules of Practice").<sup>1</sup> According to the Application, Schedule RF will be a voluntary companion tariff to an approved embedded cost-based tariff, currently including Rate Schedules GS-1, GS-2, GS-2T, GS-3, GS-4, and Rate Schedule 10, under which participating customers will be serviced concurrently.<sup>2</sup>

Dominion states that Schedule RF will be available to eligible existing or new commercial and industrial customers who (i) wish to bring incremental load to the Company's system that will support the development of new renewable energy generation facilities;<sup>3</sup> and (ii) commit to support the development of such facilities by enhancing their cost-effectiveness

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<sup>1</sup> Application at 1; 5 VAC 5-20-10 *et seq.*

<sup>2</sup> *Id.* at 3, 7.

<sup>3</sup> The Company states that any customer wishing to apply for service under Schedule RF must be adding new load of at least 30,000,000 kilowatt hours annually at one account or in total across multiple accounts in the Company's Virginia service territory. *Id.* at 8.

for all customers in exchange for the environmental attributes, including, without limitation, renewable energy certificates associated with these new facilities in an amount that corresponds to up to 100 percent of the energy they produce.<sup>4</sup> The Company states that new renewable generation facilities constructed in connection with this experimental offering will serve as system resources.<sup>5</sup> The Company further states that neither the approvals for construction of any such facilities, nor the recovery of costs associated with any such facilities, are being sought in connection with this proceeding.<sup>6</sup> According to the Application, the Company intends the revenue stream associated with Schedule RF to be credited back to all Company customers through one or more future cost recovery mechanisms, as determined by the Commission in future cost recovery proceedings.<sup>7</sup>

As proposed, Dominion would open enrollment in Schedule RF for a period of five years from the initial effective date of Schedule RF.<sup>8</sup> The Application states that each Schedule RF customer will execute a Renewable Facilities Agreement ("RFA") setting forth the general terms and conditions of each customer's commitment to enhance the cost-effectiveness of one or more renewable facilities to be constructed and operated by the Company as a system resource.<sup>9</sup> The RFA will require that the customer and the Company execute a Confirmation providing for the

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<sup>4</sup> *Id.* at 3.

<sup>5</sup> *Id.* at 4.

<sup>6</sup> *Id.* The Company further states that any such approvals would be sought in connection with future certificate of public convenience and necessity proceedings under Code §§ 56-46.1 and 56-580 D and any proceedings for approval of cost recovery, including rate adjustment clauses pursuant to Code § 56-585.1 A 6, as applicable. The Company notes that it recognizes that, in any future proceeding, it will bear the burden to demonstrate that all statutory requirements attendant to such approvals have been met. *Id.* at 5.

<sup>7</sup> *Id.* at 5.

<sup>8</sup> *Id.* at 10.

<sup>9</sup> *Id.* at 8.

pricing and certain other terms and conditions of the customer's commitment in exchange for the transfer of environmental attributes associated with a specific renewable generation facility's output for a specified term.<sup>10</sup> The Company states that each participating customer's Schedule RF charge will be based on a price that is to be separately negotiated and memorialized in the Confirmation.<sup>11</sup> The customer and the Company also will execute an Agreement for Electric Service, which will memorialize the customer's election of Schedule RF for its applicable accounts for a term continuing through and until the latest termination date of any applicable Confirmation.<sup>12</sup>

The Application states that participating customers will enroll in Schedule RF by a date specified in the RFA, but no charges will be incurred under Schedule RF unless and until all necessary approvals have been obtained and the renewable facility identified in the Confirmation is constructed, becomes operational, and begins to generate renewable energy.<sup>13</sup> Dominion states that in the event the Commission does not grant necessary approvals of the construction, operation or cost recovery for any new renewable generation facility, any applicable Confirmation – and the customer's correspondening enrollment in Schedule RF – will terminate.<sup>14</sup>

According to the Application, Schedule RF is necessary to provide information about demand for the development of new renewable generation facilities and support for their

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<sup>10</sup> *Id.*

<sup>11</sup> *Id.* at 9-10. According to the Application, the Dominion must also be the exclusive provider of electric service, for a term continuing through and until the latest termination date of the Confirmation. *Id.* at 8.

<sup>12</sup> *Id.* at 9.

<sup>13</sup> *Id.* at 10.

<sup>14</sup> *Id.*

development through environmental attribute purchases by existing and new commercial and industrial class customers of the Company, with associated economic and environmental benefits, which is in furtherance of the public interest pursuant to Code § 56-234 B.<sup>15</sup> Dominion commits, through its Application, to track key metrics, make annual updates to the Commission, and submit a final comprehensive report within 90 days of the conclusion of the five-year enrollment period.<sup>16</sup> The Company requests that the Commission establish a procedural schedule that would allow for a final ruling on the Application by March 31, 2018.<sup>17</sup>

Finally, the Application notes that one new customer, Scout Development LLC ("Facebook"), a subsidiary of Facebook, Inc., has provisionally committed to subscribe to Schedule RF, subject to the provisions of an agreement between Facebook and the Company.<sup>18</sup>

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

The Commission also finds that a Hearing Examiner should be assigned to rule on any discovery matters that may arise in this proceeding.

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<sup>15</sup> *Id.* at 11.

<sup>16</sup> *Id.*

<sup>17</sup> *Id.* at 12.

<sup>18</sup> *Id.* at 4.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUR-2017-00137.

(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, a Hearing Examiner is appointed to rule on any discovery matters that may arise in this proceeding.

(3) A public hearing on the Company's Application shall be convened on March 6, 2018, 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 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 copies of the 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. Copies also may be obtained by submitting a written request to counsel for the Company, Lisa S. Booth, Esquire, Dominion Energy Services, Inc., 120 Tredegar Street, RS-2, 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 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 December 15, 2017, the Company shall cause the following notice to be published as display advertising (not classified) on one occasion in newspapers of general circulation throughout the Company's service territory in Virginia:

NOTICE TO THE PUBLIC OF AN APPLICATION BY  
VIRGINIA ELECTRIC AND POWER COMPANY FOR  
APPROVAL TO ESTABLISH EXPERIMENTAL COMPANION  
TARIFF, DESIGNATED SCHEDULE RF, PURSUANT TO  
§ 56-234 B OF THE CODE OF VIRGINIA  
CASE NO. PUR-2017-00137

On October 23, 2017, Virginia Electric and Power Company ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") for approval to establish an experimental and voluntary companion tariff, designated Schedule RF, Environmental Attributes Purchase From Renewable Energy Facilities (Experimental) ("Schedule RF") pursuant to § 56-234 B of the Code of Virginia ("Code") and Rule 80 of the Commission's Rules of Practice and Procedure ("Rules of Practice"), 5 VAC 5-20-10 *et seq.* According to the Application, Schedule RF will be a voluntary companion tariff to an approved embedded cost-based tariff, currently including Rate Schedules GS-1, GS-2, GS-2T, GS-3, GS-4, and Rate Schedule 10, under which participating customers will be serviced concurrently.

Dominion states that Schedule RF will be available to eligible existing or new commercial and industrial customers who (i) wish to bring incremental load to the Company's system that will support the development of new renewable energy generation facilities; and (ii) commit to support the development of such facilities by enhancing their cost-effectiveness for all customers in exchange for the environmental attributes, including, without limitation, renewable energy certificates associated with these new facilities in an amount that corresponds to up to 100 percent of the energy they produce. The Company states that new renewable generation facilities constructed in connection with this experimental offering will serve as system resources. The Company further states that neither the approvals for construction of any such facilities, nor the recovery of costs associated with any such facilities, are being sought in connection with this proceeding. According to the Application, the Company intends the revenue stream associated with Schedule RF to be credited back to all Company customers through one or more future cost recovery

mechanisms, as determined by the Commission in future cost recovery proceedings.

As proposed, Dominion would open enrollment in Schedule RF for a period of five years from the initial effective date of Schedule RF. The Company states that each participating customer's Schedule RF charge will be based on a price that is to be separately negotiated and memorialized in a the Confirmation between Company and the customer.

The Application states that participating customers will enroll in Schedule RF, but no charges will be incurred under Schedule RF unless and until all necessary approvals have been obtained and the renewable facility identified in the Confirmation is constructed, becomes operational, and begins to generate renewable energy. Dominion states that in the event the Commission does not grant necessary approvals of the construction, operation or cost recovery for any new renewable generation facility, any applicable Confirmation – and the customer's correspondening enrollment in Schedule RF – will terminate.

According to the Application, Schedule RF is necessary to provide information about demand for the development of new renewable generation facilities and support for their development through environmental attribute purchases by existing and new commercial and industrial class customers of the Company, with associated economic and environmental benefits, which is in furtherance of the public interest pursuant to Code § 56-234 B.

Finally, the Application notes that one new customer, Scout Development LLC ("Facebook"), a subsidiary of Facebook, Inc., has provisionally committed to subscribe to Schedule RF, subject to the provisions of an agreement between Facebook and the Company.

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 that, among other things, scheduled a public hearing on March 6, 2018, 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 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 at this hearing should appear in the Commission's courtroom fifteen (15) minutes prior to the starting time of the hearing and contact the Commission's Bailiff.

The Company's Application, as well as the Commission's Order for Notice and Hearing, are available for public inspection during regular business hours at each of the Company's business offices in the Commonwealth of Virginia. Copies also may be obtained by submitting a written request to counsel for the Company, Lisa S. Booth, Esquire, Dominion Energy Services, Inc., 120 Tredegar Street, RS-2, Richmond, Virginia 23219. If acceptable to the requesting party, the Company may provide the documents by electronic means.

Copies of the Application and other 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>.

On or before February 27, 2018, any interested person wishing to comment on the Company's Application shall 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. Any interested person desiring to file comments electronically may do so on or before February 27, 2018, by following the instructions on the Commission's website: <http://www.scc.virginia.gov/case>. Compact disks or any other form of electronic storage medium may not be filed with the comments. All such comments shall refer to Case No. PUR-2017-00137.

On or before January 11, 2018, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation. 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 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, 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. PUR-2017-00137. 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 above.

VIRGINIA ELECTRIC AND POWER COMPANY

(6) On or before December 15, 2017, the Company shall serve a copy of this Order for Notice and Hearing on the following local officials, to the extent the position exists, in each county, city, and town in which the Company provides service in the Commonwealth of Virginia: the chairman of the board of supervisors of each county; the mayor or manager (or equivalent official) of every city and town; and the county, city, or town attorney. Service shall be made by either personal delivery or first class mail to the customary place of business or residence of the person served.<sup>19</sup>

(7) On or before December 29, 2017, the Company shall file with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, proof of the notice and service required by Ordering Paragraphs (5) and (6), including the name, title, and address of each official served.

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<sup>19</sup> 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).

(8) On or before February 27, 2018, any interested person may file written comments on the Application with the Clerk of the Commission at the address shown in Ordering Paragraph (7). Any interested person desiring to submit comments electronically may do so on or before February 27, 2018, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Compact disks or any other form of electronic storage medium may not be filed with the comments. All comments shall refer to Case No. PUR-2017-00137.

(9) On or before January 11, 2018, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation. 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). The respondent simultaneously 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. PUR-2017-00137.

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

(11) On or before January 18, 2018, each respondent may file with the Clerk of the Commission 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 submitted to the Clerk of the Commission at the address in Ordering Paragraph (7). 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. PUR-2017-00137.

(12) On or before January 30, 2018, the Staff shall investigate the Application and shall file with the Clerk of the Commission an original and fifteen (15) copies of its 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 Dominion and all respondents.

(13) On or before February 13, 2018, Dominion shall 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 simultaneously 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 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, 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.<sup>20</sup> 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) This matter is continued.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: Joseph K. Reid III, Esquire, Jakarra J. Jones, Esquire, and Lauren E. Wood, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219; Lisa S. Booth, Esquire, and William H. Baxter II, Esquire, Dominion Energy Services, Inc., 120 Tredegar Street, RS-2, Richmond, Virginia 23219; and C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of the Attorney General, 202 N. 9th Street, 8th Floor, 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.

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<sup>20</sup> 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, PUR-2017-00137, in the appropriate box.