

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, DECEMBER 19, 2017

SCS DIVISION OFFICE
REGULATORY CONTROL CENTER

2017 DEC 19 A 9:18

APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUR-2017-00157

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

ORDER FOR NOTICE AND HEARING

On November 17, 2017, Virginia Electric and Power Company ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") pursuant to §§ 56-577 A 5 and 56-234 of the Code of Virginia ("Code") for approval of two renewable energy tariffs, collectively designated Continuous Renewable Generation (Subscription) Rate Schedules ("Rate Schedules CRG-S" or "Rate Schedule CRG-S"), whereby new and existing residential and non-residential customers with peak demand of less than one megawatt voluntarily can elect to purchase 100 percent ("100%") of their energy needs from renewable energy resources.¹ Dominion requests the Commission to approve the Rate Schedules CRG-S as 100% renewable energy tariffs under Code § 56-577 A 5.² If the Commission approves the Rate Schedules CRG-S as 100% renewable energy tariffs under Code § 56-577 A 5, such approval will impact the Company's obligation to allow retail choice to certain customers seeking to purchase renewable energy.

¹ Rate Schedules CRG-S consist of Rate Schedule CRG-S Residential and Rate Schedule CRG-S Non-residential. On December 8, 2017, Dominion filed supplemental information addressing the monthly bill impact on a residential customer switching from Residential Schedule 1 to Rate Schedule CRG-S Residential based on 1,000 kilowatt-hours ("kWh") of usage.

² Application at 14.

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The Company states that it will develop a portfolio of renewable energy resources ("CRG-S Portfolio") to serve Rate Schedule CRG-S customers.³ The Application states that all resources included in the CRG-S Portfolio will meet the definition of "renewable energy" under Code § 56-576 and that the Company intends the initial CRG-S Portfolio to consist of a combination of hydroelectric, wind, and new solar (i.e., constructed after 2017) resources.⁴

A customer electing to take the generation component of electricity supply service under the applicable Rate Schedule CRG-S would no longer receive such generation component of electricity supply service under its existing rate schedule and would have all of its energy and capacity supply needs met by the selected renewable energy resources.⁵ The Company proposes a fixed rate of 9.627 cents per kWh for residential customers, and 8.608 cents per kWh for non-residential customers, to be the price ("CRG-S Rate") for the retail generation component of electricity supply service for participating Rate Schedules CRG-S customers; this price will be in lieu of the customers' generation component of electricity supply service billed under their standard tariffs.⁶ The Company further proposes the CRG-S Rate to be fixed for a period of three years after receiving Commission approval but states that the rates may be subject to change thereafter in order to reflect any changes in market conditions, such as market prices, and

³ *Id.* at 5.

⁴ *Id.*

⁵ *Id.* at 4.

⁶ *Id.* at 7. The Company states that it recently solicited the market for renewable energy pricing information that helped form the fixed rates presented in the Application. *Id.* at 5. The Company states that it also may solicit the renewable energy wholesale market within the PJM Interconnection, L.L.C., regional transmission organization footprint and negotiate and execute power purchase agreements for existing and new facilities, consisting of a combination of intermittent and dispatchable renewable energy resources to compose the CRG-S Portfolio. *Id.* at 6. According to the Application, Dominion may also develop new Company-owned renewable energy resources to serve the needs of participating customers. *Id.*

subject to subsequent Commission approval.⁷ According to the Application, subscribing customers of Rate Schedules CRG-S will be subject to a minimum one-year term.⁸

The Company states that in addition to the CRG-S Rate, participating customers would continue to be subject to distribution service charges and transmission demand or energy charges, consistent with the distribution and transmission charges in the corresponding standard rate schedules for non-participating customers.⁹ Rate Schedule CRG-S customers would also be subject to any existing and future distribution and transmission riders, unless otherwise exempt.¹⁰ Because participating customers will not receive any of the generation components of their energy or capacity needs from the Company's existing fleet of generation resources, they will not be subject to the Company's existing or future fuel or generation riders.¹¹ According to the Company, if Rate Schedules CRG-S are approved, a residential customer using 1,000 kWh per month who voluntarily switches from the standard residential tariff to Rate Schedule CRG-S would experience a monthly bill increase of approximately \$20.68.¹² The Company indicates that it will retire the renewable energy certificates associated with the renewable energy generated and used to serve participating customers on their behalf.¹³

⁷ *Id.* at 8.

⁸ *Id.* at 11-12.

⁹ *Id.* at 8.

¹⁰ *Id.* These currently include: Riders C1A and C2A, Rider U, and Rider T1. *Id.*

¹¹ *Id.*

¹² Supplemental Filing at 1.

¹³ Application at 7.

The Company states that it will expand the CRG-S Portfolio as needed to meet customer enrollment in Rate Schedules CRG-S up to an initial participation cap of 25 megawatts of customer peak load.¹⁴ Should Rate Schedules CRG-S become fully subscribed, the Company states it will evaluate raising the participation cap, expanding the CRG-S Portfolio, changing the CRG-S Rate, or taking other actions, and will address any changes with the Commission at the appropriate time.¹⁵

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 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-2017-00157.
- (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"),¹⁶

¹⁴ *Id.* at 6.

¹⁵ *Id.*

¹⁶ 5 VAC 5-20-10 *et seq.*

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 April 17, 2018, 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 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 23, 2018, 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 100 PERCENT RENEWABLE ENERGY
 TARIFFS FOR RESIDENTIAL AND NON-RESIDENTIAL
 CUSTOMERS PURSUANT TO §§ 56-577 A 5 AND 56-234 OF
 THE CODE OF VIRGINIA
CASE NO. PUR-2017-00157

- **Virginia Electric and Power Company ("Dominion") has applied for approval of two voluntary 100% renewable energy tariffs for residential and non-residential customers with peak demand of less than one megawatt.**
- **A Hearing Examiner appointed by the Commission will hear the case on April 17, 2018, at 10 a.m.**
- **Further information about this case is available on the SCC website at:
<http://www.scc.virginia.gov/case>.**

On November 17, 2017, Virginia Electric and Power Company ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") pursuant to §§ 56-577 A 5 and 56-234 of the Code of Virginia ("Code") for approval of two renewable energy tariffs, collectively designated Continuous Renewable Generation (Subscription) Rate Schedules ("Rate Schedules CRG-S"), whereby new and existing residential and non-residential customers with peak demand of less than one megawatt can voluntarily elect to purchase 100 percent ("100%") of their energy needs from renewable energy resources. Dominion requests the Commission to approve the Rate Schedules CRG-S as 100% renewable energy tariffs under Code § 56-577 A 5. If the Commission approves the Rate Schedules CRG-S as 100% renewable energy tariffs under Code § 56-577 A 5, such approval will impact the Company's obligation to allow retail choice to certain customers seeking to purchase renewable energy.

The Company states that it will develop a portfolio of renewable energy resources ("CRG-S Portfolio") to serve Rate Schedule CRG-S customers. The Application states that all resources included in the CRG-S Portfolio will meet the definition

of "renewable energy" under Code § 56-576 and that the Company intends the initial CRG-S Portfolio to consist of a combination of hydroelectric, wind, and new solar (i.e., constructed after 2017) resources.

A customer electing to take the generation component of electricity supply service under the applicable Rate Schedule CRG-S would no longer receive such generation component of electricity supply service under its existing rate schedule and would have all of its energy and capacity supply needs met by the selected renewable energy resources. The Company proposes a fixed rate of 9.627 cents per kilowatt-hour ("kWh") for residential customers, and 8.608 cents per kWh for non-residential customers, to be the price ("CRG-S Rate") for the retail generation component of electricity supply service for participating Rate Schedules CRG-S customers; this price will be in lieu of the customers' generation component of electricity supply service billed under their standard tariffs. The Company further proposes the CRG-S Rate to be fixed for a period of three years after receiving Commission approval but states that the rates may be subject to change thereafter in order to reflect any changes in market conditions, such as market prices, and subject to subsequent Commission approval. According to the Application, subscribing customers of Rate Schedules CRG-S will be subject to a minimum one-year term.

The Company states that in addition to the CRG-S Rate, participating customers would continue to be subject to distribution service charges and transmission demand or energy charges, consistent with the distribution and transmission charges in the corresponding standard rate schedules for non-participating customers. Rate Schedule CRG-S customers would also be subject to any existing and future distribution and transmission riders, unless otherwise exempt. Because participating customers will not receive any of the generation components of their energy or capacity needs from the Company's existing fleet of generation resources, they will not be subject to the Company's existing or future fuel or generation riders. According to the Company, if Rate Schedules CRG-S are approved, a residential customer using 1,000 kWh per month who voluntarily switches from the standard residential tariff to Rate Schedule CRG-S would experience a monthly bill increase of approximately \$20.68. The Company indicates that it will retire the renewable energy certificates associated with the renewable energy generated and used to serve participating customers on their behalf.

The Company states that it will expand the CRG-S Portfolio as needed to meet customer enrollment in Rate Schedules CRG-S up to an initial participation cap of 25 megawatts of customer peak load. Should Rate Schedules CRG-S become fully subscribed, the Company states it will evaluate raising the participation cap, expanding the CRG-S Portfolio, changing the CRG-S Rate, or taking other actions, and will address any changes with the Commission at the appropriate time.

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 April 17, 2018, 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 April 10, 2018, 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 April 10, 2018, 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-2017-00157.

Any person or entity may participate as a respondent in this proceeding by filing a notice of participation on or before February 13, 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-2017-00157. 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 January 23, 2018, 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 either by personal delivery or first class mail to the customary place of business or residence of the person served.¹⁷

(7) On or before February 20, 2018, 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 April 10, 2018, 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 April 10, 2018, 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-2017-00157.

(9) On or before January 9, 2018, 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 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.

¹⁷ 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).

(10) On or before February 13, 2018, 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-2017-00157.

(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 already have been provided to the respondent.

(12) On or before March 6, 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 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-2017-00157.

(13) The Staff shall investigate the Application. On or before March 20, 2018, 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 April 3, 2018, 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.¹⁸ 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 Sarah R. Bennett, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219; Lisa S. Booth, Esquire, and David J. DePippo, Esquire, Dominion Energy Services, Inc., 120 Tredegar Street, Riverside 2, 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.

¹⁸ 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-2017-00157, in the appropriate box.