

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, AUGUST 28, 2018

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COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

CASE NO. PUR-2018-00059

Ex Parte: In the matter concerning the implementation by Appalachian Power Company d/b/a American Electric Power-Virginia of a pilot program for the deployment of electric power storage batteries pursuant to Enactment Clause Nos. 9 and 10 of Senate Bill 966

and

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

CASE NO. PUR-2018-00060

Ex Parte: In the matter concerning the implementation by Virginia Electric and Power Company d/b/a Dominion Energy Virginia of a pilot program for the deployment of electric power storage batteries pursuant to Enactment Clause Nos. 9 and 10 of Senate Bill 966

ORDER FOR COMMENTS ON DRAFT GUIDELINES

On April 20, 2018, the State Corporation Commission ("Commission") established these dockets in its Order Directing Comments ("Order Directing Comments") herein for the purpose of receiving comments from Appalachian Power Company ("APCo"), Dominion Energy Virginia ("DEV") and any other interested party regarding pilot programs for the deployment of electric power storage batteries. These pilot programs were established pursuant to provisions

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within the Chapter 296 of the 2018 Acts of Assembly ("Act").¹ The Order Directing Comments further directed DEV and APCo to submit comments (and permitted interested parties to submit comments) concerning any rules or guidelines such utilities or interested parties believe necessary for the general administration of the pilot programs.

On June 19, 2018, DEV and APCo jointly filed comments in both dockets herein suggesting that the Commission adopt guidelines for the administration of these pilot programs in lieu of a formal rulemaking. Attached to their joint comments, the utilities provided a set of proposed draft guidelines ("draft guidelines") to serve as the basis for the Commission's guidelines. The draft guidelines, *inter alia*, define the scope of "battery energy storage systems" ("BESS"); outline information to be furnished to the Commission regarding each proposal to deploy such storage systems in conjunction with these pilot programs; and contain utility reporting requirements including (i) written notice by these electric utilities to the Commission prior to placing a BESS into service as part of a pilot program, and (ii) annual reports by these electric utilities to the Commission concerning the status of each pilot program. Comments were also received from Cliona Mary Robb, in her capacity as Chair of the Virginia Solar Energy Development and Energy Storage Authority. No additional comments were received in response to the Order Directing Comments.

The Commission Staff's ("Staff") Action Brief filed in these dockets states that the guidelines jointly proposed by DEV and APCo are generally compliant with the requirements outlined in Enactment Clauses 9 and 10 of the Act. However, as outlined in its Action Brief, the Staff has made a number of revisions to the draft guidelines as submitted by APCo and DEV.

¹ The Act, signed into law by the Governor of Virginia on March 9, 2018, became effective July 1, 2018. At the direction of the Virginia Code Commission, Enactment Clauses 9 and 10 of the Act establishing this pilot program were codified as § 56-585.1:6 of the Code of Virginia.

The Staff recommends that the Commission issue an Order providing notice of these draft guidelines, as revised by the Staff, and allow an opportunity for DEV and APCo, and other interested parties to submit comments thereon.

NOW THE COMMISSION, upon consideration of the foregoing, will receive comments on the draft guidelines, as revised by the Staff and attached hereto, from interested persons before formally establishing Commission guidelines pursuant to the Act. Comments on the draft guidelines may be filed in this docket on or before October 1, 2018. We will also direct the Commission's Division of Public Utility Regulation to provide copies of this Order and the draft guidelines by electronic transmission, or when electronic transmission is not possible, by mail, to individuals, organizations, and companies identified by Staff as potentially having an interest in this proceeding.

Accordingly, IT IS ORDERED THAT:

(1) Comments on the draft guidelines attached hereto shall be filed on or before October 1, 2018. Interested persons wishing to comment or propose modifications or supplements to the draft guidelines shall file an original and fifteen (15) copies of such comments or proposals with Joel H. Peck, Clerk, State Corporation Commission, P.O. Box 2118, Richmond, Virginia 23218-2118. Any interested person desiring to file comments electronically may do so on or before October 1, 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 Nos. PUR-2018-00059 and PUR-2018-00060.

(2) Copies of the draft guidelines and other documents filed in this docket are also 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 may also download unofficial copies from the Commission's website:

<http://www.scc.virginia.gov/case>.

(3) The Commission's Division of Public Utility Regulation shall transmit electronically or by mail a copy of this Order and draft guidelines to individuals, organizations, and companies identified by Staff as potentially having an interest in this proceeding.

(4) This matter is continued for further orders of the Commission.

AN ATTESTED COPY HEREOF shall be sent by the Clerk of the Commission to:

Joseph K. Reid, III, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, 14th Floor, Richmond, Virginia 23219; Mark O. Webb, General Counsel, Dominion Resources Services, Inc., 120 Tredegar Street, Richmond, Virginia 23219; Noelle J. Coates, Senior Counsel, American Electric Power Service Corporation, 3 James Center, 1051 East Cary Street, Suite 1100, Richmond, Virginia 23219; James R. Bacha, Esquire, American Electric Power Service Corporation, 1 Riverside Plaza, 29th Floor, Columbus, Ohio 43215; Cliona Mary Robb, Esquire, 3006 Seminary Avenue, Richmond, Virginia 23227; and C. Meade Browder, Jr., Senior Assistant Attorney General, 202 N. 9th Street, 8th Floor, Richmond, Virginia 23219-3424.

A copy shall be delivered to the Commission's Office of General Counsel and Divisions of Public Utility Regulation and Utility Accounting and Finance.

1 **Guidelines Regarding Electric Power Storage Battery Pilot Programs**

2 **A. Purpose**

3 The Commission is establishing these guidelines pursuant to Enactment Clause Nos. 9 and
4 10 of the Grid Transformation and Security Act of 2018, Chapter 296 of the 2018 Virginia Acts
5 of Assembly, regarding pilot programs for electric power storage batteries (the "Pilot Programs").¹
6 Specifically, Enactment Clause No. 10 provides that the Commission shall establish such general
7 guidelines as may be necessary for its administration of the Pilot Program by December 1, 2018.

8 **B. Applicability**

9 These guidelines ("Guidelines") are applicable to each Phase I Utility and Phase II Utility,
10 as such terms are defined in subdivision A 1 of § 56-585.1 of the Code of Virginia. In other words,
11 these guidelines are applicable to Appalachian Power Company, the Phase I Utility and Virginia
12 Electric and Power Company, currently doing business as Dominion Energy Virginia, the Phase
13 II Utility.

14 **C. Definition**

15 "Battery energy storage systems" (the "BESS") A system that includes the battery (or
16 batteries) and all the equipment necessary to interconnect the battery (or batteries) to the utility's
17 electric system. This includes but is not limited to switchgear, transformers, inverters, switches,
18 cables, wires, conductors, bus work, protection devices and systems, control devices and systems,
19 fire protection systems, and environmental protection systems.

20 **D. Filing**

¹ Enactment Clause Nos. 9 and 10 of Chapter 296 of the 2018 Virginia Acts of Assembly were codified as § 56-585.1:6 of the Code of Virginia at the direction of the Virginia Code Commission.

1 Each utility may file one or more applications to participate in the Pilot Program at different
2 times, up to the maximum allowable capacity cap of 10 megawatts ("MW") for the Phase I Utility
3 and 30 MW for the Phase II Utility. The utility will note and explain any information requested
4 in these Guidelines that is not available or applicable at the time of each filing.

5 Any information considered to be confidential may be designated as such, filed separately,
6 and include a request that it be treated in accordance with the Commission's Rules of Practice and
7 Procedure, 5 VAC 5-20-10, *et seq.*

8 **E. Contents of Filing**

9 Each proposal to deploy a BESS submitted as part of the Pilot Program shall include the
10 following information:

- 11 • Location. The location where the utility proposes to install the BESS. If the utility proposes
12 to install a BESS at a customer premise, the utility shall provide the name and address of
13 the customer, a description of the arrangement with the customer allowing collocation on
14 the customer's property, and a description of the proposed ownership of the BESS.
- 15 • Capacity. The utility shall provide the capacity of the proposed BESS and the aggregate
16 capacity of all proposals approved by the Commission under the Pilot Program for the
17 utility.
- 18 • Technology. The utility shall specify the proposed BESS technology and the manner in
19 which the BESS will be or has been procured.
- 20 • In-Service Date. The utility shall provide the expected date on which the proposed BESS
21 will be placed into service. The in-service date shall serve as the start date for the BESS
22 as part of the Pilot Program. The proposed BESS will be in service for five years unless
23 the utility has provided notice to retire the BESS. Each proposal shall include an

1 explanation by the utility for any proposed use of the BESS beyond the five-year duration
2 of the Pilot Program.

3 • Useful Life and Decommissioning. The utility shall provide the projected useful life of the
4 proposed BESS, including known or projected performance degradation and proposed plan
5 for decommissioning at the end of its useful life.

6 • Cost. The utility shall provide the projected installation cost of the proposed BESS and a
7 detailed analysis of the projected operation and maintenance ("O&M") cost associated with
8 the proposed BESS. This shall include an appropriate cost metric for evaluation based on
9 the proposed objective(s) of the BESS.

10 • Asset Classification. The utility shall indicate its preferred classification of the proposed
11 BESS as a generation, transmission, or distribution asset.

12 • Objective. The utility shall specify the objective(s) that the specific proposal will seek to
13 accomplish, including a description of how the specific proposal will accomplish the stated
14 objective(s). Permissible objectives, as listed in Enactment Clause No. 9, include:
15 (i) improved reliability of electrical transmission or distribution systems; (ii) improved
16 integration of different types of renewable resources; (iii) deferred investment in
17 generation, transmission, or distribution of electricity; (iv) reduced need for additional
18 generation of electricity during times of peak demand; or (v) connection to the facilities of
19 a customer receiving generation, transmission, and distribution service from the utility.

20 • Metrics and Performance Data. The utility shall provide the initial metrics that will be used
21 to determine if the proposed BESS is meeting the objective(s) that the proposal seeks to
22 accomplish. Initial metrics may include performance and operational safety metrics.

23 **F. Reporting**

1 The utility shall provide written notice to the Commission within fifteen (15) business days
2 of placing a BESS into service as part of the Pilot Program. The written notice shall include the
3 actual capacity of the BESS placed into service and the capacity remaining available to the utility
4 for future proposals under the Pilot Program.

5 Each utility shall submit to the Commission an annual consolidated report on the status of
6 the Pilot Program by March 31 of the following year. The report shall include the aggregate
7 capacity of Commission-approved proposals under the Pilot Program. For each approved
8 proposal, the report shall include (i) an update on the progress of the specific proposal in meeting
9 its objective(s), using metrics identified in the initial filing for the proposal as approved by the
10 Commission; (ii) an update on installation cost, as well as actual and projected O&M costs; and,
11 (iii) performance data and metrics over time, including any additional metrics developed during
12 the course of the deployment. The report shall also discuss (i) transmission and distribution system
13 benefits; (ii) line-loss savings; (iii) enhanced electric generation capacity; (iv) fuel cost savings;
14 (v) ancillary services benefits; and, (vi) any readily quantifiable economic development and job
15 creation benefits across the Commonwealth.