

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

CASE NO. PUR-2018-00061

*Ex Parte:* In the matter  
concerning the implementation by  
Virginia Electric and Power  
Company d/b/a Dominion Energy Virginia  
of a pilot aggregation program pursuant  
to House Bill 1451

ORDER FOR COMMENTS ON DRAFT GUIDELINES

On April 20, 2018, the State Corporation Commission ("Commission") established this docket in its Order Directing Comments ("Order Directing Comments") herein for the purpose of receiving comments from Dominion Energy Virginia ("DEV" or "Company") and any other interested party regarding a pilot program established pursuant to the Chapter 415 of the 2018 Acts of Assembly ("Act").<sup>1</sup> The Act directs DEV to submit a proposal to the State Corporation Commission ("Commission") to establish a pilot program that would allow "any school in a public school division . . . that generates electricity from a wind-powered or solar powered renewable energy facility located at the school" certain enumerated options with regard to any amounts of generated electricity that exceed the school's consumption. The Act also directed the Commission, by December 1, 2018, to adopt rules or establish guidelines "as may be necessary for the general administration of the pilot program . . ."

On June 19, 2018, DEV submitted comments and draft guidelines in response to the

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<sup>1</sup> The Act, signed into law by the Governor of Virginia on March 23, 2018, became effective July 1, 2018. At the direction of the Virginia Code Commission, the Act was codified as § 56-585.1:7 of the Code of Virginia.

Order Directing Comments. The draft guidelines address, *inter alia*, the applicability of the Commission's net metering rules to this pilot, various charges that participating schools will continue to pay, as well as metering requirements, the treatment of renewable energy certificates, and liability insurance requirements. Comments in this docket were also filed on June 19, 2018, by WGL Energy Systems, Inc. ("WGL Energy"). WGL Energy offered comments in support of the pilot and advocated that the pilot program operate in the form of a feed-in tariff that would enable third party suppliers to participate in the development and operation of solar facilities utilized in the pilot program. No other comments were received.

The Commission Staff's ("Staff") Action Brief filed in this docket, states that the Staff is in general agreement with the draft guidelines submitted by DEV. The Action Brief also summarized (i) the Act establishing this pilot program, (ii) comments received from DEV and WGL Energy, and (iii) DEV's draft guidelines as well as further revisions made by the Company addressing questions raised by the Staff. The Staff has recommended that the Commission issue an order providing notice of the draft guidelines as now revised, and allow an opportunity for interested parties to submit comments thereon.

NOW THE COMMISSION, upon consideration of the foregoing, will receive comments on the draft guidelines 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 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 No. PUR-2018-00061.

(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,

14<sup>th</sup> 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, 29<sup>th</sup> Floor, Columbus, Ohio 43215; Telemac N. Chryssikos, Esquire., WGL Energy Systems, Inc., 101 Constitution Avenue, N.W., Washington, D.C. 20080; and C. Meade Browder, Jr., Senior Assistant Attorney General, 202 N. 9<sup>th</sup> Street, 8<sup>th</sup> 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.

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**PROPOSED GUIDELINES FOR PUBLIC SCHOOL EXCESS WIND OR SOLAR  
RENEWABLE GENERATION PILOT PROGRAM**

**I. Introduction**

The defined terms in these proposed Pilot Program guidelines shall have the meanings provided in Paragraph III, below.

Pursuant to Ordering Paragraph (2) of the Commission's Order Directing Comments in Case No. PUR-2018-00061 and pursuant to House Bill 1451, enacted as Chapter 415 of the 2018 Acts of Assembly,<sup>1</sup> Virginia Electric and Power Company, d/b/a Dominion Energy Virginia, respectfully submits proposed guidelines, which, upon Commission approval, would govern the Company's Pilot Program not to exceed an aggregate of ten megawatts ("10 MW") of installed capacity, for the treatment of any Host School's excess wind or solar renewable fuel generation, as envisioned by House Bill 1451 and as described below.

The Pilot Program will allow any Host School in a public school division in the Company's Virginia service territory that generates electricity from a wind-powered or solar-powered renewable fuel generator, which is located on such Host School's premises, in an amount that exceeds the electricity consumed by such Host School to have the Company either (i) credit one or more Metered Account(s) of Target School(s) or (ii) provide a payment for such Excess Generation to the Host School.

The School Board overseeing the Host School shall have the option to direct the Company to provide compensation for the Host School's Excess Generation on an annual basis, in a manner to be determined by the School Board, as follows:

- A. As the first option, the School Board could direct the Company to apportion the Host School's Excess Generation to the Metered Account(s) of Target School(s) in the same public school division, such that the generation energy charges on the electric bills of such Metered Accounts of the Target Schools would be reduced by the amount of the Excess Generation kWh apportioned to the Metered Accounts multiplied by the applicable VEPGA generation energy rate of the Target Schools;
- B. Alternatively, the School Board could direct the Company to pay the Host School for its Excess Generation through a power purchase agreement at a rate pursuant to the *Amended and Restated Agreement for the Provision of Electric Service to Municipalities and Counties of the Commonwealth of Virginia From Virginia Electric and Power Company* entered into by the Company and VEPGA on August 1, 2014, as amended.

**II. Term**

The Term of the Pilot Program shall be for six (6) years. Such term shall begin on the Commencement Date and end on the 6<sup>th</sup> anniversary of the Commencement Date,

<sup>1</sup> HB 1451 was codified as § 56-585.1:7 of the Code of Virginia at the direction of the Virginia Code Commission.



facilities of the Company on behalf of a Customer.

- L. “Excess Generation” – the amount of electricity generated by the Host School’s Renewable Generation Facility during the Host School’s Net Metering Period that is in excess of the number of kilowatt-hours consumed by the Host School during the same Net Metering Period.
- M. “Host School” – a public elementary, middle, or high school that (i) is a Customer of the Company, (ii) is billed under an applicable VEPGA Rate Schedule, (iii) is situated in the Company’s Virginia service territory, and (iv) has a Renewable Generation Facility, located on its premises, and generates more electricity than the Host School consumes in any Net Metering Period.
- N. “Metered Account” – the Company-assigned account number, (and any superseding account number(s) that the Company may assign for this same account) for a Delivery Point metered by the Company for a Target School, which was identified by the School Board to receive a portion of the Host School’s Excess Generation.
- O. “Person” – means any individual, sole proprietorship, corporation, limited liability company, partnership, association, company, business, trust, joint venture, or other private legal entity, the Commonwealth, or any city, town, authority or other political subdivision of the Commonwealth.
- P. “Pilot Program” – the pilot program conducted by the Company pursuant to the Act.
- Q. “Rate Schedule” – any of the Company’s rate schedules that are included in Attachment B of the Agreement.
- R. “REC” or “RECs” – one or more renewable energy certificates owned by the Host School and created by the renewable energy output of the Host School’s Renewable Generation Facility.
- S. “Renewable Fuel Generator” – one or more electrical generators that meet the following criteria:
1. Wind or solar power is the exclusive renewable fuel source;
  2. The Host School owns and operates or has contracted with other Persons to own or operate, or both, the electrical generator(s), pursuant to the 20 VAC 5-315 Rules;
  3. The electrical generator(s) is located on the Host School’s premises and is connected to the Host School’s wiring on the Host School’s side of the interconnection with the Company;
  4. The electrical generator(s) operates in parallel with the Company’s distribution facilities.
- T. “Renewable Generation Facility” – one or more Renewable Fuel Generators that has an aggregate installed capacity not to exceed the limitations of the 20 VAC 5-315 Rules.

### III. Terms and Definitions (Continued)

- U. “School Board” – the local recognized elected or appointed board or group that is responsible for public education in the same public school division in which the Host School and Target School(s) are located.
- V. “Target School” – a public elementary, middle, or high school (including any public school technical center located in and only available to the public school students of the same public school division in which the Host School is located) that (i) is a Customer of the Company, (ii) is billed under an applicable VEPGA Rate Schedule, (iii) is located in the same public school division as the Host School, and (iv) has one or more Metered Accounts identified by the School Board to receive a bill credit amount based on an apportionment of the Host School’s Excess Generation.
- W. “Term” – the six (6)-year period during which the Pilot Program is effective, beginning with the Commencement Date and ending on the Termination Date.
- X. “Termination Date” – the termination date of the Pilot Program, which will be the sixth anniversary of the Commencement Date.
- Y. “VEPGA” – the Virginia Energy Purchasing Governmental Association.
- Z. “20 VAC 5-315 Rules” – the Commission’s *Regulations Governing Net Energy Metering*.

### IV. Applicability and Availability

- A. Pursuant to the Act and the 20 VAC 5-315 Rules<sup>2</sup> and pursuant to Attachment A of the Agreement, the Company’s Pilot Program is applicable to any Host School which meets the following criteria:
  1. The Host School must be a Net Metering Customer as defined in the 20 VAC 5-315 Rules;
  2. The Host School’s Renewable Generation Facility is accepted by the Company into the Pilot Program, along with any Metered Account(s) of one or more Target Schools, which have been identified by the School Board to receive an apportionment of the Excess Generation, as described in Paragraph VI, below;
  3. The following provisions of the 20 VAC 5-315 Rules are not applicable to the Host School or to any Target School:
    - a. Agricultural Net Metering;
    - b. Small Agricultural Generators provisions;
    - c. The standby charge for residential Net Metering Customers; and
    - d. Option for the Host School to sign a power purchase agreement with the Company under the 20 VAC 5-315 Rules if the School Board directs the Company to apportion the Host School’s Excess Generation to Metered Account(s) of Target School(s) in

<sup>2</sup> All 20 VAC 5-315 Rules definitions, which are applicable to the Host School, shall have the same meaning in these Pilot Program guidelines.



accordance with Paragraph I.A., above.

4. The Host School and the School Board-designated Metered Accounts of each Target School accepted into the Company's Pilot Program must purchase Electricity Supply Service from the Company during the Term of the Pilot Program.
  5. Once the aggregate 10 MW alternating current installed capacity limit is reached, this Pilot Program shall be closed and no longer available to other host schools.
- B. Once a Host School is accepted into the Pilot Program, in accordance with Paragraph IV.A., above, the provisions of the applicable of Paragraph I.A., or Paragraph I.B., above – but not both – will be available at the conclusion of the Host School's Net Metering Period that is in progress as of the Commencement Date of the Pilot Program.
  - C. The Pilot Program shall end on the Termination Date. As such, the provisions of the applicable of Paragraph I.A., or Paragraph I.B., above – but not both – shall no longer be available for the Host School's excess generation determined by the Company, in accordance with Paragraph V., below, for the Net Metering Period that is in progress as of the Termination Date of the Pilot Program. After the Termination Date, the VAC 5-315 Rules shall apply to the Host School's excess generation.

#### **V. Excess Generation**

- A. The Company will determine the Host School's Excess Generation pursuant to these Pilot Program guidelines.
- B. The Company will calculate the Host School's Excess Generation for the most recently completed Net Metering Period during the Term of the Pilot Program. Unless the School Board directs the Company to provide compensation for the Host School's Excess Generation in accordance with either Paragraph I.A. or Paragraph I.B., above – but not both – the Company will follow the 20 VAC 5-315 Rules regarding the Host School's Excess Generation.
- C. Within sixty (60) days of the effective date of the Pilot Program to the Host School, the School Board will provide the Company with the following information:
  1. A list of the Metered Account(s) for one or more Target School(s) to which the Host School's Excess Generation will be apportioned;
  2. The percentage of the Host School's Excess Generation to be apportioned to each Metered Account, where the sum of the percentages provided by the School Board for the Metered Accounts cannot exceed 100 percent or the total amount of the Host School's Excess Generation.

## VI. Billing and Payment

A. Within sixty (60) days after the end of the Host School's most recently completed Net Metering Period and continuing annually, thereafter, for each successive Host School Net Metering Period during the Term of the Pilot Program until the Termination Date, the Company will do the following:

1. If the School Board directs the Company to apportion the Host School's Excess Generation to one or more Metered Accounts, the Company will calculate and apply a bill credit dollar amount to each Metered Account, which will receive a School-Board-designated portion of the Host School's Excess Generation, using the following formula:

$$\text{TSMA\_BCDA} = \text{EG} * \text{TSMA\%} * \text{VEPGA\_RATE}$$

Where:

TSMA\_BCDA = Target School Metered Account's Bill Credit Dollar Amount which is the amount that the Company will apply to one or more Metered Accounts designated by the School Board;

EG = Excess Generation at the end of Host School's most recently completed Net Metering Period;

TSMA% = Specified Target School Metered Account's percentage of the Host School's Excess Generation that is designated by the School Board, for the Metered Account; and

VEPGA\_RATE = VEPGA Rate which is the applicable generation-related energy rate under the Electricity Supply Service Charges paragraph of the applicable, selected VEPGA Rate Schedule used to bill the Metered Account. If such generation-related energy rate has two or more blocks or is time-differentiated, the generation-related energy rate will be equal to average annual generation-related energy rate for each Metered Account for the consecutive 12-month billing period that most closely matches the Host School's Net Metering Period.

There shall be no assessment of any new service charges or fees in connection with or arising out of such crediting during the Term of the Pilot Program.

**VI. Billing and Payment (Continued)**

If the School Board identifies one or more Metered Accounts but does not provide the Company with the corresponding percentage(s) to apportion the Host School's Excess Generation to the Metered Account(s), or otherwise does not follow the Pilot Program guidelines, the Company will provide compensation for the Host School's Excess Generation in accordance with the 20 VAC 3-315 Rules.

2. If, alternatively, the School Board directs the Company to provide a payment to the Host School for the Excess Generation, the Company will compensate the Host School for the Excess Generation in accordance with the VEPGA Agreement.
- B. For each billing month, the Host School will pay to the Company the sum of the applicable Distribution Service Charges, Electricity Supply Service Charges, standby charges mutually agreed to by the Company and VEPGA in the Agreement, and all riders applicable to the VEPGA Rate Schedule under which the Host School receives Electric Service from the Company.
  - C. For each billing month, the Target School will pay to the Company the sum of the applicable Distribution Service Charges, Electricity Supply Service Charges, standby charges mutually agreed to by the Company and VEPGA in the Agreement, and all riders applicable to the VEPGA Rate Schedule under which the Target School receives Electric Service from the Company.

**VII. Metering Requirements**

- A. The Company will require the installation of an interval data recorder ("IDR") meter or an advanced metering infrastructure ("AMI") meter at the Host School's service location to measure (i) the Host School's average 30-minute interval capacity and energy consumption by half-hour during the billing month and (ii) the average 30-minute interval capacity and energy delivered to the Host School by the Host School's Renewable Generation Facility.

If the Host School's applicable selected VEPGA Rate Schedule does not otherwise require interval data metering or if the Host School is not located in the Company's "AMI footprint," the Host School agrees to pay to the Company the Company's incremental cost for the interval data metering equipment, subject to an Excess Facilities Charge mutually agreed to by the Company and VEPGA in the Agreement, during the period that the Host School participates in the Company's Pilot Program.

- B. The Company will require the installation of an IDR or an AMI meter to measure the total output by half-hour of the Host School's Renewable Generation Facility for the billing month. The Host School agrees to pay to the Company the Company's incremental cost for the interval data metering equipment, subject to an Excess Facilities Charge mutually agreed to by the Company and VEPGA in the Agreement, during the period that the Host School participates in the Company's Pilot Program.

**VIII. Renewable Energy Certificates**

- A. The Host School owns any RECs associated with the Renewable Generation Facility during the Term of the Pilot Program.
- B. During the Term of the Pilot Program and continuing after the Termination Date of the Pilot Program, the Host School agrees to waive any right (i) to sell to the Company or to any other party or (ii) to offer to market all Renewable Generation Facility RECs which are created and accumulated during the Term of the Pilot Program.

**IX. Liability insurance**

- A. A Host School with a Renewable Generation Facility having an alternating current capacity not exceeding 10 kilowatts shall maintain commercial or other insurance providing coverage of at least \$1,000,000 for the liability of the insured against loss arising out of the use of a Renewable Generation Facility, and for a Renewable Generation Facility having an alternating current capacity exceeding 10 kilowatts the coverage shall be in the amount of at least \$2,000,000. The Host School shall name the Company as an additional insured party under such policy.
- B. The Host School is not required to purchase additional liability insurance where the Host School's existing insurance policy provides coverage against loss arising out of the use of a Renewable Generation Facility by virtue of not explicitly excluding coverage for such loss.

**X. Additional Controls and Tests**

A Host School's Renewable Generation Facility shall meet all applicable safety and performance standards established by the National Electrical Code, the Institute of Electrical and Electronics Engineers, and accredited testing laboratories such as Underwriters Laboratories. Beyond the requirements set forth in these Pilot Program guidelines, and to insure public safety, power quality, and reliability of the Company's electric distribution system, the Host School whose Renewable Generation Facility meets those standards shall bear all reasonable costs of equipment required for the interconnection to the Company's electric distribution system, including costs, if any, to (i) install additional controls and (ii) perform additional tests. To the extent permissible under the Virginia Tort Claims Act,<sup>3</sup> the participating schools and school districts shall be responsible for any negligent acts or omissions of their board members, employees, contractors, agents, students, or other representatives associated with the Pilot Program.

**XI. Reports to the General Assembly**

The Company shall submit a report to the General Assembly by December 1 of each year the Pilot Program is in effect, commencing in 2020, regarding the status of the Pilot Program's enrollment and any other information the Company deems appropriate.

<sup>3</sup> Article 18.1 (§ 8.01 - 195.1, *et. seq.*) of Chapter 3 of Title 8.01 of the Code of Virginia.