

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 1, 2017

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

CASE NO. PUE-2010-00135

In re: Virginia Electric and Power
Company's proposed pilot program
on dynamic rates

ORDER GRANTING AUTHORITY

During its 2009 Session, the Virginia General Assembly passed Chapter 816 of the 2009 Virginia Acts of Assembly ("Chapter 816"), an uncodified enactment, directing the State Corporation Commission ("Commission") to conduct a proceeding to establish two types of pilot programs for certain customers of electric utilities that generate electricity from renewable generation facilities (collectively, the "Program" or "Pilot Program").¹ In establishing the Pilot Program, Chapter 816 further directs the Commission to determine the scope of the Program, establish thresholds for participation, and establish requirements relating to the implementation of the Pilot Program.

On August 19, 2009, the Commission established Case No. PUE-2009-00084,² and on July 30, 2010, the Commission issued an Order finding, in part, that Virginia Electric and Power

¹ As defined by § 1 of Chapter 816, the purpose of the Program is:

to determine the feasibility, and the implications on the public interest, of making specific rate structures available to the participating utilities' customers that generate electricity on-site with renewable generation facilities, or that generate electricity at off-site renewable generation facilities that have a rated capacity to generate not more than five megawatts from falling water and are located within six miles of the nonresidential customer, connected on the customer's side of the meter.

² *Commonwealth of Virginia, ex rel., State Corporation Commission, In re: Establishing pilot programs to develop certain rate structures for renewable generation facilities*, Case No. PUE-2009-00084, 2010 S.C.C. Ann. Rept. 371, Order Establishing Pilot Program (July 30, 2010).

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Company d/b/a Dominion Energy Virginia ("Dominion Energy Virginia" or the "Company")³ should establish a Pilot Program under which eligible customers/renewable generators that volunteer to participate are provided the ability to purchase and sell electricity to the Company at dynamic rates.

On September 30, 2010, Dominion Energy Virginia filed an Application to Establish Pilot Program in which it proposed to offer three experimental and voluntary dynamic pricing tariffs pursuant to Chapter 816 and the Commission's directives in Case No. PUE-2009-00084. Specifically, the Company proposed a pilot enrollment of 2,000 participants consisting of 1,000 residential customers taking service under experimental dynamic pricing tariff DP-R and 1,000 commercial/general customers taking service under dynamic pricing tariffs DP-1 and DP-2.⁴ The Company proposed to keep the Pilot Program in effect until November 30, 2013.

By Order issued on December 3, 2010, in Case No. PUE-2009-00084, the Commission directed that review of Dominion Energy Virginia's proposed Pilot Program be separated into a new docket, Case No. PUE-2010-00135, for further consideration. On April 8, 2011, the Commission entered an Order Establishing Pilot Program ("April 8, 2011 Order") in this docket that, among other things, authorized implementation of the Pilot Program as proposed by the Company until November 30, 2013.

On March 22, 2013, Dominion Energy Virginia filed with the Commission a petition to extend, expand, and modify its Pilot Program approved by the April 8, 2011 Order. By Order issued August 26, 2013, the Commission granted the Company's request to extend the Pilot

³ Effective May 12, 2017, the trade name of Virginia Electric and Power Company changed from Dominion Virginia Power to Dominion Energy Virginia.

⁴ The Company limited participation to customers who have either an interval data recorder or advanced metering infrastructure ("AMI") meter, or who have AMI installed during the Pilot Program through the ongoing AMI demonstrations in Midlothian, Charlottesville, and Northern Virginia.

Program through and including January 31, 2016, and to expand the Pilot Program by a new enrollment limit of 3,000 participants consisting of an additional 1,000 residential customers for a total participation level of 2,000 residential customers taking service under experimental Rate Schedule DP-R, and 1,000 commercial/general service customers taking service under Rate Schedules DP-1 and DP-2 ("August 26, 2013 Order").

On July 31, 2015, Dominion Energy Virginia filed with the Commission a petition to extend its Pilot Program approved by the August 26, 2013 Order. By Order issued July 31, 2015, the Commission granted the Company's request to extend the Pilot Program through and including July 31, 2017.

On January 31, 2017, the Company filed with the Commission a petition to modify Rate Schedules DP-R, DP-1, and DP-2 to allow existing customers to remain on these rate schedules after the July 31, 2017 conclusion of the Dynamic Pricing Pilot if they choose to do so ("Petition").⁵ The Company also requested that the Commission allow it to file the final annual report on the Pilot Program on or before October 31, 2017, so that this final annual report can include complete data and analysis through the scheduled end date of the Pilot Program.

On April 10, 2017, the Commission entered an Order for Notice and Comment ("April 10, 2017 Order") in this proceeding that, among other things, provided interested persons an opportunity to comment on the Petition and permitted the Commission Staff ("Staff") to review the Petition and present its findings and recommendations. In the April 10, 2017 Order, the Commission extended the Company's deadline for filing its final annual report to October 31, 2017. On April 28, 2017, the Staff filed comments on the Petition. The Staff did not object to the relief requested in the Petition but noted that

⁵ Petition at 1.

Code § 56-585.1:1 provides that "no adjustment to an investor-owned incumbent electric utility's existing tariff rates, including any rates adopted pursuant to § 56-235.2, shall be made between the beginning of the Transitional Rate Period [January 1, 2015] and the conclusion of the first biennial review after the conclusion of the Transitional Rate Period [December 31, 2019], except as may be provided pursuant to §§ 56-245 or 56-249.6 or subdivisions A 4, 5, or 6 of § 56-585.1.⁶

On May 5, 2017, the Company filed its response to the Staff's comments. According to the Company, Code § 56-585.1:1 precludes changes to a utility's existing tariff rates but does not preclude a utility from requesting Commission approval to change tariff language that does not involve a change in tariff rates.⁷

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the Company's proposal to modify Rate Schedules DP-R, DP-1, and DP-2 to allow existing customers to remain on these rate schedules after the July 31, 2017 conclusion of the Dynamic Pricing Pilot if they choose to do so is in the public interest, will not unreasonably prejudice or disadvantage any customer or class of customers or the Company, and will not jeopardize the continuation of reliable electric service. We further find that Code § 56-585.1:1 does not preclude a utility from requesting Commission approval to change tariff language that does not involve a change in tariff rates. Accordingly, we find that the Company's Petition should be approved.

Accordingly, IT IS ORDERED THAT:

- (1) Dominion Energy Virginia's Petition hereby is approved, and Rate Schedules DP-R, DP-1, and DP-2 shall be modified as proposed therein.
- (2) The Company forthwith shall file revisions to Rate Schedules DP-R, DP-1, and

⁶ Staff Comments at 1-2.

⁷ Company Response at 2-3.

DP-2, along with any supporting workpapers, with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance as is necessary to comply with the directives set forth in this Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website:

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

(3) This case shall remain open to receive the final annual report required by the April 10, 2017 Order.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: William H. Baxter, II, Esquire, Dominion Resources Services, Inc., 120 Tredegar Street, Richmond, Virginia 23219; Jennifer D. Valaika, Esquire, McGuireWoods, LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219; Brian W. Coughlan, Utility Management Services, Inc., 6317 Oleander Drive, Suite C, Wilmington, North Carolina 28403; and C. Meade Browder, Jr., Senior Assistant Attorney General, Office of the Attorney General, Division of Consumer Counsel, 202 N. 9th Street, 8th Floor, Richmond, Virginia 23219; and a copy shall be delivered to the Commission's Office of General Counsel and Divisions of Public Utility Regulation and Utility Accounting and Finance.