

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, NOVEMBER 26, 2018

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

*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

CASE NO. PUR-2018-00059

and

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

*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

CASE NO. PUR-2018-00060

ORDER ESTABLISHING GUIDELINES

Pursuant to provisions within Chapter 296 of the 2018 Acts of Assembly ("Act"),<sup>1</sup> the State Corporation Commission ("Commission") docketed these proceedings to implement electric power storage pilot programs for Appalachian Power Company ("APCo") and Dominion Energy Virginia ("DEV"). The Act directs the Commission to adopt such rules or establish such

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<sup>1</sup> 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.

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guidelines by December 1, 2018, as may be necessary for the general administration of the pilot programs.

On April 20, 2018, the Commission issued its Order Directing Comments ("Order Directing Comments") herein for the purpose of receiving comments from APCo, DEV and any other interested party regarding the implementation of these pilot programs. The Order Directing Comments further required DEV and APCo to submit comments (and permitted interested parties to submit comments) concerning any rules or guidelines such utilities or interested parties believed necessary for the general administration of these programs.

On June 19, 2018, DEV and APCo jointly filed comments in these dockets suggesting that the Commission adopt guidelines for the administration of these pilot programs (in lieu of a formal rulemaking). The utilities attached to their joint comments, a set of draft guidelines proposed as the basis for Commission guidelines concerning these programs.<sup>2</sup> 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 thereafter stated that the guidelines jointly proposed by DEV and APCo were generally compliant with the requirements outlined in Enactment Clauses 9 and 10 of the Act. The Staff suggested revisions to the draft and further recommended that the Commission issue an Order providing notice of

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<sup>2</sup> The draft guidelines, inter alia, defined the scope of "battery energy storage systems" ("BESS"); outlined information to be furnished to the Commission regarding each proposal to deploy such storage systems in conjunction with these pilot programs; and contained 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.

these draft guidelines, as revised by the Staff, allowing DEV and APCo, and other interested parties to submit comments thereon.

On August 28, 2018, the Commission issued its Order for Comments on Draft Guidelines ("August 28, 2018 Order") soliciting comments on the revised draft guidelines. Comments were to be filed on or before October 1, 2018.<sup>3</sup> Thereafter, on September 28, 2018, the Commission issued its Order Extending Comment Period herein, extending the deadline for submitting comments on the draft guidelines to October 19, 2018.

Comments concerning the revised draft guidelines were jointly submitted by APCo and DEV on October 19, 2018 ("Joint Comments"). The Joint Comments principally propose that the Commission incorporate in these guidelines certain provisions previously proposed by APCo and DEV in their joint submission on June 19, 2018 (but not incorporated in the revised draft guidelines attached to the Commission's August 28, 2018 Order). These provisions relate to the "repurposing" of battery energy storage systems during a pilot program subject to these guidelines.<sup>4</sup> The Joint Comments also propose that utility annual reporting requirements in the

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<sup>3</sup> The Commission also directed 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 was not possible, by mail, to individuals, organizations, and companies identified by Staff as potentially having an interest in these proceedings.

<sup>4</sup> APCo and DEV propose that the guidelines permit a utility to utilize a BESS for some period other than the expected five-year period established under the draft guidelines if the BESS is "repurposed" by the utility. Related language establishing procedures by which a utility would notify the Commission that a BESS is to be repurposed is also proposed in the Joint Comment. The Joint Comments further propose that "repurpose" be defined in the guidelines, and that this term be defined to mean "chang[ing] the application(s) or location of the BESS from what was in the initial project." The Staff's Action Brief had identified the absence of such a definition in the June 19, 2018 joint submission of APCo and DEV as one basis for not recommending the inclusion of "repurposing" provisions in the guidelines; Staff had also questioned the necessity of these provisions. The Joint Comments, however, noted that unforeseen events or changes in technology could result in the utilization of an installed BESS in a different or more economical way than originally approved. To allow for flexibility and to account for these possibilities, the Joint Comments advocated the inclusion of these provisions in the Commission's guidelines. The Commission is advised by the Staff that it has no objection to the inclusion of the "repurposing" language proposed in the Joint Comments.

guidelines be modified to address circumstances in which information for an annual report is not available or applicable.<sup>5</sup> No additional comments were received concerning the revised draft guidelines made available for comment by the August 28, 2018 Order.

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds as follows: The Act states that the Commission shall adopt rules or establish such guidelines by December 1, 2018, as may be necessary for the general administration of the pilot programs to deploy electric power storage batteries. We have considered all comments and submissions in these dockets, and find it reasonable to establish the Guidelines Regarding Electric Power Storage Battery Pilot Programs attached to this Order. We have substantially incorporated therein the modifications proposed by DEV and APCo in their Joint Comments, together with other clarifying changes. The guidelines attached to this Order show the additions and deletions associated with such modifications.

Accordingly, IT IS ORDERED THAT:

- (1) The Guidelines Regarding Electric Power Storage Battery Pilot Programs as set forth in the Attachment to this Order are hereby established pursuant to the Act; and
- (2) There being nothing further to come before the Commission in this proceeding, the case is hereby dismissed.

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

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<sup>5</sup> Language proposed in the Joint Comments would permit a utility to note and explain any information requested in the guidelines that is not available or applicable at the time of each annual report. The Commission is advised by the Staff that it does not object to this proposed modification.

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; Cliona Mary Robb, Esquire, 3006 Seminary Avenue, Richmond, Virginia 23227; 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. Copies 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").<sup>1</sup>  
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 Programs 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              "Repurpose." To change the application(s) or the location of a BESS from that stated in  
21   an initial project filing.

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<sup>1</sup> 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 **D. Filing**

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

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

10 **E. Contents of Filing**

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

- 13 • Location. The utility shall provide the location where the utility proposes to install the  
14 BESS. If the utility proposes to install a BESS at a customer premise, the utility shall  
15 provide the name and address of the customer, a description of the arrangement with the  
16 customer allowing collocation on the customer's property, and a description of the  
17 proposed ownership of the BESS.
- 18 • Capacity. The utility shall provide the capacity of the proposed BESS and the aggregate  
19 capacity of all proposals approved by the Commission under the Pilot Program for the  
20 utility.
- 21 • Technology. The utility shall specify the proposed BESS technology and the manner in  
22 which the BESS will be or has been procured.

- 1 • In-Service Date. The utility shall provide the expected date on which the proposed BESS  
2 will be placed into service. The in-service date shall serve as the start date for the BESS  
3 as part of the Pilot Program. The proposed BESS will be in service for five years unless  
4 the utility has provided notice to repurpose or retire the BESS. Each proposal shall include  
5 an explanation by the utility for any proposed use of the BESS beyond the five-year  
6 duration of the Pilot Program.
- 7 • Useful Life and Decommissioning. The utility shall provide the projected useful life of the  
8 proposed BESS, including known or projected performance degradation and proposed plan  
9 for decommissioning at the end of its useful life.
- 10 • Cost. The utility shall provide the projected installation cost of the proposed BESS and a  
11 detailed analysis of the projected operation and maintenance ("O&M") cost associated with  
12 the proposed BESS. This shall include an appropriate cost metric for evaluation based on  
13 the proposed objective(s) of the BESS.
- 14 • Asset Classification. The utility shall indicate its preferred classification of the proposed  
15 BESS as a generation, transmission, or distribution asset.
- 16 • Objective. The utility shall specify the objective(s) that the specific proposal will seek to  
17 accomplish, including a description of how the specific proposal will accomplish the stated  
18 objective(s). Permissible objectives, as listed in Enactment Clause No. 9, include:  
19 (i) improved reliability of electrical transmission or distribution systems; (ii) improved  
20 integration of different types of renewable resources; (iii) deferred investment in  
21 generation, transmission, or distribution of electricity; (iv) reduced need for additional  
22 generation of electricity during times of peak demand; or (v) connection to the facilities of  
23 a customer receiving generation, transmission, and distribution service from the utility.

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

4       **F. Repurposing**

5       If a utility seeks to repurpose a BESS that the Commission has approved for inclusion in  
6       the Pilot Program and that the utility has deployed as part of the Pilot Program, the utility shall  
7       provide notice to the Commission at least thirty (30) days before repurposing the BESS. The  
8       notice shall include all of the information required by Section E of these Guidelines, as well as the  
9       reason why the utility seeks to repurpose the BESS.

10       A repurposed BESS will continue to count toward the allowable capacity cap as originally  
11       approved.

12       **FG. Reporting**

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

17       Each utility shall submit to the Commission an annual consolidated report on the status of  
18       the Pilot Program by March 31 of the following year. The report shall include the aggregate  
19       capacity of Commission-approved proposals under the Pilot Program. For each approved  
20       proposal, the report shall include (i) an update on the progress of the specific proposal in meeting  
21       its objective(s), using metrics identified in the initial filing for the proposal as approved by the  
22       Commission; (ii) an update on installation cost, as well as actual and projected O&M costs; and,  
23       (iii) performance data and metrics over time, including any additional metrics developed during

1 the course of the deployment. The report shall also discuss (i) transmission and distribution system  
2 benefits; (ii) line-loss savings; (iii) enhanced electric generation capacity; (iv) fuel cost savings;  
3 (v) ancillary services benefits; and, (vi) any readily quantifiable economic development and job  
4 creation benefits across the Commonwealth. The utility will note and explain the omission of any  
5 information requested in these Guidelines that is not available or applicable at the time of each  
6 annual report.