

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

CASE NO. PUR-2021-00064

Ex Parte: In the matter of registering and retiring
Virginia-eligible renewable energy certificates

ORDER REVISING BUSINESS RULES

On April 9, 2021, the State Corporation Commission ("Commission") established this docket and entered an Order for Comment ("Order") therein concerning the registration and retirement of Virginia-eligible renewable energy certificates ("RECs") in the PJM-EIS¹ Generation Attribute Tracking System ("GATS").² At that time, the Commission had recently updated PJM's GATS³ Business Rules for Virginia RECs ("Business Rules") to reflect the categories of eligible generation sources for Virginia-qualified RECs in 2021-2024 ("GATS Update" or "Update").⁴ The Update responded to the Virginia General Assembly's adoption of a

¹ PJM Environmental Information Services, Inc. ("PJM-EIS"), is a subsidiary of PJM Interconnection, L.L.C. ("PJM"). PJM is a regional transmission organization that coordinates the movement of wholesale electricity in all or parts of 13 states and the District of Columbia. Two of Virginia's investor-owned utilities ("IOUs") are members of PJM: Virginia Electric and Power Company ("Dominion") and Appalachian Power Company ("APCo").

² GATS provides a mechanism to buy and sell RECs — each REC representing the renewable attributes associated with one megawatt-hour of electricity produced. Per PJM, GATS provides environmental and emissions attributes reporting and tracking services to its subscribers in support of renewable energy portfolio standards ("RPS") and other information disclosure requirements that may be implemented by government agencies. PJM-EIS owns and administers GATS.

³ The Update was accomplished by correspondence dated April 5, 2021, from the Staff of the Commission ("Staff") to PJM-EIS, prepared and sent at the Commission's direction.

⁴ The Business Rules were established administratively in 2013 by PJM in coordination with the Commission to facilitate the registration, transfer and retirement of Virginia-eligible RECs under Virginia's former voluntary renewable energy portfolio standard (established under § 56-585.2 of the Code of Virginia ("Code"), now repealed by the Virginia Clean Economy Act ("VCEA"), Chapters 1193 (HB 1526) and 1194 (SB 851) of the 2020 Virginia Acts of Assembly). The Business Rules are not regulatory rules of the Commission.

mandatory RPS program for certain IOUs⁵ in Code § 56-585.5 ("RPS Statute" or "Statute") enacted as part of the VCEA.⁶

During the 2021-2024 compliance period, the Statute permits the IOUs to use RECs from any renewable energy facility as defined in Code § 56-576⁷ (provided that the facilities are located within the Commonwealth or within the PJM region), with the caveat that:

at no time during this period or thereafter may any Phase I or Phase II Utility use RECs from (i) renewable thermal energy, (ii) renewable thermal energy equivalent, (iii) biomass-fired facilities that are outside the Commonwealth, or (iv) biomass-fired facilities operating in the Commonwealth as of January 1, 2020, that supply 10 percent or more of their annual net electrical generation to the electric grid or more than 15 percent of their annual total useful energy to any entity other than the manufacturing facility to which the generating source is interconnected.⁸

⁵ The IOUs subject to the mandatory RPS program are "Phase I" and "Phase II" utilities (which refer to APCo and Dominion, respectively).

⁶ Code § 56-585.5 C requires that "[t]o comply with the RPS Program, each Phase I and Phase II Utility shall procure and retire" RECs "from any renewable energy facility" as further defined in Code § 56-576 and within the RPS Statute itself. The RPS Statute establishes Virginia-eligible RECs for two separate periods: (i) RECs from renewable generation qualifying as "RPS eligible sources" in 2021-2024; and (ii) RECs from renewable generation qualifying as "RPS eligible sources" in 2025 and all years after. As also noted in the Order, the GATS Update addressed the 2021-2024 period, only; the Commission anticipates updating GATS for the period of 2025 and thereafter at a later time but well in advance of 2025. Order at 2.

⁷ As defined in Code § 56-576:

"Renewable energy" means energy derived from sunlight, wind, falling water, biomass, sustainable or otherwise, (the definitions of which shall be liberally construed), energy from waste, landfill gas, municipal solid waste, wave motion, tides, and geothermal power, and does not include energy derived from coal, oil, natural gas, or nuclear power. "Renewable energy" also includes the proportion of the thermal or electric energy from a facility that results from the co-firing of biomass. "Renewable energy" does not include waste heat from fossil-fired facilities or electricity generated from pumped storage but includes run-of-river generation from a combined pumped-storage and run-of-river facility.

⁸ Code § 56-585.5 C.

During the 2025 compliance year and thereafter, the IOUs may only use RECs from the specific RPS eligible sources identified in Code § 56-585.5 C.⁹

Through its Order, the Commission permitted interested persons to file comments on the GATS Update on or before May 7, 2021.¹⁰ The Commission timely received comments from: the Southern Environmental Law Center along with Appalachian Voices, the Piedmont

⁹ Code § 56-585.5 C provides, in pertinent part, that:

From compliance year 2025 and all years after, each Phase I and Phase II Utility may only use RECs from RPS eligible sources for compliance with the RPS Program.

In order to qualify as RPS eligible sources, such sources must be (a) electric-generating resources that generate electric energy derived from solar or wind located in the Commonwealth or off the Commonwealth's Atlantic shoreline or in federal waters and interconnected directly into the Commonwealth or physically located within the PJM region; (b) falling water resources located in the Commonwealth or physically located within the PJM region that were in operation as of January 1, 2020, that are owned by a Phase I or Phase II Utility or for which a Phase I or Phase II Utility has entered into a contract prior to January 1, 2020, to purchase the energy, capacity, and renewable attributes of such falling water resources; (c) non-utility-owned resources from falling water that (1) are less than 65 megawatts, (2) began commercial operation after December 31, 1979, or (3) added incremental generation representing greater than 50 percent of the original nameplate capacity after December 31, 1979, provided that such resources are located in the Commonwealth or are physically located within the PJM region; (d) waste-to-energy or landfill gas-fired generating resources located in the Commonwealth and in operation as of January 1, 2020, provided that such resources do not use waste heat from fossil fuel combustion or forest or woody biomass as fuel; or (e) biomass-fired facilities in operation in the Commonwealth and in operation as of January 1, 2020, that supply no more than 10 percent of their annual net electrical generation to the electric grid or no more than 15 percent of their annual total useful energy to any entity other than the manufacturing facility to which the generating source is interconnected. ... Regardless of any future maintenance, expansion, or refurbishment activities, the total amount of RECs that may be sold by any RPS eligible source using biomass in any year shall be no more than the number of megawatt hours of electricity produced by that facility in 2019; however, in no year may any RPS eligible source using biomass sell RECs in excess of the actual megawatt-hours of electricity generated by such facility that year. In order to comply with the RPS Program, each Phase I and Phase II Utility may use and retire the environmental attributes associated with any existing owned or contracted solar, wind, or falling water electric generating resources in operation, or proposed for operation, in the Commonwealth or physically located within the PJM region, with such resource qualifying as a Commonwealth-located resource for purposes of this subsection, as of January 1, 2020, provided such renewable attributes are verified as RECs consistent with the PJM-EIS Generation Attribute Tracking System.

¹⁰ The Order noted that comments from utilities and interested persons were to be directed to the sufficiency of the attached Update's conformity to the RPS Statute, only, and for the period 2021-2024, only. The Order further stated that the RPS Statute does not vest the Commission with discretion to modify eligible generation source categories. See Order at 4.

Environmental Council, the Chesapeake Climate Action Network, the Virginia Conservation Network, Virginia Advanced Energy Economy, Chesapeake Solar & Storage Association (formerly MDV-SEIA), the Virginia League of Conservation Voters, Clean Virginia, Virginia Grassroots Coalition, Climate Action Alliance of the Valley, and the Virginia Chapter of the Sierra Club ("Environmental Respondents"); Maryland-DC-Virginia Solar Energy Industries Association ("MDV-SEIA"); Direct Energy Business, LLC and Direct Energy Services, LLC (collectively, "Direct Energy"); Virginia, Maryland, and Delaware Association of Electric Cooperatives; APCo, and Dominion. The Commission Staff submitted comments on May 28, 2021, summarizing and responding to comments submitted by interested persons.

The comments submitted focused principally on REC registration eligibility (during the period 2021-2024) for biomass, waste heat, falling water, and distributed generation.¹¹ Additionally, comments addressed REC price recordation, compliance year reporting, REC calculation for co-located renewable generation and storage resources and generator output metering.¹²

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the revised Business Rules attached hereto as Attachment A should be approved effective for the 2021 compliance year, as discussed herein. In developing these revisions, we have reviewed the initial Update to these rules and have considered and weighed the comments presented in this matter in support of each participant's proposals or suggestions, including those provided by the Staff. The Commission expresses appreciation to all those who submitted written comments.

¹¹ See, e.g., Environmental Respondents Comments at 1-5; Direct Energy Comments at 1-2; MDV-SEIA Comments at 1.

¹² See, e.g., Dominion Comments at 3-7; APCo Comments at 1-2.

Biomass Eligibility

The Environmental Respondents assert that Code § 56-585.5 C limits the IOUs' use of RECs from biomass facilities to satisfy Virginia RPS requirements.¹³ The Statute caps the total amount of RECs that can be sold by an RPS eligible source using biomass to the number of megawatt-hours produced by that facility in 2019.¹⁴ Further, the Statute bars RPS eligible sources using biomass from selling RECs in a given year in excess of the actual megawatt-hours of electricity generated by such facility that year.¹⁵

To ensure that GATS only registers Virginia-eligible biomass RECs, the Environmental Respondents have proposed that the Commission (i) conduct an inventory of biomass-fired facilities to determine their eligibility under the Statute; and (ii) suspend any use of biomass RECs for Virginia RPS compliance "until it is clear that PJM has the requisite detail and capability to properly certify biomass RECs."¹⁶ Relatedly, the Environmental Respondents have also recommended that the proposed Commission inventory of biomass-fired facilities "quantify the maximum number of RPS-compliant RECs that each facility can generate in a given year."¹⁷ The Environmental Respondents assert that this quantification would help ensure that the number

¹³ Environmental Respondents Comments at 1-4.

¹⁴ Code § 56-585.5 C provides, "Regardless of any future maintenance, expansion, or refurbishment activities, the total amount of RECs that may be sold by any RPS eligible source using biomass in any year shall be no more than the number of megawatt hours of electricity produced by that facility in 2019; however, in no year may any RPS eligible source using biomass sell RECs in excess of the actual megawatt-hours of electricity generated by such facility that year."

¹⁵ *Id.*

¹⁶ Environmental Respondents Comments at 4.

¹⁷ *Id.*

of megawatt-hours of electricity produced by that facility and the associated RECs that exceed the 2019 baseline are not improperly certified as RPS-compliant.¹⁸

The Staff has proposed another approach, suggesting that no biomass facility automatically be accepted and registered in GATS for Virginia RPS compliance. Instead, the Staff recommends that any potential registrants of biomass RECs for Virginia RPS compliance furnish an affidavit¹⁹ to GATS attesting that the biomass facility producing the RECs meets the Statute's criteria (for biomass RECs) and simultaneously provide such an affidavit to the Staff.²⁰ The biomass facility's RECs could then be considered eligible for GATS registration unless otherwise directed by the Staff upon its review of the affidavit included with the proposed registration.²¹

The Commission will adopt the Staff's recommendations in this regard, and, at the Commission's direction, the Staff has prepared an affidavit form for use by PJM-EIS in registering Virginia-compliant biomass generation facilities in the GATS system. The form is attached to the Business Rules revisions we approve in this Order Revising Business Rules. The IOUs will certify, in their annual REC retirement reporting required by Business Rule 4, that any biomass RECs retired during any compliance year meet the requirements of the RPS Statute.

¹⁸ *Id.*

¹⁹ Staff Comments at 4. Per the Staff, such affidavit could contain, at a minimum: (1) the name of the applicant and facility; (2) the location and fuel source of the facility; (3) the actual 2019 generation from the facility; and (4) a sworn statement signed by a legal officer of the applicant attesting to the facility's adherence to the legislative requirements of Code § 56-585.5 C. *Id.* at n.3.

²⁰ The Staff further noted in its comments that, according to information provided by PJM-EIS, monitoring and tracking a maximum limit on biomass RECs applicable to Virginia's RPS Program would be problematic and not workable for GATS. Under the Staff's recommendations, the affidavit furnished by a biomass facility would state the 2019 level of generation for the facility. The Staff also noted the responsibility of APCo and Dominion to adhere to the requirements of the RPS Statute to satisfy the utilities' respective RPS target levels. *Id.* at n.4.

²¹ Staff Comments at 4.

Waste Heat Eligibility

The VCEA amended the definition of "renewable energy" in Code § 56-576 to exclude waste heat from fossil-fired facilities,²² thereby eliminating it as an RPS eligible source in the RPS Statute. The Environmental Respondents proposed that the Business Rules include a new fuel type code for waste heat derived from facilities that do not use fossil fuel to prevent PJM's inadvertent REC certification of waste heat from fossil-fired facilities.²³ The Staff has suggested in lieu of implementing a new fuel type code, that no waste heat facility be automatically accepted and registered in GATS for Virginia RPS compliance.²⁴ The Staff recommends that potential registrants of waste heat facility RECs for Virginia RPS compliance furnish an affidavit²⁵ to GATS attesting that the facility meets the Statute's criteria and simultaneously providing such an affidavit to the Staff. The facility would then be considered eligible for GATS registration unless otherwise directed by the Staff upon its review of the proposed registration. The Staff further stated its view that the existing fuel type code within GATS for waste heat is sufficient to reflect those facilities eligible for Virginia RPS compliance.²⁶

The Commission will adopt the Staff's recommendations in this regard, and, at the Commission's direction, the Staff has prepared an affidavit form for use by PJM-EIS in registering Virginia-compliant waste heat facilities in the GATS system. The form is attached to

²² Environmental Respondents Comments at 4.

²³ *Id.* at 4-5.

²⁴ Staff Comments at 5.

²⁵ *Id.* Per the Staff, such an affidavit should contain at a minimum: (1) the name of the applicant and facility; (2) the location and fuel source of the facility; and (3) a sworn statement signed by a legal officer of the applicant attesting to the facility's adherence to the legislative requirements of Code § 56-585.5 C. *Id.*

²⁶ *Id.*

the Business Rules revisions we approve in this Order Revising Business Rules. The IOUs will certify, in their annual REC retirement reporting required by Business Rule 4, that any waste heat RECs retired during any compliance year meet the requirements of the RPS Statute.

Falling Water Eligibility

Direct Energy asserts that RECs derived by run-of-river generation from a combined hydro pumped storage and run-of-river facility are RPS eligible under the VCEA's revisions to the definition of "renewable energy" in § 56-576 of the Code. Direct Energy states that the GATS Update does not sufficiently identify this combination's eligibility as an RPS eligible source under the Statute.²⁷ The Staff stated in its comments that the existing WAT fuel type code in GATS is sufficient to reflect such run-of-river generation from a combined facility or a conventional facility.²⁸ The Staff advises that it has nonetheless consulted with PJM-EIS concerning this issue and now recommends changing the WAT fuel type code's description from "Hydro-Conventional" to simply "Hydro." As a result, the WAT fuel type would encompass both conventional hydro as well as run-of-river generation in combination with a pumped storage facility. The Commission agrees that this change should provide sufficient direction to GATS in registering Virginia-eligible RECs produced by run-of-river generation from these combined facilities. The table following Business Rule 1 has been revised to incorporate that revision.

Distributed Generation Carve-Out

Dominion and MDV-SEIA addressed a more specific delineation of distributed generation resources in the Business Rules, not only by fuel type but also by size.²⁹ The Statute

²⁷ Direct Energy Comments at 2.

²⁸ Staff Comments at 5.

²⁹ Dominion Comments at 2, 3; MDV-SEIA Comments at 1.

directs Dominion to meet one percent of the RPS Program's requirements in any given compliance year with solar, wind, or anaerobic digestion resources of one megawatt ("MW") or less located in the Commonwealth.³⁰ Both Dominion and MDV-SEIA offered suggestions on how to accomplish this further delineation.³¹ The Staff agreed that delineation could be helpful and stated that it would work with PJM-EIS to develop appropriate codes to add to the Business Rules.³²

Following up, the Staff advises that it has consulted with PJM-EIS, who indicated that for small distributed facilities (< 1 MW), GATS can add the suffix "-D" after the appropriate "fueltype" to appear as "VA-#####-fueltype-D." Owners of resources seeking to qualify as small distributed resources (< 1 MW) must self-certify to GATS that such facilities meet the small-scale eligibility requirements of Code § 56-585.5 C and provide such supplemental or technical information as may be required by GATS. The Commission adopts this approach, now included in the revisions to Business Rule 2.

REC Prices

APCo and Dominion expressed concern about updated Business Rule 5's requirement to include and record prices for retired RECs.³³ APCo generally asserted that recording and publishing the price or value of a REC at the point of its retirement is not useful information and can be misleading.³⁴ Dominion noted that providing price data through GATS would be

³⁰ Code § 56-585.5 C.

³¹ Dominion Comments at 2, 3; MDV-SEIA Comments at 1.

³² Staff Comments at 5-6.

³³ APCo Comments at 1-2; Dominion Comments at 5.

³⁴ APCo Comments at 2.

administratively burdensome due to the manual nature of the process involving the retirement of potentially millions of RECs each year.³⁵ The Staff agreed in its comments that using GATS as a source of REC prices could be problematic and cumbersome. The Staff further commented such information could be provided as part of the IOUs' annual RPS proceedings required by the Statute and suggested that the Commission eliminate updated Business Rule 5.³⁶ The Commission agrees that references to utility recordation of REC prices and values at retirement should be removed from the Business Rules. The Commission revises Business Rule 5 to reflect this change. Instead, the IOUs' REC prices will be available as part of the IOUs' annual RPS filings.

Compliance Years

Dominion suggested clarifying the wording of updated Business Rule 4 to reflect the mechanics of retiring RECs for RPS compliance.³⁷ As noted by the Staff, the IOUs expect to retire RECs all at one time on a calendar year basis, also referred to as the "compliance year."³⁸ The Staff also pointed out the potential for administrative lag associated with GATS registering RECs in January for generation that occurred in the prior December.³⁹ The Staff has recommended that the Commission direct Dominion and APCo to report their respective RPS-related REC retirements "to the Commission by April 30th for the prior calendar, or

³⁵ Dominion Comments at 5.

³⁶ Staff Comments at 6.

³⁷ Dominion Comments at 3, 4.

³⁸ Staff Comments at 6.

³⁹ *Id.*

compliance year."⁴⁰ Such REC retirement reports, per the Staff, could be posted to the Commission's website.⁴¹ We so direct the IOUs to provide their REC retirements in an annual REC retirement report submitted to the Director of the Commission's Division of Public Utility Regulation by April 30th of each year. The Commission agrees that clarifications are needed and has adopted the Staff's recommendations to Business Rule 4.

Energy Storage

Dominion's comments suggested a new business rule addressing what it characterized as an emerging trend to pair renewable energy resources with storage resources.⁴² Dominion proposes that RECs from renewable energy resources be created based on the energy actually generated, even when paired with storage resources.⁴³ Per Dominion, this would help ensure that renewable energy-only resources and renewable energy sources paired with storage are able to create RECs equitably.⁴⁴ The Staff stated in its comments that it does not take a position on the proper treatment of RECs from paired facilities at this time.⁴⁵ The Staff suggested that this issue could be taken up as part of the Energy Storage Task Force's⁴⁶ activities.⁴⁷

⁴⁰ *Id.*

⁴¹ *Id.*

⁴² Dominion Comments at 6-7.

⁴³ *Id.* Specifically, Dominion suggests that the Commission add the following rule to clarify the treatment of paired facilities: "If generators that are eligible for RPS Program compliance in Virginia are paired with energy storage resources, the energy generation eligible to create RECs will be measured based on energy generated by the eligible generator, not based on energy discharged by the storage resource." *Id.* at 7.

⁴⁴ *Id.* at 6. According to Dominion, "[S]torage resources inherently experience round-trip efficiency losses, meaning that the energy discharged by the storage resource is less than the energy consumed during charging." *Id.*

⁴⁵ Staff Comments at 8.

⁴⁶ This task force was established pursuant to Chapter 863 (HB 1183) of the 2020 Acts of Assembly.

⁴⁷ Staff Comments at 8.

The Commission first notes that while this very technical issue does generally relate to REC registration, it is outside this proceeding's limited scope established in the Commission's Order; *i.e.*, the sufficiency of the Update's conformity to the RPS Statute.⁴⁸ The issue was not identified in the Order as one that would be considered in this docket or upon which comment would be received. Further, the Commission expects that this issue is one of broad interest, such that its consideration requires the technical and economic input of certain interested persons and stakeholders, who may not have participated in this docket. Consequently, while the Commission will not undertake its consideration at this time, the Commission expects to do so when practicable. However, language added to Business Rule 3, at the advisement of the Staff, provides for issues such as this to be addressed in GATS on an "exception basis" in the meantime.

Reporting Accuracy

Dominion suggested a new business rule to clarify that all generators that are eligible for Virginia RPS compliance, regardless of size, should be required to measure generator output with a revenue-grade meter.⁴⁹ The Staff noted in its comments that the GATS Operating Rules require a revenue-quality meter that meets the ANSI C-12 standard. The Staff does not believe a new rule is necessary but suggests the Commission may wish to clarify that it expects the same level of accuracy from all generators.⁵⁰ The Commission concurs. The Commission expects the same metering quality from all generators, as now reflected in revisions to Business Rule 5.

⁴⁸ See *supra* n.10.

⁴⁹ Dominion Comments at 7.

⁵⁰ Staff Comments at 8.

Low Income Qualifying Projects

Code § 56-585.5 C requires, if available, a certain amount of Dominion's RPS Program requirements to be satisfied by "low-income qualifying projects." Low-income qualifying projects are defined under Code § 56-585.5 A as "a project that provides a minimum of 50 percent of the respective electric output to low-income utility customers as that term is defined in § 56-576." As set forth in the Update, Business Rule 3 states: "Low-income qualifying projects are not currently available until such time as further determination is made as to what constitutes such projects." As such, Business Rule 3 currently does not enable low-income qualifying projects to be registered in GATS as a type of renewable generation source.⁵¹

The Commission, in its 2020 RPS Final Order, directed Dominion to use a reasonable stakeholder process to further address the questions related to low-income qualifying projects and such related issues as needed. The Commission also directed Dominion to report on its progress toward satisfying the low-income qualifying project requirements in the RPS Program in its 2021 RPS filing.⁵² In its 2021 RPS filing, Dominion provided an update in response to the Commission's direction, indicating, among other things, that the stakeholder process is ongoing.⁵³ The identification of low-income projects and related questions are still being determined in the 2021 RPS docket.

⁵¹ Per Code § 56-585.5 C, "renewable generation sources for low-income qualifying projects" are identified as solar, wind, and anaerobic digestion resources.

⁵² *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Establishing 2020 RPS Proceeding for Virginia Electric and Power Company*, Case No. PUR-2020-00134, Doc. Con. Cen. No. 210440236, Final Order at 10-11 (Apr. 30, 2021).

⁵³ *See, e.g., Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Establishing 2020 RPS Proceeding for Virginia Electric and Power Company*, Case No. PUR-2021-00146, Doc. Con. Cen. No. 210930080, 2021 RPS Plan at Attachment 8 (Sept. 15, 2021).

In its comments, MDV-SEIA recommended adding "-LMI" to the end of distributed energy certificates associated with low-income qualifying projects for purposes of GATS.⁵⁴ Given the open questions related to low-income qualifying projects before the Commission, we find such designation premature at this time. Notwithstanding, we adopt the following clarification to Business Rule 3: "Low-income qualifying projects as defined in § 56-585.5 A and addressed in § 56-585.5 C are not separately designated in GATS at this time." Such change clarifies that RECs associated with low-income qualifying projects could become available in the future for purposes of RPS compliance, but will not be identified separately in GATS at this time.

Finally, to the extent that a requested revision by any participant in this proceeding is not specifically addressed above, such omission herein does not preclude participants from recommending the same or similar changes in future proceedings.

Accordingly, IT IS ORDERED THAT:

(1) The Business Rules, as revised, are hereby approved with such revisions effective for compliance year 2021.

(2) A copy of this Order Revising Business Rules and the attached Business Rules forthwith shall be posted on the website of the Commission's Division of Public Utility Regulation.

(3) Within five (5) business days of the date of this Order Revising Business Rules, the Commission's Division of Public Utility Regulation shall electronically transmit copies of this Order Revising Business Rules to those persons and entities previously identified by the Staff at the commencement of this docket as potentially having an interest in this matter, and to all those

⁵⁴ MDV-SEIA Comments at 1.

who commented in this matter if not otherwise transmitted a copy of the Order Revising Business Rules by the Staff.

(4) This case is dismissed.

A COPY hereof shall be sent electronically by the Clerk of the Commission to all persons on the official Service List in this matter. The Service List is available from the Clerk of the Commission. A copy hereof also shall be sent to the Commission's Office of General Counsel and Divisions of Public Utility Regulation and Utility Accounting and Finance.

ATTACHMENT A

Revised Business Rules for Issuing VA-Approved Renewable Energy Certificates ("RECs") pursuant to 2020 Virginia Clean Economy Act ("VCEA")

1. For compliance years 2021-2024, GATS can automatically certify as eligible for use toward the VA RPS all renewable energy (as defined in § 56-576) from facilities located in Virginia and in the PJM Region, as similarly done today. However, effective January 1, 2021, the VCEA expressly prohibits the use of RECs from (i) renewable thermal energy, (ii) renewable thermal energy equivalent, (iii) biomass-fired facilities that are outside the Commonwealth, and (iv) biomass-fired facilities operating in the Commonwealth as of January 1, 2021, that supply 10 percent or more of their annual net electrical generation to the electric grid or more than 15 percent of their annual total useful energy to any entity other than the manufacturing facility to which the generating source is interconnected. Additionally, the definition of renewable energy does not include waste heat from fossil-fired facilities. To ensure that any RECs from a biomass or waste heat facility meet the legislative criteria in § 56-585.5 C, such a request to register with GATS will not be automatically accepted and must be accompanied by an affidavit provided to GATS, with a copy simultaneously furnished to the Commission Staff, attesting to such eligibility as shown on Appendix 1 or Appendix 2 of these business rules. The following table reflects the VA-Eligible fuel types that may be used to produce RECs to comply with the VCEA and satisfy the Virginia RPS requirements for compliance years 2021-2024:

| VA-Eligible Fuel Types: 2021-2024 | Non-Eligible Fuel Types |
|---|---|
| <ul style="list-style-type: none"> • LFG Captured Methane - Landfill Gas • FCR Fuel Cell - Renewable Fuel • GEO Geothermal • WAT Hydro • OCI Ocean • AB Biomass - Agriculture Crops in VA • OBG Biomass - Other Biomass Gases in VA • OBL Biomass - Other Biomass Liquids in VA • OBS Biomass - Other Biomass Solids in VA | <ul style="list-style-type: none"> ◦ CMG Captured Methane - Coal Mine Gas ◦ BIT Coal - Bituminous and Anthracite ◦ LIG Coal - Lignite ◦ SC Coal - Coal-based Synfuel ◦ SUB Coal - Sub-Bituminous ◦ WC Coal - Waste/Other ◦ EE Energy Efficiency ◦ DSR Demand-Side Response ◦ FCN Fuel Cell - Non-Renewable Fuel ◦ BFG Gas - Blast-Furnace Gas |

| | |
|---|--|
| <ul style="list-style-type: none"> • PW Biomass - Poultry Waste in VA • SLW Biomass - Sludge Waste in VA • SW Biomass – Swine Waste in VA • SUN Solar - Photovoltaic • STH Solar - Thermal • MSW Solid Waste - Municipal Solid Waste • WH Waste Heat • WND Wind | <ul style="list-style-type: none"> ◦ NG Gas - Natural Gas ◦ OG Gas - Other ◦ PG Gas - Propane ◦ NUC Nuclear ◦ DFO Oil - Distillate Fuel Oil ◦ JF Oil - Jet Fuel ◦ KER Oil - Kerosene ◦ PC Oil - Petroleum Coke ◦ RFO Oil - Residual Fuel Oil ◦ WO Oil - Waste/Other Oil ◦ OTH Other ◦ HPS Pumped Storage ◦ TDF Solid Waste – Tire Derived Fuel ◦ WDS Wood – Wood/Wood Waste Solids |
|---|--|

2. For generators that are eligible to satisfy RPS in VA pursuant to Va. Code § 56-585.5 C, GATS will apply a unique state certification number to the certificates created for that generator using a format to be determined by the SCC. For example, VA-#####-fueltype, where '#####' is a unique number and fuel type is one of the codes from the table above. For small distributed facilities (<1 MW), GATS will add the suffix "-D" after the appropriate fuel type, e.g., VA-#####-fueltype-D. Owners of resources seeking to qualify as small distributed resources (<1 MW) must self-certify that the facility meets the small-scale eligibility requirements of Va. Code § 56-585.5 C and provide such supplemental or technical information as may be required by GATS.

3. If it is not possible for PJM EIS to determine if a facility is eligible in VA, any other VA certifications will be applied by the GATS Administrators on an exception basis as directed by the VA SCC. Additional requirements of VA regarding eligibility:
 - RECs associated with capacity or energy generated by a public utility serving the Commonwealth must be from facilities located within VA or within the PJM interconnection region.

 - Low-income qualifying projects as defined in § 56-585.5 A and addressed in § 56-585.5 C are not separately designated in GATS at this time.

- RECs from biomass-fired and waste heat facilities are limited to that meeting the criteria of Va. Code § 56-585.5 C and accompanied by the appropriate affidavit.
 - Further market, technology or regulatory developments in Virginia not currently addressed by these Business Rules may be applied on an exception basis by GATS as directed by the VA SCC or presented to the Commission for consideration in further revision of these Business Rules.
4. RPS compliance in VA will be on a calendar-year basis. RECs meeting the criteria set forth in Va. Code § 56-585.5 C can be used for RPS compliance for the calendar year in which the generation occurred or, for RECs created in 2016 and thereafter, within the subsequent five calendar years. Electric investor-owned utilities should retire RECs to meet their respective annual RPS requirements for the prior calendar, or compliance year, and report such information to the Director of the Commission's Division of Public Utility Regulation by April 30th of each year.
 5. It is understood and expected that all generators will utilize a revenue-quality meter that meets the ANSI C-12 standard to measure and report associated generation and corresponding REC values.
 6. For the period 2025 and beyond, further revisions to GATS will be addressed at a later time to reflect the VCEA (RPS Eligible Resources as defined in § 56-585.5 C) and any subsequent amendments in advance of the year 2025.

APPENDIX 1

Eligible Biomass Self-Certification Affidavit

I (officer name and title) of (applicant name) certify on this (date) , that the information provided below is true and complete and that the biomass facility called (facility name) located in Virginia hereby meets the eligibility requirements of Va. Code § 56-585.5 C to provide renewable energy certificates to help satisfy Virginia's RPS compliance for an electric investor-owned utility.

Signature

Biomass requirements:

- Physically located at _____
- Yes or no _____ in operation as of January 1, 2020
- Facility fuel source _____
- Yes or no _____ supplies no more than 10% of annual net generation to the electric grid
- Yes or no _____ supplies no more than 15% of annual total useful energy to any entity other than the manufacturing facility to which the generating source is interconnected
- Facility's 2019 annual net generation was _____ MWh

Date completed affidavit sent simultaneously to GATS and Commission Staff

_____.

APPENDIX 2

Eligible Waste Heat Self-Certification Affidavit

I (officer name and title) of (applicant name) certify on this (date), that the information provided below is true and complete and that the waste heat facility called (facility name) located in Virginia hereby meets the eligibility requirements of Va. Code § 56-585.5 C to provide renewable energy certificates to help satisfy Virginia's RPS compliance for an electric investor-owned utility.

Signature

Waste Heat requirements:

- o Physically located at _____
- o Yes or no _____ in operation as of January 1, 2020
- o Facility fuel source _____
- o Yes or no _____ the above-identified fuel source does not include fossil fuel combustion or forest or woody biomass
- o Facility's 2019 annual net generation was _____ MWh

Date completed affidavit sent simultaneously to GATS and Commission Staff:

_____.