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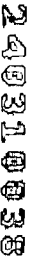
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March 1, 2024

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*Petition of Virginia Electric and Power Company, For approval of its 2023 RPS Development
Plan under § 56-585.5 D 4 of the Code of Virginia and related requests*

Case No. PUR-2023-00142

Dear Mr. Logan:

Please find enclosed for electronic filing in the above-referenced matter the *Comments of Virginia Electric and Power Company on the February 15, 2024 Report of D. Mathias Roussy, Jr., Senior Hearing Examiner.*

Please do not hesitate to contact me if you have any questions regarding this filing.

Highest regards,

/s/ Elaine S. Ryan

Elaine S. Ryan

Enc.

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COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

PETITION OF

VIRGINIA ELECTRIC AND POWER COMPANY

For approval of its 2023 RPS Development Plan
under § 56-585.5 D 4 of the Code of Virginia
and related requests

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Case No. PUR-2023-00142

COMMENTS OF VIRGINIA ELECTRIC AND POWER COMPANY
ON THE FEBRUARY 15, 2024 REPORT OF D. MATHIAS ROUSSY, JR.,
SENIOR HEARING EXAMINER

March 1, 2024

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COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

PETITION OF	)	
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VIRGINIA ELECTRIC AND POWER COMPANY	)	Case No. PUR-2023-00142
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For approval of its 2023 RPS Development Plan	)	
under § 56-585.5 D 4 of the Code of Virginia	)	
and related requests	)	

**COMMENTS OF VIRGINIA ELECTRIC AND POWER COMPANY ON THE
FEBRUARY 15, 2024 REPORT OF D. MATHIAS ROUSSY, JR.,
SENIOR HEARING EXAMINER**

In this proceeding, Virginia Electric and Power Company (“Dominion Energy Virginia” or the “Company”) takes the next steps toward the clean energy future envisioned by both the Company and the Commonwealth of Virginia. In addition to presenting its plan to meet the development targets for solar, onshore wind, and energy storage set forth in the Virginia Clean Economy Act of 2020 (the “VCEA”), Dominion Energy Virginia seeks approval of approximately 772 megawatts (“MW”) of solar capacity that are needed; are reasonable and prudent; and are in the public interest.

Before the State Corporation Commission (the “Commission”) is the Company’s petition (“Petition”):

- (1) For approval of its annual plan for the development of new solar, onshore wind, and energy storage resources pursuant to § 56-585.5 D 4 (“Subsection D 4”) of the Code of Virginia (“Va. Code”), in connection with the Commonwealth’s mandatory renewable energy portfolio standard program (the “RPS Program”) requirements (the “RPS Development Plan” or “Development Plan”);
- (2) For certificates of public convenience and necessity (“CPCNs”) and for approval to construct or acquire and operate 4 utility-scale projects totaling approximately 329 MW of solar pursuant to Va. Code § 56-580 D;
- (3) For approval to recover through the Rider CE rate adjustment clause the costs of (a) 5 utility-scale solar projects totaling approximately 334 MW (the “CE-4 Projects”) and related interconnection facilities and (b) 1 distributed solar project totaling

approximately 3 MW and related interconnection facilities (the "CE-4 Distributed Solar Project") pursuant to Va. Code § 56-585.1 A 6;

- (4) For approval to update Rider CE for the recovery of costs associated with the CE-1, CE-2, and CE-3 Projects; the CE-2 and CE-3 Distributed Solar Projects; and related interconnection facilities previously approved by the Commission;
- (5) For a prudence determination to enter into 13 power purchase agreements ("PPAs") for solar resources totaling approximately 435 MW (the "CE-4 PPAs") pursuant to Va. Code § 56-585.1:4;
- (6) For approval to recover through Rider CE the costs of the CE-4 PPAs pursuant to Va. Code 56-585.1 A 5; and
- (7) For approval to consolidate Rider CE and Rider PPA pursuant to Va. Code § 56-585.1 A 7, resulting in (a) the recovery of costs associated with the CE-1, CE-2, and CE-3 PPAs through Rider CE and (b) the end of Rider PPA as of April 30, 2024.

This proceeding was heard by D. Mathias Roussy, Jr., Senior Hearing Examiner, on January 10 and 11, 2024. Senior Hearing Examiner Roussy issued his report on February 15, 2024 (the "Report"). Pursuant to Rule 120 C of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-120 C, and the directive of the Senior Hearing Examiner set forth in the Report, the Company respectfully submits its comments on the Report in this proceeding ("Comments").

These Comments include as Attachment 1 a matrix that summarizes the Company's position on each of the findings and recommendations in the Report.

For the reasons set forth in the Company's Petition and associated testimony, as summarized in these Comments and as supported by the evidentiary record, Dominion Energy Virginia respectfully requests that the Commission approve its Petition.

I. EXECUTIVE SUMMARY

The Report recommends that the Commission approve: the 2023 RPS Development Plan; CPCNs for Beldale Solar, Blue Ridge Solar, Bookers Mill Solar, and Michaux Solar; the update to Rider CE related to the recovery of costs associated with the CE-1, CE-2, and CE-3

Projects and Distributed Solar Projects, and related interconnection facilities, previously approved by the Commission; prudence determinations for the CE-4 PPAs; recovery of costs associated with the CE-4 PPAs through Rider CE; consolidation of Rider CE and Rider PPA; and the proposed cost allocation and rate design for Rider CE. The Rider CE revenue requirement calculation is also uncontested.¹ The record supports these recommendations, and the Company requests that they be adopted.

The primary recommendation the Company opposes as contrary to the record evidence is the recommendation to deny cost recovery for Peppertown Solar and Alberta Distributed Solar. Neither Commission Staff nor any party to the proceeding recommended disallowance of the costs of these projects. The record shows that these projects were the result of a competitive solicitation process; will provide energy, capacity, and renewable energy certificates ("RECs") to serve customers' needs; and support the Company's progress toward meeting the interim targets and requirements of the VCEA. The Company does not dispute that the traditional economic analyses for these projects show negative results. But, as the Commission has previously recognized, economic analyses are just one factor to consider when evaluating the reasonableness and prudence of proposed investments in clean energy resources. Consistent with prior precedent, the Commission should give greater weight to the other important benefits and unique attributes of these projects, which support their approval as part of the Company's solar fleet.

The Report recommends a Rider CE revenue requirement for the rate year of \$133.28 million based on its recommendations to deny cost recovery for Peppertown Solar and Alberta

¹ The Senior Hearing Examiner's recommendations concerning two specific projects would impact the revenue requirement if they were adopted by the Commission, as discussed in Section IV.D.

Distributed Solar. The Report finds that if the Commission instead approves these two projects, that the revenue requirement is uncontested. Because the Company submits that all proposed projects should be approved, the Company requests the Commission approve a Rider CE revenue requirement of \$135.16 million.

Aside from Peppertown Solar and Alberta Distributed Solar, the Report makes several findings and recommendations, some of which the Company opposes, many of which it does not. Attachment 1 provides a complete summary of the Company's position on each finding and recommendation. To assist with narrowing the disputed issues, the Company opposes two additional recommendations as contrary to the record:

- The recommendation to not combine the estimated social cost of carbon value with its economic analysis results. Recommendation (7)
- The recommendation to reject the use of black liquor RECs for the 2022 RPS Program compliance year. Portion of Recommendation (22).

In addition, the Company does not believe that three of the recommendations are necessary:

- The recommendation to direct a solicitation of long-term agreements for unbundled RECs. Recommendation (2).
- The recommendation to disaggregate the economic analysis results for distributed solar PPAs. Recommendation (10).
- The recommendation to condition consolidation of Riders PPA and CE on providing relative bill impacts in future petitions. Portion of Recommendation (11).

The Company understands that these annual Subsection D 4 cases by nature are large proceedings with many components. The Company appreciates the time and expertise of the Senior Hearing Examiner in developing the record in this matter and in preparing the Report. The Company also appreciates the opportunity to comment on the Report to make its case. For the reasons set forth in these Comments as supported by the evidentiary record, the Company respectfully requests that the Commission grant its Petition in full.

II. 2023 RPS DEVELOPMENT PLAN

A. The 2023 RPS Development Plan is reasonable and prudent.

The 2023 RPS Development Plan presents the Company's plan for the development of solar, onshore wind, and energy storage resources through 2035 as envisioned by the VCEA. The record shows that the plan will support RPS Program compliance; will support carbon dioxide ("CO₂") emissions reductions in the Commonwealth; will promote new renewable energy generation and energy storage resources in the Commonwealth, and the associated economic development; and will result in fuel savings.² The Company will continue to refine its plan over time based on actual development activities, market conditions, and any other relevant factors.³

The Report finds that the Company's 2023 RPS Development Plan "generally appears reasonable and prudent based on the record of this case, giving due consideration to all factors required by Code § 56-585.5 D 4."⁴ The Report also finds that the recommendations from case participants related to directives from the Company's 2023 Integrated Resource Plan ("IRP") are moot.⁵ The Company agrees.

The Report makes its finding regarding the reasonableness of the 2023 RPS Development Plan "provided that the Company's current development of solar and onshore wind resources is based on factors other than the 2024 interim statutory petition requirement of Code § 56-585.5 D."⁶ To the extent the reference to "current development" is to the CE-4 Projects, Distributed

² Ex. 4 at 15-19 (2023 RPS Development Plan).

³ *Id.* at 4-10.

⁴ Report at 145, Finding (2).

⁵ Report at 145, Finding (6).

⁶ This finding appears based on another finding in the Report regarding the Company having exceeded the interim statutory requirement to petition for 3,000 MW of solar and onshore wind capacity by December 31, 2024, even without considering the statutory offset for certified accelerated renewable energy buyer ("ARB") capacity. Report at 145, Finding (1). The

Solar Project, and PPAs petitioned for approval in this Petition, the need for these projects *is* based on factors beyond just the 2024 interim development targets. Specifically, the record reflects that the need for these projects and PPAs is based on customers' capacity, energy, and REC needs in addition to the VCEA-established development targets, including the overarching target of 16,100 MW of solar and onshore wind development.⁷ The Company also notes that the statute requires the Company to develop "at least" 3,000 MW of solar or onshore wind capacity by December 31, 2024. Accordingly, the 2023 RPS Development Plan, which focuses on development through 2035, should be approved as reasonable and prudent.

B. A solicitation of long-term agreements for unbundled RECs may not be necessary at this time.

The Report recommends that the Company be directed "to solicit long-term agreements for unbundled RECs, either by expanding the Company's existing [request for proposals ("RFP")] process or through a parallel competitive process,"⁸ and makes its recommendation to find the 2023 RPS Development Plan reasonable and prudent contingent on the Company doing so.⁹

As an initial matter, the Company does not agree that approval of its RPS Development Plan—which focuses on the Company's plan to meet the development targets of Va. Code § 56-585.5 D and E—should be contingent on conducting an RFP for unbundled RECs to meet its RPS Program compliance obligations pursuant to Va. Code § 56-585.5 C. Supporting RPS

Company agrees with this finding. The Company also agrees that the Commission need not make a determination in this proceeding regarding how the solar resources under contract with ARBs should offset the interim development targets. Ex. 58 at 8-9 (Gaskill Rebuttal).

⁷ See *infra* Section III.A.

⁸ Report at 150, Recommendation (2).

⁹ Report at 150, Recommendation (1).

Program compliance is only one of the prongs against which a development plan is evaluated pursuant to Va. Code § 56-585.5 D 4.

Currently, the Company has a staggered approach to procuring RECs by purchasing bundled products (*i.e.*, capacity, energy, and RECs) for longer terms through PPAs, coupled with REC purchases in the spot market.¹⁰ In addition, the Company will use RECs from existing and future Company-owned resources toward RPS Program compliance.¹¹ Accordingly, the Company believes that it may not be necessary at this time to seek out long-term contracts for unbundled RECs.

As explained by Company Witness Morton, the Company has a need now for energy, capacity, *and* RECs.¹² As such, the development or purchase of bundled assets for the longer-term, coupled with REC purchases in the spot market, is the prudent path to mitigate the risks of REC procurement. Company Witness Keefer also explained that a contract for unbundled RECs would likely not be sufficient to justify the cost to build new solar resources, meaning that a contract for RECs only would not likely result in the construction of any new generation resource.¹³ Company Witness Leimann further explained that the Company has purchased unbundled RECs to meet its RPS Program compliance obligations to date, developed relationships with brokers and counterparties, and cultivated a market presence. Brokers and counterparties already reach out to the Company to broker REC deals, regardless of the contract

¹⁰ Ex. 47 at 4 (Keefer Rebuttal); Ex. 62 at 2-3 (Leimann Rebuttal).

¹¹ See Ex. 4 at Attachment 9 (2023 RPS Development Plan) (listing the Company-owned renewable energy facilities and PPAs that the Company intends to utilize to meet its annual RPS Program requirements).

¹² Ex. 20 at 3-10 (Morton Direct); Ex. 49 at 4-5 (Morton Rebuttal); Tr. 390:24-391:10, 398:10-13 (Morton).

¹³ Ex. 47 at 4 (Keefer Rebuttal); see Tr. 377:6-10 (Keefer).

term they are seeking. In the Company's experience, not many counterparties are interested in executing long-term REC-only contracts.¹⁴

That said, the Company intends to continue to pursue all available avenues to achieve RPS Program compliance in the most cost-effective manner,¹⁵ and does not oppose a solicitation for long-term agreements for unbundled RECs in the future if that becomes necessary. It should be noted that long-term contracts for unbundled RECs will not fulfill the requirement to develop 16,100 MW of new solar and onshore wind resources, of which 35% shall be from bundled PPAs.¹⁶ In other words, any unbundled REC purchases will necessarily be in addition to bundled PPAs. To the extent the Commission adopts the Report's recommendation to direct the Company to solicit such agreements now, the Company would likely align such a solicitation with the timing of its existing PPA RFP process. The next PPA RFP is planned for the fall of 2024, meaning that the results of a solicitation for long-term unbundled REC agreements would not be ready for the Company's next Subsection D 4 filing, but the filing thereafter.

C. The Company does not oppose the recommendations regarding information to be evaluated in or included with future RPS Development Plans.

The Report makes several findings and recommendations for future RPS Development Plans that the Company does not oppose, including:

- Continuing to monitor new and developing energy storage technologies and refining assumptions in future proceedings as appropriate,¹⁷

¹⁴ Ex. 62 at 2-3 (Leimann Rebuttal); see Tr. 376:6-12 (Keefer), 539:11-24 (Leimann).

¹⁵ Ex. 4 at 15 (RPS Development Plan).

¹⁶ See Va. Code § 56-585.5 D 2 a (making clear that 35% of solar and onshore wind development "shall be from the purchase of energy, capacity, and environmental attributes from solar or onshore wind facilities owned by persons other than the utility").

¹⁷ Report at 145, Finding (3); Report at 150, Recommendation (3).

- Continuing to explore ways to value location when selecting potential resources,¹⁸ and
- Uploading the recent IRP and associated appendices to the eRoom for the RPS Development Plan proceeding.¹⁹

The Company also agrees with the recommendation of the Report regarding reporting on the performance of the Company's solar fleet.²⁰ Specifically, the Company agrees that the outage information provided should be comparable to what the Company provides for its nuclear and fossil units in other proceedings (*i.e.*, the start and stop times of each outage and the reason for the outage),²¹ and that the reporting should be limited to the Company's system solar fleet (*i.e.*, not include ring-fenced facilities).²²

III. CPCN REQUESTS

- A. Beldale Solar, Blue Ridge Solar, Bookers Mill Solar, and Michaux Solar are required by the public convenience and necessity and should be approved.**

The Report recommends approval of CPCNs for Beldale Solar, Blue Ridge Solar, Bookers Mill Solar, and Michaux Solar, subject to three conditions regarding environmental-related recommendations and permits.²³ The Company agrees with these conditions.

¹⁸ Report at 145, Finding (4); Report at 150, Recommendation (4). The Company appreciates the recognition in the Report that the Company should not be directed to modify the PLEXOS model to account for locational value. Report at 85-86; *see* Tr. 393:1-24 (Morton) (explaining that a model run without location takes three to twelve hours but including location would require days for one model run).

¹⁹ Report at 145, Finding (5); Report at 150, Recommendation (5).

²⁰ *See* Report at 150, Finding (45); Report at 152, Recommendation (25).

²¹ Ex. 51 at 5 (Prideaux Rebuttal).

²² Report at 144 n.868 ("I find that such information should focus on [the Company's] facilities that have a direct impact on Virginia jurisdictional ratepayers. Accordingly, I do not recommend such information be required for ring-fenced facilities.").

²³ Report at 150, Recommendation (6). The Company also agrees with the environmental-related findings of the Report, including Findings (11) through (18). As to Finding (11) specifically, while the Company agrees with the ultimate finding that the permit by rule for Bookers Mill Solar precludes environmental review of the project by the Commission, the

The record supports the Report's recommendation regarding CPCNs for these projects, with evidence that each project meets all the legal requirements for approval:

- The projects will have no material adverse effect on reliability, as evidenced by the executed interconnection service agreements.²⁴
- The interconnection facilities for these projects are ordinary extensions or improvements that do not require CPCNs.²⁵
- These projects are needed for compliance with the VCEA—both the requirements of the RPS Program and the directive to develop significant amounts of solar capacity—and to serve native load, including by providing emissions-free energy.²⁶
- The projects will support fuel diversity.²⁷
- The projects were selected from a robust, competitive, and transparent evaluation and selection process.²⁸
- The projected costs of the projects are based on engineering, procurement, and construction (“EPC”) contract negotiations established through a competitive solicitation process, and thus represent the current market for such projects in the Commonwealth.²⁹
- The cost effectiveness of the projects will be enhanced by pursuing available federal tax credits.³⁰
- The results of the economic analyses completed for the projects support approval, including that the projects result in a social cost of carbon benefit.³¹

Company does not agree with the underlying rationale in full. *See* Report at 98 to 100. The Company will adhere to all commitments associated with the existing permit by rule authorization for Bookers Mill Solar. Ex. 24 at 3 (Boschen Direct).

²⁴ Ex. 11 at Schedules 4 through 7 (Flowers Direct); Ex. 12 (interconnection service agreements); Ex. 46 at 3-4 (Flowers Rebuttal); Tr. 264:9-11 (Glattfelder).

²⁵ Ex. 11 at Schedules 4 through 7 (Flowers Direct); Tr. 264:21-25 (Glattfelder).

²⁶ Ex. 20 at 3-10 (Morton Direct); Ex. 49 at 4-5 (Morton Rebuttal); Tr. 390:24-391:10, 398:10-13 (Morton); *see* Ex. 40 at 32 (Glattfelder).

²⁷ Ex. 20 at 9-10 (Morton Direct).

²⁸ Ex. 11 at 8-9 (Flowers Direct); Ex. 9/10ES at Filing Schedule 46A, Statement 3 (Development RFP Report).

²⁹ Ex. 11 at 11 (Flowers Direct).

³⁰ *Id.* at 8; Ex. 20 at 13 (Morton Direct).

³¹ *Id.* at Schedules 1 through 3 (Morton Direct).

- The General Assembly has declared solar resources as in the public interest,³² directed the Commission to liberally construe the provisions of the Va. Code in determining whether to approve such resources,³³ and included the development of such resources as part of the Commonwealth Clean Energy Policy.³⁴
- The projects will have minimal environmental impacts, and the Company has and will minimize adverse environmental impacts related to the projects, including through implementation of the uncontested recommendations from the Virginia Department of Environmental Quality ("DEQ") Report.³⁵
- The projects will have a positive impact on economic development in the Commonwealth through temporary jobs during construction, permanent jobs after the projects are completed, ancillary goods and services related to the projects, and expansion of the tax base in the relevant counties and in the Commonwealth, thus furthering the economic and job creation objectives of the Commonwealth Clean Energy Policy.³⁶
- The Company completed full environmental justice assessments for each project and will complete community outreach as needed based on the project.³⁷
- The projects will not have a disproportionate adverse impact on historically economically disadvantaged communities.³⁸

For these reasons, the Company requests that the Commission grant CPCNs for Beldale Solar, Bookers Mill Solar, Blue Ridge Solar, and Michaux Solar.

For future Company-owned projects, the Report recommends that the Company "list key risks and key risk categories for selected facilities."³⁹ The Company does not oppose this recommendation.

³² Va. Code § 56-585.1 A 6 (declaring 16,100 MW of solar or onshore wind as in the public interest).

³³ *Id.*

³⁴ *See, e.g.*, Va. Code § 45.2-1706.1 A 1 (stating one of the policies of the Commonwealth to "[d]evelop energy resources necessary to produce 30 percent of Virginia's electricity from renewable energy sources by 2030 and 100 percent of Virginia's electricity from carbon-free sources by 2040").

³⁵ Ex. 24 at 4-7, DEQ Supplements (Boschen Direct); Ex. 45 at 3 (Boschen Rebuttal).

³⁶ Ex. 11 at 14-15, Schedules 4 through 7 (Flowers Direct).

³⁷ *Id.* at 15, Schedules 4 through 7; Ex. 53 at 2 (MacCormick Rebuttal).

³⁸ Ex. 11 at Schedules 4 through 7 (Flowers Direct).

³⁹ Report at 151, Recommendation (13); *see* Report at 148, Finding (32).

B. The Company used a reasonable methodology to include the social cost of carbon in its evaluation of the CE-4 Projects.

In support of the Petition, the Company presented economic analyses that compared the CE-4 Projects to market purchases.⁴⁰ The results show the net present value (“NPV”) for the projects without the social cost of carbon, the NPV of the social cost of carbon, and then a combined NPV.

With respect to the social cost of carbon, the Report finds that “the Company’s presentation of economic results in this case blurred the estimated value of its proposed projects to the Company’s ratepayers by combining (i) estimated global benefits to the entire world from estimated carbon reductions with (ii) economic estimates of the benefit/detriment to the Company’s ratepayers.”⁴¹ Based on this finding, the Report recommends that the Commission direct the Company “to separate—and not combine—in its economic analysis, any estimated global social cost of carbon value from the estimated economic value to [the Company’s] system.”⁴²

The Company disagrees that its presentation of the economic analysis results is unclear or that a combined NPV should be omitted from future petitions. Providing the economic analysis results both with and without a quantified social cost of carbon benefit is consistent with prior Commission directives and the statutory requirement to include such information, and is relevant evidence that should be taken into consideration when evaluating the benefits of these projects, as recognized by the VCEA.

⁴⁰ Ex. 20 at Schedules 1 through 3 (Morton Direct); *see id.* at 10-16 (describing the methodology used to complete the economic analyses).

⁴¹ Report at 146, Finding (9).

⁴² Report at 151, Recommendation (7).

As the Report acknowledges,⁴³ the Code requires the Company to “include” the social cost of carbon as part of its requests for CPCNs: “In any application to construct a new generating facility, the utility *shall include*, and the Commission *shall consider*, the social cost of carbon, as determined by the Commission, as a benefit or cost, whichever is appropriate.”⁴⁴ The statute goes on to reference a document to assist the Commission in *quantifying* the social cost of carbon, and notes that the Commission “shall include a system to adjust the costs . . . with inflation.”⁴⁵ Read together, the Company submits that it is appropriate to quantify and include the social cost of carbon as part of its economic analyses.

While the Report agrees that the social cost of carbon may be a quantitative consideration,⁴⁶ it takes issue with incorporating “estimated global benefits to the entire world” as a benefit to the Company’s customers.⁴⁷ The Company disagrees.

In considering the social cost of carbon, the statute explicitly states that the Commission “shall use the best available science and technology, including the *Technical Support Document: Technical Update of the Social Cost of Carbon for Regulatory Impact Analysis Under Executive Order 12866, published by the Interagency Working Group on Social Cost of Greenhouse Gases from the United States Government in August 2016*, as guidance.”⁴⁸ Absent any additional directives from the Commission on how to estimate the social cost of carbon, the federal government published value is the appropriate value to use, even though it is not specific to

⁴³ Report at 146.

⁴⁴ Va. Code § 56-585.1 A 6 (emphasis added).

⁴⁵ *Id.*

⁴⁶ See Report at 98 n.554 (“That the Code contemplates the social cost of carbon used by the Commission would be adjusted for inflation suggests that such consideration may be quantitative, in my view”).

⁴⁷ Report at 146, Finding (9).

⁴⁸ Va. Code § 56-585.1 A 6. See Ex. 50 for an updated version of this technical document dated February 2021.

Virginia.⁴⁹ Company Witness Morton testified that “the Company is currently not aware of social cost of carbon estimates specific to any region.”⁵⁰ Guided by the statute, the Company relied on the forecasted social cost of carbon published by the federal government to determine the social cost of carbon benefit of the CE-4 Projects.⁵¹ This approach is consistent with prior proceedings, and no party has offered an alternative methodology for including these benefits as required by law.

The Company’s approach also complies with the Commission’s prior directives. The Commission’s Final Order in Case No. PUR-2022-00124 required the Company to “separate, in its economic analysis, an estimated social cost of carbon cost/benefit from the estimated ratepayer benefits and costs.”⁵² The Company did so. The economic analysis results clearly delineate the results with and without the social cost of carbon. Specifically, Company Witness Morton’s schedules include separate columns clearly labeled “NPV without SCoC,” “NPV of SCoC,” and “NPV,” the latter column providing the sum of the two former columns. By presenting each of these values separately, the Company has fully complied with the Commission’s directive while providing the information required by the Code.⁵³

In sum, the Company has used a reasonable methodology to include the social cost of carbon in its evaluation of the CE-4 Projects and has presented the results consistent with prior Commission directives. The Company should not be precluded from presenting an additional

⁴⁹ Tr. 387:1-6 (Morton).

⁵⁰ Tr. 387:7-9 (Morton).

⁵¹ Ex. 20 (Morton Direct) at 15, Ex. 50 (2021 Social Cost of Carbon Technical Update) at p. 47, Table A-1.

⁵² *Petition of Virginia Electric and Power Company, For approval of its 2022 RPS Development Plan under § 56-585.5 D 4 of the Code of Virginia and related requests*, Case No. PUR-2022-00124, Final Order at 10 (Apr. 14, 2023) [hereinafter *2022 RPS Final Order*].

⁵³ Ex. 20 at Schedules 1 through 3 (Morton Direct).

datapoint for its projects that incorporates the social cost of carbon into the NPV results. The Commission should decline to adopt the Report's finding and recommendation on this issue.

IV. RIDER CE, INCLUDING PEPPERTOWN SOLAR AND ALBERTA DISTRIBUTED SOLAR

A. Peppertown Solar and Alberta Distributed Solar should be approved for cost recovery through Rider CE.

The Company proposes to acquire and operate two projects upon mechanical completion: Peppertown Solar, a 5 MW distribution level solar project; and Alberta Distributed Solar, a 3 MW distribution level solar project.⁵⁴ These projects do not require a CPCN based on their rated capacities being 5 MW or less;⁵⁵ therefore, the Company is seeking approval to recover the costs of the projects through Rider CE. The Report recommends denying cost recovery for these projects, but also finds that the record could support approving cost recovery these projects based on the weight the Commission assigns to various factors.⁵⁶

Neither Commission Staff nor any party to the proceeding recommended disallowance of the costs of these projects. The record shows that these projects were the result of a competitive solicitation process; will provide energy, capacity, and RECs to serve customers' needs; and support the Company's progress toward meeting the development targets of the VCEA.⁵⁷ The

⁵⁴ Ex. 11 at 6, 13 (Flowers Direct). Collectively, the estimated capital expenditures for these two projects total \$27.4 million (excluding financing costs). *Id.* at Schedules 8 and 9.

⁵⁵ See 20 VAC 5-302-10 (permitting a letter in lieu of a CPCN petition for facilities with rated capacities of 5 MW or less).

⁵⁶ Report at 148, Finding (30).

⁵⁷ Ex. 11 at 11-13 (Flowers Direct). Under the VCEA, the Company must seek the necessary approvals to construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental attributes of 16,100 MW of generating capacity located in the Commonwealth using energy derived from sunlight or onshore wind by 2035. The VCEA sets interim targets of which 35% of development must be from energy, capacity, and environmental attributes procured from facilities owned by third parties and the remainder—or 65%—must be constructed or acquired by the Company. See Va. Code § 56-585.5 D 2 a.

Company does not dispute that the traditional economic analyses for these projects show negative results. But, as the Commission has previously recognized, economic analyses are just one factor to consider when evaluating the reasonableness and prudence of proposed investments in clean energy resources. Consistent with prior precedent, the Commission should give greater weight to the other important benefits and unique attributes of these projects, which support their approval as part of the Company's solar fleet.

- i. **Peppertown Solar and Alberta Distributed Solar will provide value to the Company's customers and the Commonwealth as part of the Company's renewable energy portfolio.**

As solar resources, Peppertown Solar and Alberta Distributed Solar will further promote development of new renewable generation resources in the state, including related economic development, and will contribute to the RPS Program requirements through the creation of additional in-state RECs.⁵⁸

The record reflects that in their first year of operation, Peppertown Solar and Alberta Distributed Solar are projected to generate over 14,000 MWh of carbon-free energy.⁵⁹ In addition to carbon-free energy, the energy produced by these projects also generate in-state RECs. In-state RECs will be vital to meeting the Company's RPS Program compliance obligations, which require 75% of RECs to come from in-state resources in 2025 and beyond.⁶⁰

During development and construction, Peppertown Solar is projected to provide economic benefits, including tax revenue, to Hanover County and the Commonwealth of approximately \$2.6 million and \$9.1 million, respectively, and is projected to support

⁵⁸ Ex. 11 at Schedules 8 and 9 (Flowers Direct).

⁵⁹ *Id.* at Schedule 16.

⁶⁰ See Va. Code 56-585.5 C; *see also* Ex. 20 at 4-5 (Morton Direct) (describing the Company's REC needs).

approximately 13 and 41 jobs (direct, indirect, and induced), respectively. The facility would also support economic benefits and jobs throughout its operating life and would increase local and state tax revenue. The Company will reasonably utilize goods and services sourced in whole or in part from Virginia businesses to execute the project and will ensure that its contractors use reasonable efforts to maximize the hiring of local residents in the performance of work.⁶¹

During development and construction, Alberta Distributed Solar is projected to provide economic benefits, including tax revenue, to the Commonwealth of approximately \$7.4 million and is projected to support approximately 33 jobs (direct, indirect, and induced). The facility would also support economic benefits and jobs throughout its operating life and would increase local and state tax revenue. The Company will reasonably utilize goods and services sourced in whole or in part from Virginia businesses to execute the project and will ensure that its contractors use reasonable efforts to maximize the hiring of local residents in the performance of work.⁶²

In addition, Alberta Distributed Solar will contribute 3 MW towards the VCEA's development target for distributed solar resources, which requires development of 715 MW of Company-owned distributed solar resources by 2035.⁶³ The General Assembly recognized the value provided by this type of distributed solar resource by specifically carving out a related target of 1,100 MW, envisioning over 350 solar resources of 3 MW or less spread across the Company's distribution grid.⁶⁴

⁶¹ Ex. 11 at Schedule 8 (Flowers Direct).

⁶² *Id.* at Schedule 9.

⁶³ *Id.* at 20.

⁶⁴ Va. Code § 56-585.5 D 2.

Peppertown Solar and Alberta Distributed Solar also reflect the Company's efforts to afford more flexibility in its RFP process to enhance developer participation and to expand the number of participating EPC contractors. Company Witness Flowers explained that these projects offer the opportunity for a new contracting structure where the Company acquires the project from the developer at the mechanical completion stage.⁶⁵ In addition, the Company has worked diligently to bring in new EPC contractors, which it has achieved with the EPC contract for these projects.⁶⁶ In sum, these projects will add to the Company's diverse solar fleet and will allow the Company to continue to apply lessons learned, best practices, and industry knowledge gained through its wide-ranging and expanding experience with solar generation.⁶⁷

ii. The costs of Peppertown Solar and Alberta Distributed Solar are reasonable and prudent.

The Report recommends denial of these two projects based on their projected costs⁶⁸ and concludes that customers would be "far better off" if the Company pursued alternative options to these projects.⁶⁹ The Company disagrees with this characterization.

The Company does not dispute that the results for Peppertown Solar and Alberta Distributed Solar under the traditional economic analysis are negative. However, Commission precedent shows this factor alone is not dispositive of whether the costs of a proposed investment under the VCEA are reasonable and prudent. Specifically, the Commission previously approved two Company-owned distributed solar projects, Ivy Landfill and Racefield, despite similar evidence of a negative net present value under a traditional economic analysis.⁷⁰ Notably, the

⁶⁵ Tr. 356:9-13 (Flowers).

⁶⁶ Tr. 356:4-8 (Flowers).

⁶⁷ Ex. 11 at 17 (Flowers Direct).

⁶⁸ Report at 129.

⁶⁹ Report at 133.

⁷⁰ See, e.g., 2022 RPS Final Order at 11-13.

NPV results for Ivy Landfill and Racefield Distributed Solar, inclusive of the social cost of carbon benefit, were approximately (\$3.5) million and (\$4.6) million, respectively, assuming production tax credits under the Inflation Reduction Act.⁷¹ This compares to the NPV results inclusive of the social cost of carbon benefit of approximately (\$5.16) million and (\$3.92) million, respectively, for Peppertown Solar and Alberta Distributed Solar under the same assumptions.⁷²

The Report appears to place significant weight on the fact that Peppertown Solar was also bid into the PPA RFP and not selected because of price.⁷³ The Report suggests that all of the benefits associated with the project as a Company-owned project would also accrue as a PPA. The Company disagrees.

Importantly, the VCEA directs that “35 percent of [solar and onshore wind] generating capacity procured shall be from the purchase of energy, capacity, and environmental attributes from solar or onshore wind facilities owned by persons other than the utility, with the remainder, in the aggregate, being from construction or acquisition by [Dominion Energy Virginia].”⁷⁴ The Commission has found that “Code § 56-585.5 D, as written, does not permit more than 35% of capacity to come from third-party-owned resources.”⁷⁵ As a Company-owned project, Peppertown Solar advances the clear directive to pursue Company-owned projects as 65% of its solar development efforts.

⁷¹ *Petition of Virginia Electric and Power Company, For approval of its 2022 RPS Development Plan under § 56-585.5 D 4 of the Code of Virginia and related requests*, Case No. PUR-2022-00124, Ex. 26, Supplemental Direct Testimony of Victoria A. Drummond at Supplemental Schedule 1 (filed Nov. 22, 2022).

⁷² Ex. 20 at Schedule 1 (Morton Direct); Ex. 40 at 48 (Glattfelder Direct).

⁷³ Report at 131.

⁷⁴ *See, e.g.*, Va. Code § 56-585.5 D 2 a.

⁷⁵ *2022 RPS Final Order* at 17.

Nor is it appropriate to compare the NPV results of a PPA to a Company-owned project.⁷⁶ As Company Witness Flowers explained, this is not an apples-to-apples comparison.⁷⁷ These are simply not the same products. Peppertown Solar has a 35-year life, while a PPA offers a 20-year term that would need to be reset after that term.⁷⁸

While the Company is pursuing solar PPAs,⁷⁹ this does not alleviate the need to also pursue Company-owned solar projects consistent with the VCEA development targets. And there are risks with alternative options for solar resources. As the record shows, six of the CE-2 Distributed Solar PPAs have terminated because the developers were unable to fulfill their obligations under the terms of the respective PPAs, citing the inability to obtain conditional use permits and inflationary cost effects.⁸⁰

For all of these reasons, and as supported by the evidentiary record, and consistent with the applicable law and express policy of the Commonwealth, the Commission should grant cost recovery for Peppertown Solar and Alberta Distributed Solar.

To the extent that the Commission adopts the Report's recommendation with respect to Peppertown Solar and Alberta Distributed Solar, the Company requests that the finding be limited to the projected costs of the Company purchasing and operating these facilities. The VCEA requires the Company to develop a significant amount of solar or onshore wind resources—16,100 MW by 2035, including 1,100 MW of distributed solar sized at 3 MW or less.⁸¹ Identifying and developing viable renewable energy projects requires time and resources.

⁷⁶ Report at 130.

⁷⁷ Tr. 353:4-7 (Flowers).

⁷⁸ Tr. 355:8-10 (Flowers).

⁷⁹ See, e.g., *infra* Section V.

⁸⁰ Ex. 18 at 3 (Keefer Direct).

⁸¹ Va. Code § 56-585.5 D 2.

change the tariff heading for Rider CE to "Clean Energy Projects and Power Purchase Agreements."⁸⁶

The Report recommends approval of the request to consolidate Riders PPA and CE subject to a requirement for the Company to provide information in future Rider CE proceedings on the bill impacts associated with Company-owned projects relative to the bill impacts associated with third-party resources for a typical residential customer based on 1,000 kWh per month.⁸⁷ The Company does not believe that this additional information is necessary to ensure customer transparency. The Company will continue to calculate the revenue requirement for a consolidated Rider CE by category, including a category for all approved PPAs.⁸⁸ This information alone will provide transparency into the components that make up the revenue requirement.⁸⁹ And as the Report recognizes, the relative contribution to customer bills of PPAs versus Company-owned resources can be ascertained with the information that will continue to be provided.⁹⁰

For these reasons, the Company respectfully requests that the Commission approve consolidation of Riders CE and PPA without the added condition noted in the Report. To the extent the Commission includes the condition regarding the Company providing relative bill impacts in future petitions, the Company requests that the relative bill impacts only be required for a typical residential customer.

⁸⁶ See Report at 122.

⁸⁷ Report at 151, Recommendation (11); *see also* Report at 122 (clarifying that the recommendation is focused on the bill impact associated with residential customers).

⁸⁸ Ex. 57 at 3 (Lecky Rebuttal).

⁸⁹ See Ex. 27 at Schedule 1 (Lecky Direct).

⁹⁰ Report at 122; *see also* Hearing Examiner's Attachment 1 (calculating the relative bill impact of PPAs versus Company-owned projects).

- E. While the Company maintains that its request for an ongoing waiver of the Rate Case Rules regarding calculating the revenue requirement by project is reasonable, the Company does not oppose the recommendation in the Report for a more limited waiver.**

The Company requested a future and ongoing waiver of the Rate Case Rules requirement to calculate the annual revenue requirement by project for the Company-owned projects approved in previous phases—currently CE-1, CE-2, and CE-3.⁹⁴ The Report recommends granting a more limited waiver than what the Company requested, permitting the Company to provide a by-phase (rather than by-project) revenue requirement only when all of the projects within a specific phase are constructed and operational—currently CE-1.⁹⁵

The Company continues to believe that its request for an ongoing waiver as proposed is reasonable. Calculating the revenue requirement by individual project for previously approved projects requires several cumbersome steps, without providing significant probative value. Once the Commission has approved Company projects for recovery through a rate adjustment clause, the relevant analysis in rate adjustment clause update proceedings becomes how the projects are proceeding and the reasonableness of the projected and actual costs.⁹⁶ The Company will continue to provide the information necessary for this review, consistent with the Rate Case Rules. Specifically, the Company will provide for each project:

- “An updated schedule of all projected and actual costs by type of cost and year and by month to the extent available.”⁹⁷ Filing Schedule 46A, Statements 8, 9, and 10 provide examples of this information, which includes a detailed cost report for each project

⁹⁴ Ex. 3 at 22-24 (Petition).

⁹⁵ Report at 151, Recommendation (16).

⁹⁶ See, e.g., Ex. 36 at 13:6-14:2 (Otwell) (reviewing *costs* underlying the revenue requirement); Report at 127 (finding that “[n]o case participant challenged the reasonableness and prudence of any *costs* incurred for the CE-1, CE-2, or CE-3 Projects or the reasonableness of [the Company’s] projected *costs* for these projects” (emphasis added)).

⁹⁷ 20 VAC 5-204-90, Schedule 46(c)(1)(i); Tr. 472:9-16 (Lecky).

broken down by multiple budget categories (*e.g.*, land, electrical interface) and sub-categories (*e.g.*, environmental, EPC contractor, property taxes).⁹⁸

- “[T]ransaction-level details to facilitate the sampling and audit of such actual costs electronically to the Division to Utility Accounting and Finance in an electronic spreadsheet.”⁹⁹
- “Key documents supporting the projected and actual costs recovered through the rate adjustment clause . . . that have not been provided in previous applications.”¹⁰⁰ Filing Schedule 46A, Statement 11 provides a list of the documents supporting costs that the Company provided by project.¹⁰¹

The Report recommends a more limited waiver citing the potential variability of the costs of a project prior to commercial operation.¹⁰² But the information cited as an example of this variability is from the summary of the cost reports that the Company will continue to provide by project—not the project’s revenue requirement.¹⁰³ And in its analysis of the previously-approved projects, the Report again cites to the summary of the cost reports that the Company will continue to provide by project.¹⁰⁴ This illustrates that the Commission, Staff, and respondents will have the information necessary to review previously approved projects. Requiring the Company to take this by-project cost information and convert it to a revenue requirement does not add significant value when compared to the time and resources necessary to calculate the revenue requirement by project.

Nevertheless, the Company does not oppose the recommendation in the Report that a more limited waiver be granted. As the Report notes, “[t]his limited waiver, if approved, should

⁹⁸ Ex. 10ES, Filing Schedule 46A, Statements 8, 9, and 10.

⁹⁹ 20 VAC 5-204-90, Schedule 46(c)(1)(ii); Tr. 472:24-473:3 (Lecky).

¹⁰⁰ 20 VAC 5-204-90, Schedule 46(c)(1)(ii); Tr. 473:7-20 (Lecky).

¹⁰¹ Ex. 9, Filing Schedule 46A, Statement 11.

¹⁰² Report at 134-35.

¹⁰³ Report at 134 (referring to the increase in the cost of a specific project, not the increase in the revenue requirement). The Report cites to Ex. 11 at Schedule 2; this schedule provides a summary overview of the cost reports by project, the full versions of which are provided in Ex. 10ES at Filing Schedule 46A, Statement 8.

¹⁰⁴ Report at 127.

help inform the Commission as to whether a more expansive waiver is warranted in the future.”¹⁰⁵ For clarity, if the Commission adopts the recommendation of the Report for a more limited waiver, the Company understands the recommendation to mean that the Company may calculate one revenue requirement for the three CE-1 Projects. The Company understands the second component of the recommendation allowing for the Company to “post project-specific revenue requirement information in its eRoom” to apply to the other phases where the Company would be calculating revenue requirements by project (*i.e.*, CE-2, CE-3, CE-4).

V. PRUDENCE DETERMINATIONS FOR THE CE-4 PPAS

A. The CE-4 PPAs are prudent.

The Report recommends that the Commission find the CE-4 PPAs to be prudent.¹⁰⁶ The Company agrees. The record supports the Report’s recommendation regarding prudence determinations for the CE-4 PPAs, including:

- The PPAs were selected from a robust and transparent evaluation and selection process.¹⁰⁷
- The PPAs are needed for compliance with the VCEA—both the requirements of the RPS Program and the directive to develop significant amounts of solar capacity—and to serve native load.¹⁰⁸
- The PPAs will contribute to the 35% requirements for the relevant development targets established by the VCEA.¹⁰⁹
- The results of the economic analyses completed for the PPAs support approval.¹¹⁰

¹⁰⁵ Report at 135.

¹⁰⁶ Report at 151, Recommendation (9).

¹⁰⁷ Ex. 18 at 6-7 (Keefer Direct); Ex. 9/10ES at Filing Schedule 46B, Statement 1 (2022 PPA RFP Report).

¹⁰⁸ Ex. 20 at 3-10 (Morton Direct); Ex. 18 at 5-6 (Keefer Direct).

¹⁰⁹ *Id.* at 6; Ex. 4 at 4-7 (2023 RPS Development Plan).

¹¹⁰ Ex. 20ES at Schedules 4 through 6 (Morton Direct).

- The PPAs will provide positive benefits and promote economic development in the Commonwealth.¹¹¹
- The PPAs were evaluated for environmental justice considerations and the Company has encouraged developers to address environmental justice concerns up front.¹¹²

For these reasons, the Company requests that the Commission find that entering into the CE-4 PPAs is prudent.

As to future PPA requests, the Report recommends that the Company “identify the high-end and low-end potential nameplate capacities, if applicable, for PPAs associated with solar facilities that have not yet completed construction.”¹¹³ The Company does not oppose this recommendation,¹¹⁴ though clarifies that it would identify this information in its testimony and then complete an economic analysis only for one nameplate capacity for the PPA.

B. Providing economic analyses for distributed solar PPAs by groupings is reasonable.

The Report recommends that the Company provide disaggregated economic analysis results for each proposed PPA to enable the Commission “to review each PPA based on its individual merits.”¹¹⁵ This recommendation is based on the Company having grouped similar distributed solar PPAs together for purposes of its NPV analyses.¹¹⁶

The Company opposes this recommendation as unnecessary. Grouping together distributed solar PPAs for purposes of its NPV analyses is consistent with the Company’s practice in prior cases. In both the CE-2 and CE-3 proceedings, the Company provided information on each PPA, such as the nameplate capacity and year one price, allowing Staff and

¹¹¹ Ex. 18 at 9-10 (Keefer Direct).

¹¹² *Id.* at 10-11.

¹¹³ Report at 148, Finding (31); Report at 151, Recommendation (12).

¹¹⁴ Ex. 47 at 3 (Keefer Rebuttal).

¹¹⁵ Report at 151, Recommendation (10); *see* Report at 147, Finding (25).

¹¹⁶ Report at 118-19; *see* Ex. 20 at Schedule 4 through 6 (Morton Direct).

the Commission to review each PPA on its individual merit. The Company then grouped the distributed solar PPAs for the limited purpose of the economic analyses based on the number of distributed solar PPAs (*e.g.*, 12 CE-2 Distributed Solar PPAs, 6 CE-3 Distributed Solar PPAs) and the similarity in facility size (*e.g.*, 3 MW versus 1 MW) and type (*e.g.*, tracking versus fixed tilt).¹¹⁷ Staff did not take issue with this approach in prior proceedings.

Additionally, the Company expects the modeling results for individual distributed solar PPAs to be directionally similar based similarities in facility sizes and types.¹¹⁸ Accordingly, requiring individual NPV analyses for each distributed solar PPA would add time- and resource-intensive PLEXOS model runs without providing significant probative value.

For these reasons, the Company opposes this recommendation as unnecessary and continues to believe its aggregated approach for these similarly sized and potentially numerous distributed solar PPAs is reasonable.

To the extent the Commission directs the Company to provide disaggregated economic analysis results for distributed solar PPAs, the Company respectfully requests that the directive be limited to providing disaggregated results for the five largest distributed solar PPAs in a petition, and then grouping the remaining distributed PPAs consistent with the precedent to date.

VI. RPS PROGRAM COMPLIANCE

The Report recognizes that verification of the Company's compliance with the RPS Program for compliance year 2022 cannot be finalized until open issues are addressed in a separate Commission proceeding.¹¹⁹ The Company agrees, and requests that the Commission

¹¹⁷ Ex. 49 at 9 (Morton Rebuttal).

¹¹⁸ Ex. 49 at 9 (Morton Rebuttal).

¹¹⁹ Report at 2. The finding on this point states that the Commission cannot finalize its determination of RPS Program compliance amounts for "calendar year 2021 or 2022" because of

defer making a finding in this proceeding regarding the Company's compliance with the RPS Program compliance year 2022.¹²⁰

- A. The Report correctly finds that, while verification of the Company's compliance with the RPS Program cannot be finalized here, certain issues regarding RPS Program compliance should be determined in this proceeding.**

The Company also agrees that certain RPS Program-related issues *can* be resolved in this proceeding regarding the calculation of the Company's RPS Program requirement, the RECs that the Company has proposed using for the 2022 compliance year, and the procedure used to demonstrate compliance.¹²¹ The Company agrees with all of the Report's findings and recommendations related to the calculation of the Company's RPS Program requirement—Findings (34) through (38) and Recommendations (17) through (20)—and the procedure used to demonstrate compliance—Finding (45). The Company takes issue, however, with select findings and recommendations regarding the RECs that the Company has proposed using for the 2022 compliance year.

open issues to be determined outside of this case. Report at 148, Finding (33). The Company believes that this finding should refer to "compliance year" rather than "calendar year," similar to the use of "compliance year" in other findings and recommendations. See Report at 149, Finding (37), (39) through (43). Va. Code 56-585.5 C sets the RPS Program requirements for each compliance year based on "a percentage of the total electric energy sold in the previous calendar year." Accordingly, the RPS Program Compliance Report filed in this proceeding was for the 2022 compliance year, which was based on 2021 calendar year data. See Ex. 8 (2022 RPS Program Compliance Report). Similarly, the RPS Program Compliance Report filed in last year's Subsection D 4 for proceeding was for the 2021 compliance year, which was based on 2020 calendar year data.

¹²⁰ Ex. 58 at 2 (Gaskill Rebuttal).

¹²¹ See Ex. 60 for a summary of the outstanding issues by component, where the Company believes the issue should be decided, and the Company's position on the issue.

B. The Company agrees with all but a portion of the recommendations on RECs used for the 2022 RPS Program compliance year.

There are five REC fuel codes at issue in this proceeding. The Company agrees with the recommendations related to two of the five fuel codes: (i) the recommendation to approve the use of landfill gas RECs;¹²² and (ii) the recommendation to allow the Company to submit biomass and waste heat REC certifications after the Commission makes a final determination about the Company's RPS Program compliance obligation,¹²³ resulting in the permissible use of waste heat RECs.

The Company does not oppose the recommendations that two of the five fuel codes for 2022 compliance year should not be permitted for use towards compliance: (iii) tire-derived fuel ("TDF")¹²⁴ and (iv) other biomass gas ("OBG").¹²⁵ The Company does, however, oppose the Report's suggestion that the Company had "no basis" to "purchase" these TDF and OBG RECs.¹²⁶ The Company did have a reasonable basis to purchase these RECs—their Virginia state certification number in GATS denoting the RECs as Virginia RPS eligible.¹²⁷ The Company did not seek to purchase TDF or OBG RECs specifically; instead, the Company contracted with a counterparty to deliver a specific amount of Virginia eligible RECs.¹²⁸ The Company and the counterparty, as market participants, then relied on information in GATS to confirm that the counterparty satisfied its contractual obligation.¹²⁹ Because GATS listed these RECs as Virginia RPS eligible, the contractual obligation was satisfied. This situation illustrates

¹²² Report at 152, Recommendation (21); *see also* Report at 149, Finding (39).

¹²³ Report at 152, Recommendation (23); *see also* Report at 149, Finding (43).

¹²⁴ Report at 152, Recommendation (22); *see also* Report at 149, Finding (41).

¹²⁵ Report at 152, Recommendation (22); *see also* Report at 149, Finding (42).

¹²⁶ *See* Report at 142.

¹²⁷ Ex. 62 at 5 (Leimann Rebuttal).

¹²⁸ *See* Tr. 535:23-536:13 (Leimann).

¹²⁹ Ex. 62 at 5 (Leimann Rebuttal).

the importance of the accuracy of GATS for all users, including the Company. Accordingly, while the Company does not oppose the finding that these RECs may not be *used* to satisfy its obligation for the 2022 compliance year, the Company does oppose any finding that the purchase of these RECs was unreasonable.

Finally, the Company opposes the finding and recommendation as to one fuel code—black liquor (“BLQ”).¹³⁰ For the 2022 compliance year, Va. Code § 56-585.5 C permits the Company to use RECs “from any renewable energy facility, as defined in § 56-576,” that are located within PJM except, relevant here, RECs from “biomass-fired facilities that are outside the Commonwealth.” The definition of “renewable energy” in Va. Code § 56-576 means energy derived from “biomass, . . . energy from waste, landfill gas, [and] municipal solid waste.”

BLQ is a by-product of pulp from mills that make products from trees, such as paper.¹³¹ Accordingly, the Company believes that BLQ can reasonably be considered “energy from waste.” That is, black liquor is “waste” from the paper-making process that is then used to generate energy.¹³² Va. Code § 56-576 specifically lists “energy from waste” separately from “biomass,” such that RECs from “energy from waste” do not fall into the exclusion of out-of-state biomass in Va. Code § 56-585.5 C. The Company submits that this is a reasonable interpretation and would allow for the use of available low-cost RECs for the benefit of customers.

Despite a finding in line with this logic for landfill gas RECs, the Report finds otherwise for BLQ RECs because of a recent Commission order in Case No. PUR-2021-00064 (the “2024

¹³⁰ Report at 152, Recommendation (22); *see also* Report at 149, Finding (40).

¹³¹ Ex. 62 at 7 (Leimann Rebuttal).

¹³² *Id.*

Business Rules Order”).¹³³ The 2024 Business Rules Order should not control the question in this proceeding because of the compliance year at issue. At issue in this proceeding are RECs for the 2022 compliance year. The Report agrees with the Company’s proposed approach to determine REC eligibility for a given compliance year by “apply[ing] the legal definitions in effect at the end of that year.”¹³⁴ Accordingly, for the 2022 compliance year, the Company would look to the law effective at the end of 2022. In making its finding on BLQ RECs, the 2024 Business Rules Order explicitly points to the “recent amendments to Code § 56-585.5” that occurred effective July 1, 2023.¹³⁵ The 2024 Business Rules Order should thus not factor into the analysis of RECs for compliance year 2022 at issue in this case.

For these reasons, the Company opposes the finding and recommendation to reject the Company’s use of BLQ RECs, and asks instead that the Commission approve the use of these RECs for compliance year 2022.

VII. CONCLUSION

The CE-4 Projects, the CE-4 Distributed Solar Project, and the CE-4 PPAs represent an important next step in the development of solar resources in the Commonwealth. These projects and PPAs were selected from robust and transparent competitive solicitation processes; are needed to provide capacity, energy, and RECs; support the development targets set forth in the VCEA; and further the public policy of the Commonwealth. The 2023 RPS Development Plan incorporates these specific projects and PPAs, and outlines the Company’s plan for development through 2035 to meet the targets of the VCEA consistent with the requirements of

¹³³ Report at 141-42.

¹³⁴ Report at 150, Finding (44).

¹³⁵ *Ex parte: In the matter of registering and retiring Virginia-eligible renewable energy certificates*, Case No. PUR-2021-00064, Order Revising Business Rules at 1-2 (Feb. 9, 2024).

Subsection D 4. The Petition meets all statutory and regulatory requirements as supported by the evidentiary record and should be approved in full as reasonable and prudent.

WHEREFORE, Dominion Energy Virginia respectfully requests that the Commission:

- (1) approve the 2023 RPS Development Plan pursuant to Va. Code § 56-585.5 D 4;
- (2) grant certificates of public convenience and necessity for, and approve, the construction or acquisition and operation of Beldale Solar, Blue Ridge Solar, Bookers Mill Solar, and Michaux Solar pursuant to Va. Code § 56-580 D;
- (3) approve the costs of (a) the proposed CE-4 Projects and related interconnection facilities, including Peppertown Solar, and (b) the CE-4 Distributed Solar Project (*i.e.*, Alberta Distributed Solar) and related interconnection facilities for recovery through Rider CE pursuant to Va. Code § 56-585.1 A 6;
- (4) approve the update to Rider CE for the recovery of costs associated with the CE-1, CE-2, and CE-3 Projects and Distributed Solar Project, and related interconnection facilities, previously approved by the Commission;
- (5) find that entering into the CE-4 PPAs is prudent pursuant to Va. Code § 56-585.1:4;
- (6) approve the costs of the CE-4 PPAs for recovery through Rider CE pursuant to Va. Code § 56-585.1 A 5;
- (7) approve the consolidation of Rider CE and Rider PPA pursuant to Va. Code § 56-585.1 A 7, resulting in (a) the recovery of costs associated with the CE-1, CE-2, and CE-3 PPAs through Rider CE and (b) the end of Rider PPA as of April 30, 2024;
- (8) approve the proposed Rider CE revenue requirement of \$135.16 million for service rendered on or after May 1, 2024;
- (9) approve the proposed Rider CE subject to future Rider CE proceedings and true-ups, effective for usage on and after May 1, 2024; and,
- (10) to the extent deemed necessary, defer making a finding in this proceeding regarding the Company's compliance with the RPS Program for compliance year 2022.

Respectfully submitted by:

VIRGINIA ELECTRIC AND POWER COMPANY

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March 1, 2024

Attachment 1

Attachment 1: Position on Hearing Examiner's Findings and Recommendations

Hearing Examiner's Findings and Company Position

No.	Finding	Statement of Company's Position
1	The 2023 RPS Development Plan indicates that, with the Company's instant Petition, the Company has exceeded the interim statutory requirement to petition for 3,000 MW of compliance resources by December 31, 2024, even without consideration of the statutory offset for certified ARB capacity, which reached 1,972 MW as of June 30, 2023.	The Company does not dispute that it has met and exceeded the first interim requirement set forth in Va. Code § 56-585.5 D 2 a to develop at least 3,000 MW of solar or onshore wind in the Commonwealth.
2	The 2023 RPS Development Plan generally appears reasonable and prudent based on the record of this case, giving due consideration to all factors required by Code § 56-585.5 D 4, provided the Company's current development of solar and onshore wind resources is based on factors other than the 2024 interim statutory petition requirement of Code § 56-585.5 D. In addition, given the elevated costs of the Company's solar projects and PPAs proposed in the instant case, and the Company's concerns about REC availability, the Company should solicit long-term agreements for unbundled RECs, either by expanding its existing RFP process or through a parallel competitive process.	The Company agrees that the 2023 RPS Development Plan is reasonable and prudent. See Comments Section II.A. Assuming the "current development" refers to the CE-4 Projects, Distributed Solar Project, and PPAs, the need for those projects is based on factors beyond just the 2024 interim development target. See Comments Section II.A and III.A. A solicitation for long-term agreements for unbundled RECs may not be necessary at this time. See Comments Section II.B.
3	The Company should continue to monitor new and developing energy storage technologies and refine its assumptions in future RPS plan and IRP proceedings, as appropriate.	The Company does not oppose this finding. See Comments Section II.C.
4	The Company should continue to explore ways to value location when selecting potential VCEA resources.	The Company does not oppose this finding. See Comments Section II.C.
5	The Company no longer opposes a directive to upload, at the time of future RPS plan filings, an IRP underlying the RPS plan filing to an eRoom, which would facilitate access to relevant information for participants in RPS plan cases.	The Company does not oppose this finding. See Comments Section II.C.
6	Case participants' recommendation for Commission directives from the 2023 IRP Case to be reflected in the Commission's order in the instant case is moot.	The Company agrees with this finding.
7	No evidence indicates that the addition of Beldale, Blue Ridge, Bookers Mill, or Michaux would have a material adverse effect on reliability. These CE-4 Projects all have executed Interconnection Service Agreements that will obligate these projects to address any identified adverse system reliability impacts.	The Company agrees with this finding.

Attachment 1: Position on Hearing Examiner's Findings and Recommendations

No.	Finding	Statement of Company's Position
8	The VCEA created a need for Beldale, Blue Ridge, Bookers Mill, and Michaux, which would provide RECs that are necessary for RPS compliance, in addition to capacity and energy. The Company's unprecedented load and peak load growth projections – attributed to additional data center growth – increase the challenges of transforming Company's generation fleet without compromising system reliability or affordability.	The Company agrees that Beldale Solar, Blue Ridge Solar, Bookers Mill Solar, and Michaux Solar are needed to comply with the VCEA—both the requirement to develop a significant amount of renewable energy generation and the RPS Program requirements—and to serve customers' capacity and energy needs.
9	Pursuant to Code § 56-585.1 A 6, the Commission must consider the social cost of carbon as a benefit in this proceeding. However, the Company's presentation of economic results in this case blurred the estimated value of its proposed projects to the Company's ratepayers by combining (i) estimated global benefits to the entire world from estimated carbon reductions with (ii) economic estimates of the benefit/detriment to the Company's ratepayers.	The Company disagrees that its presentation of the economic analysis results is unclear or that a combined NPV should be omitted from future petitions. See Comments Section III.B.
10	The economics of Beldale, Blue Ridge, Bookers Mill, and Michaux – even after incorporating the effects of the Inflation Reduction Act – are generally underwhelming for the Company's ratepayers, although these projects would provide economic development benefits (accruing in part to localities) and these projects would provide a social cost of carbon benefit (accruing to the world). For Beldale, Blue Ridge, and Michaux, the Company's low-end economic results in the record are significantly negative for the Company's ratepayers, with the estimated negative net present value of these projects to the Company's ratepayers exceeding the estimated positive net present value to the world from reduced emissions. The Company's estimated net present value to its ratepayers is negative for Beldale, Blue Ridge, and Michaux in all three scenarios analyzed by the Company, although these projects would provide global benefits from reduced emissions. However, for two of the three scenarios analyzed by the Company, Bookers Mill has an estimated net present value to the Company's ratepayers that is positive or approaches break-even, in addition to providing global benefits from reduced emissions.	The Company disagrees with the characterization of the economic analysis results as underwhelming. The results of the economic analyses are just one component in the evaluation of whether the construction of a specific facility or facilities is reasonable and prudent.
11	Because Bookers Mill has a DEQ permit by rule, Code §§ 56-580 D, 56-46.1 A, and/or 10.1-1197.8 B preclude environmental review of Bookers Mill by the Commission.	The Company agrees with this finding, though does not agree in full with the underlying rationale.
12	Beldale, Blue Ridge, and Michaux would have some positive environmental impacts, notably on air emissions and water use associated with energy production. These projects would also have some negative environmental impacts, due in part to the acreage and forestland required for their construction.	The Company believes that these project sites are well-suited for the proposed solar facilities based on studies demonstrating that the projects will have minimal environmental impacts.

Attachment 1: Position on Hearing Examiner's Findings and Recommendations

No.	Finding	Statement of Company's Position
13	DCR's recommendation to plant Virginia native pollinator plant species, which has been rejected in prior RPS plan orders, raises cost and statutory anti-duplication concerns.	The Company agrees that DCR-DNH's recommendation raises cost, legal, and policy concerns.
14	DCR's recommendation to develop and implement an invasive species management plan, which has been rejected in prior RPS plan orders, raises cost concerns and statutory anti-duplication concerns in the context of a generation CPCN proceeding. However, Commission orders in transmission CPCN cases have directed the Company to meet with DCR regarding this issue and report on the status of such meetings.	The Company agrees that this DCR-DNH's recommendation raises cost, legal, and policy concerns.
15	Adoption of DOF's recommendation to mitigate or compensate for negative impacts to trees or forests, which has been rejected in prior RPS plan orders, would increase the costs to ratepayers for projects that are already economically challenged.	The Company agrees that DOF's recommendation would increase the costs of these projects. The Company also believes that DOF's recommendation lacks a legal basis.
16	DCR-DNH's recommendations to increase the width of certain buffers – which is a matter local governments considered in their reviews and approvals of Beldale, Blue Ridge, and Michaux – raise statutory anti-duplication concerns.	The Company will comply with all state and local requirements related to buffering waterways, making this DCR-DNH recommendation unnecessary and unreasonable.
17	Provided construction of Michaux would not be delayed, it is reasonable for the Company to provide its construction team with information about plant species identified by DCR-DNH and to coordinate with DCR-DNH if a species of concern is observed within the Michaux project area.	The Company does not oppose this finding.
18	It is reasonable for the Company to follow applicable guidance, and any requirements, of USFWS and DWR regarding bat survey work in the Blue Ridge project area.	The Company does not oppose this finding.
19	Environmental justice outreach by the Company and developers has occurred for Beldale, Blue Ridge, and Michaux, and, for some of these projects, may remain ongoing. These projects do not appear to adversely impact relevant environmental justice communities. In addition, the Company's EPC contract includes provisions for the contractor to use reasonable efforts to maximize the hiring of local residents by subcontractors and vendors.	The Company agrees with this finding.
20	It is likely that construction of Beldale, Blue Ridge, Bookers Mill, and Michaux would provide some economic development benefits within the Commonwealth, including but not limited to furtherance of the economic and job creation objectives of the Commonwealth Clean Energy Policy set forth in § 45.2-1706.1.	The Company agrees that construction of these projects will provide economic development benefits within the Commonwealth.
21	Code § 56-585.1 A 6 deems to be "in the public interest" the construction of solar facilities far in excess of the amounts proposed in this case and prior proceedings.	The Company agrees with this finding.

Attachment 1: Position on Hearing Examiner's Findings and Recommendations

No.	Finding	Statement of Company's Position
22	Based on my weighing of the evidence for Beldale, Blue Ridge, Bookers Mill, and Michaux, their construction is required by the public convenience and necessity. While the record indicates that these projects do not offer a meaningful or cost-effective means of satisfying the Company's capacity needs, they would reasonably and prudently help satisfy the Company's RPS compliance and energy needs. However, should the Commission assign greater weight to the economic analysis in this case, the record could support denial of some or all of these projects.	The Company agrees that Beldale Solar, Blue Ridge Solar, Bookers Mill Solar, and Michaux Solar are required by the public convenience and necessity. See Comments Section III.A.
23	Conditioning CPCN approval on the uncontested DEQ recommendations is desirable or necessary to minimize adverse environmental impact.	The Company agrees that the uncontested recommendations from the DEQ Report should be adopted and that the six contested recommendations from the DEQ Report should be rejected. See Ex. 45 (Boschen Rebuttal).
24	Based on my assessment of the record, it was prudent for the Company to execute the CE-4 PPAs and CE-4 Distributed Solar PPAs.	The Company agrees with this finding.
25	Disaggregated economic analysis and results for each proposed PPA would enable the Commission to review each PPA based on its individual merits.	The Company believes that providing economic analyses for distributed solar PPAs by groupings is reasonable. See Comments Section V.B.
26	An avoided cost of REC scenario that blends forecasted market prices and statutory deficiency penalties contributes to a more comprehensive net present value analysis of the system costs and benefits of proposed PPAs and projects.	The Company does not oppose this finding.
27	Consolidation of Riders PPA and CE is in the interest of judicial economy. To address customer transparency concerns regarding the relative bill impacts of Company-owned resources and third-party owned resources approved for VCEA compliance, the Commission can direct the Company to provide information on such relative bill impacts in future petitions to revise the consolidated rate adjustment clause.	The Company agrees that consolidation of Riders PPA and CE is in the interest of judicial economy. The Company does not believe that information on the bill impacts associated with Company-owned projects relative to the bill impacts associated with third-party resources is necessary to ensure customer transparency. If the Commission includes the condition to provide relative bill impacts in future petitions, the Company requests that the relative bill impacts only be required for a typical residential customer. See Comments Section IV.B.

Attachment 1: Position on Hearing Examiner's Findings and Recommendations

No.	Finding	Statement of Company's Position
28	The record supports approval of Staff's \$135.16 million revenue requirement calculation, except: (a) project-specific revenue requirement(s) would need to be removed if Beldale, Blue Ridge, Bookers Mill, and/or Michaux are denied a CPCN, or if Peppertown and/or Alberta are denied cost recovery; and/or (b) PPA-specific revenue requirement(s) would need to be removed if the Commission determines any of the proposed PPAs are imprudent.	The Company agrees that the record supports approval of the uncontested Rider CE revenue requirement. See Comments Section IV.D.
29	For Peppertown and Alberta, all of the economic results in the record – even after incorporating the effects of the Inflation Reduction Act – are significantly negative for the Company's ratepayers, indicating that the Company's ratepayers would be far better off if the Company pursued other options. While these facilities would provide some economic development benefits and a cost of carbon benefit, economic results in this case indicate that the negative cost to the Company's ratepayers from these facilities would be approximately two to four times greater than their projected global benefit from reduced carbon emissions. These projects also have high levelized costs of energy and high capacity costs. In addition, most of the identified benefits of Peppertown could have been obtained by accepting prior PPA offers for this facility.	The Company disagrees with the characterization of the economic analysis results as "significantly negative." The results of the economic analyses are just one component in the evaluation of whether the construction of a specific facility or facilities is reasonable and prudent. The record shows that these projects were the result of a competitive solicitation process; will provide energy, capacity, and RECs to serve customers' needs; and support the Company's progress toward meeting the development targets of the VCEA. Neither Commission Staff nor any party to the proceeding recommended disallowance of the costs of these projects. See Comments Section IV.A.
30	Based on my weighing of the evidence for Peppertown and Alberta, the costs of these facilities are unreasonable and imprudent, and the recovery of such costs would result in an unreasonable increase in the rates paid by the Company's customers. Denying cost recovery for these projects would lower the revenue requirement in this proceeding by approximately \$1.88 million. Should the Commission assign less weight to the Company's economic analysis in this case, the record could support approving cost recovery for Peppertown and/or Alberta.	The Company agrees that the record supports approval of Peppertown Solar and Alberta Distributed Solar. See Comments Section IV.A.
31	Future Rider CE filings should identify the high-end and low-end of potential nameplate capacities, if applicable, for PPAs associated with solar facilities that have not yet completed construction.	The Company does not oppose this finding, though clarifies that it would identify this information in testimony and then complete an economic analysis only for one nameplate capacity for the PPA.
32	The Company agreed to list in future RFP report summary tables key risks and key risk categories for selected facilities.	The Company does not oppose this finding.

Attachment 1: Position on Hearing Examiner's Findings and Recommendations

No.	Finding	Statement of Company's Position
33	The Commission cannot finalize its determination of the Company's RPS compliance obligation amounts for calendar year 2021 or 2022 in this case because of open issues that will be determined outside of this case.	The Company agrees with this finding, though believes that this finding should refer to "compliance year" rather than "calendar year," similar to the use of "compliance year" in other findings and recommendations. See Comments Section VI.
34	The Company's FERC Form 1 is an appropriate data source to use, where possible, in calculating the Company's annual RPS obligation, provided the underlying information is applicable and accurately reported by the Company.	The Company agrees with this finding.
35	Craig Botetourt should not be included in the RPS obligation calculation.	The Company agrees with this finding.
36	It does not appear that VMEA and Micron must be included in the statutory definition of "total electric energy sold to retail customers" for the Commission to recognize, and not impede, the Company's contractual obligations with these customers. If the Company is allowed to embed the obligation of VMEA and Micron in future RPS compliance reports, an explanatory footnote can indicate these customers' contractual obligations are included in the total. Alternatively, the Commission could direct the Company to include VMEA and Micron's contractual obligation as a separately identified amount in future RPS compliance reports.	The Company does not oppose this finding. The Company prefers the alternative of including an explanatory footnote in future calculations of its RPS Program compliance obligation.
37	The amount of the statutory ARB sale offset to the RPS compliance obligation should be taken from the annual Commission-established ARB certification process and any relevant Commission orders. For the 2022 compliance year, the record supports a statutory offset for certified ARB sales in the amount of 8.49 million MWh for the Company.	The Company agrees with this finding.
38	The amount of the statutory nuclear offset to the RPS obligation should be calculated using applicable FERC Form 1 data, with the resulting percentage rounded to two decimal places. Because the Company is supplying shopping customers with zero generation, nuclear or otherwise, it appears that zeroing out shopping customers from the nuclear offset calculation would be consistent with Code § 56-585.5 A.	The Company agrees with this finding.
39	Based on Code §§ 56-576 and 56-585.5 C, out-of-state landfill gas RECs fall outside of the statutory exclusion for out-of-state biomass and can be used for RPS compliance for 2022.	The Company agrees with this finding.
40	The Commission's 2024 Business Rules Order appears to have determined that out-of-state black liquor RECs cannot be used for RPS compliance for 2022.	The Company opposes this finding and asks that the Commission approve the use of these RECs for compliance year 2022. See Comments Section VI.B.

Attachment 1: Position on Hearing Examiner's Findings and Recommendations

No.	Finding	Statement of Company's Position
41	The Company's retirement of tire-derived fuel RECs for compliance year 2022 was inconsistent with the Commission's GATS Business Rules, and unsupported by the Code.	The Company does not oppose this finding but opposes the suggestion in the Report that the Company had "no basis" to "purchase" these RECs. See Comments Section IV.B.
42	The Company's retirement of other biomass gas RECs generated in Ohio for compliance year 2022 was inconsistent with the Commission's GATS Business Rules, and unsupported by the Code.	The Company does not oppose this finding but opposes the suggestion in the Report that the Company had "no basis" to "purchase" these RECs. See Comments Section IV.B.
43	The Company did not submit timely certifications that the Commission's GATS Business Rules require for biomass and waste heat RECs. It is reasonable to allow the Company to submit such certifications after the Commission makes a final determination about the Company's RPS obligation for compliance year 2022.	The Company agrees that it is reasonable to allow submission of biomass and waste heat certifications after the Commission makes a final determination about the RPS Program compliance obligation for compliance year 2022.
44	To determine REC eligibility for a given compliance year, it is reasonable for the Company to apply the legal definitions in effect at the end of that year, while also taking into account the five-year statutory banking window.	The Company agrees with this finding.
45	A Commission order is required to address RECs that the Company inadvertently retired instead of banked and RECs retired for the incorrect compliance period. The Company plans to request such an order after the RPS obligation amounts for compliance years 2021 and 2022 are determined.	The Company agrees with this finding.
46	Outage information for the Company's solar facilities and PPA capacity factors for solar facilities the Company has under contract would provide additional information to assess the performance of the Company's solar facilities in RPS plan proceedings.	The Company agrees with this finding, including the finding that the reporting be limited to the Company's system solar fleet (<i>i.e.</i> , not include ring-fenced facilities). See Comments Section II.C.

Hearing Examiner's Recommendations and Company Positions

No.	Recommendation	Statement of Company's Position
1	FINDS , giving due consideration to all factors required by Code § 56-585.5 D 4, that the Company's 2023 RPS Development Plan is generally reasonable and prudent based on the record of this case, provided: (i) the Company's current development of solar and onshore wind resources is based on factors other than the 2024 interim statutory petition requirement of Code § 56-585.5 D; and (ii) the Company plans to solicit long-term agreements for unbundled RECs for potential inclusion as part of a RPS compliance portfolio.	The Company agrees that the 2023 RPS Development Plan should be found reasonable and prudent, though does not believe that the conditions listed for this recommendation are necessary. See Comments Section II.A and II.B.

Attachment 1: Position on Hearing Examiner's Findings and Recommendations

No.	Recommendation	Statement of Company's Position
2	DIRECTS the Company to solicit long-term agreements for unbundled RECs, either by expanding the Company's existing RFP process or through a parallel competitive process.	The Company believes that such a solicitation may not be necessary at this time. See Comments Section II.B.
3	DIRECTS the Company to continue to monitor new and developing energy storage technologies and refine its assumptions in future RPS plan and IRP proceedings, as appropriate.	The Company does not oppose this recommendation. See Comments Section II.C.
4	DIRECTS the Company to continue to explore ways to value location when selecting potential VCEA resources.	The Company does not oppose this recommendation. See Comments Section II.C.
5	DIRECTS the Company to upload to an RPS plan eRoom, at the time of future RPS plan filings: • any recent IRP on which the RPS plan is based; and • the Excel files underlying the associated IRP appendices.	The Company does not oppose this recommendation. See Comments Section II.C.
6	APPROVES and GRANTS CPCNs for Beldale, Blue Ridge, Bookers Mill, and Michaux, subject to the conditions that the Company: • comply with the uncontested recommendations of the DEQ Report; • obtain all environmental permits and approvals necessary to construct and operate these projects; and • For Michaux, provide the Company's construction team with information about plant species identified by DCR-DNH and coordinate with DCR-DNH if a species of concern is observed within the project area, so long as project construction would not be delayed.	The Company agrees with this recommendation. See Comments Section III.A.
7	DIRECTS the Company, in future RPS plan petitions accompanied by requests for new projects or PPAs, to separate – and not combine – in its economic analysis, any estimated global social cost of carbon value from the estimated economic value to the Company's system.	The Company opposes this recommendation, as the Company should not be precluded from presenting an additional datapoint for its projects that incorporates the social cost of carbon into the economic analysis results. See Comments Section III.B.
8	ENCOURAGES the Company to continue any ongoing environmental justice outreach.	The Company does not oppose this recommendation, as it intends to continue its planned outreach to local communities.
9	FINDS the CE-4 PPAs and CE-4 Distributed Solar PPAs are prudent.	The Company agrees with this recommendation. See Comments Section V.A.
10	DIRECTS the Company to provide, in future PPA prudence petitions, disaggregated economic analysis and results for each proposed PPA.	The Company does not believe this recommendation is necessary. See Comments Section V.B.

Attachment 1: Position on Hearing Examiner's Findings and Recommendations

No.	Recommendation	Statement of Company's Position
11	<i>APPROVES</i> consolidation of Riders PPA and CE, subject to a requirement for the Company to provide in future Rider CE petitions information on the bill impacts associated with Company-owned projects/facilities relative to the bill impacts associated with third-party resources.	The Company agrees with the recommendation to approve the consolidation of Riders PPA and CE. The Company does not believe that information on the bill impacts associated with Company-owned projects relative to the bill impacts associated with third-party resources is necessary to ensure customer transparency. If the Commission includes the condition to provide relative bill impacts in future petitions, the Company requests that the relative bill impacts only be required for a typical residential customer. See Comments Section IV.B.
12	<i>DIRECTS</i> the Company, in future Rider CE filings, to identify the high-end and low-end of potential nameplate capacities, if applicable, for PPAs associated with solar facilities that have not yet completed construction.	The Company does not oppose this recommendation, though clarifies that it would identify this information in testimony and then complete an economic analysis only for one nameplate capacity.
13	<i>DIRECTS</i> the Company, in RFP report summary tables for future Rider CE filings, to list key risks and key risk categories for selected facilities.	The Company does not oppose this recommendation.
14	<i>DIRECTS</i> the Company, in future PPA prudence petitions and Rider CE filings proposing new projects, to include net present value analysis with multiple scenarios for valuing the avoided cost of RECs, including a scenario that blends forecasted REC prices and the statutory deficiency penalties.	The Company does not oppose this recommendation.
15	<i>APPROVES</i> an updated Rider CE revenue requirement of approximately \$133.28 million, subject to the condition that the Company take all reasonable steps to minimize ratepayer costs, including pursuing federal tax credits that best benefit ratepayers.	The Company opposes this recommendation because the recommended revenue requirement incorporates the denial of cost recovery for Peppertown Solar and Alberta Distributed Solar, which the Company opposes. See Comments Section IV.A. The Company supports a Rider CE revenue requirement of \$135.16 million. See Comments Section IV.D. The Company intends to take all reasonable steps to minimize costs to its customers, including pursuing federal tax credits that best benefit its customers.

Attachment 1: Position on Hearing Examiner's Findings and Recommendations

No.	Recommendation	Statement of Company's Position
16	GRANTS a limited waiver of the Rate Case Rules, allowing the Company, in its next Rider CE filing, to (i) consolidate its required revenue requirement information for the CE-1 phase; and (ii) post project-specific revenue requirement information in its eRoom for that proceeding.	While the Company maintains that its request for an ongoing waiver of the Rate Case Rules regarding calculating the revenue requirement by project was reasonable, the Company does not oppose this recommendation for a more limited waiver. See Comments Section IV.E.
17	APPROVES the Company's use of applicable FERC Form 1 data to calculate its annual RPS obligation, including calculation of the statutory nuclear offset percentage to two decimal places.	The Company agrees with this recommendation.
18	RECOGNIZES the Company's assertion of RPS obligations associated with its contracts with VMEA and Micron and ALLOWS the Company to recognize in its RPS compliance reports any contractual RPS obligation associated with VMEA and Micron either through an explanatory footnote or as a separately identified amount.	The Company agrees with this recommendation.
19	APPROVES , for the 2022 RPS compliance year, an ARB offset amount of 8.49 million MWh for the Company.	The Company agrees with this recommendation.
20	APPROVES the Company's methodology for a statutory nuclear offset that excludes shopping load.	The Company agrees with this recommendation.
21	APPROVES the Company's use of out-of-state landfill gas RECs for RPS compliance year 2022.	The Company agrees with this recommendation.
22	REJECTS the Company's use of tire-derived fuel RECs, out-of-state other biomass RECs, and out-of-state black liquor RECs for RPS compliance year 2022.	The Company does not oppose the recommendation to reject the use of tire-derived fuel and other biomass RECs for the 2022 compliance year. The Company does oppose the recommendation to reject the use of black liquor RECs. See Comments Section VI.B.
23	ALLOWS the Company to submit biomass and waste heat REC certifications after the Commission makes a final determination about the Company's RPS obligation for compliance year 2022.	The Company agrees with this recommendation.
24	DETERMINES that, to assess REC eligibility for a given compliance year, the Company may apply the legal definitions at the end of that year, while also taking into account the five-year statutory banking window.	The Company agrees with this recommendation.

Attachment 1: Position on Hearing Examiner's Findings and Recommendations

No.	Recommendation	Statement of Company's Position
25	<i>DIRECTS</i> the Company to include in future RPS plan petitions: (i) a schedule showing the planned and unplanned solar unit outages during the previous calendar year, including the start and stop times of each outage, and the reasons for each outage; and (ii) annual capacity factors achieved by each operational solar PPA facility the Company has under contract.	The Company agrees with this recommendation, including the finding that the reporting be limited to the Company's system solar fleet (<i>i.e.</i> , not include ring-fenced facilities). See Comments Section II.C.

CERTIFICATE OF SERVICE

I hereby certify that on this 1st day of March 2024, a true and accurate copy of the foregoing filed in Case No. PUR-2023-00142 was hand delivered, electronically mailed, and/or mailed first class postage pre-paid to the following:

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