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STATE CORPORATION COMMISSION

November 1, 2023

The Honorable Glenn Youngkin
Governor, Commonwealth of Virginia

The Honorable Scott A. Surovell
Chair, Commission on Electric Utility Regulation

The Honorable Terry G. Kilgore
Vice Chair, Commission on Electric Utility Regulation

Members of the Commission on Electric Utility Regulation

Ladies and Gentlemen:

Please find enclosed the Virginia State Corporation Commission's Status Report on the Implementation of the Virginia Electric Utility Regulation Act pursuant to § 56-596 B of the Code of Virginia.

Please let us know if we may be of further assistance.

Respectfully submitted,

Jehmal T. Hudson
Chairman

Enclosure

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

Report to the Governor of the Commonwealth of Virginia,
the Chairman of the Senate Committee on Commerce and Labor,
the Chairman of the House Committee on Commerce and Energy,
and the Commission on Electric Utility Regulation
of the Virginia General Assembly

Status Report: Implementation of the Virginia Electric Utility Regulation Act Pursuant to § 56-596 B of the Code of Virginia

November 1, 2023

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EXECUTIVE SUMMARY

This document contains the report of the Virginia State Corporation Commission ("Commission") pursuant to § 56-596 B and § 30-205 of the Code of Virginia ("Code"), which directs the Commission to provide an update by November 1 of each year on the status of the implementation of the Virginia Electric Utility Regulation Act, Code §§ 56-576 through 56-596.4 ("Regulation Act"). The Regulation Act has expanded in recent years with new programs and requirements that fall within the Commission's purview. This report summarizes the Commission's efforts to implement the Regulation Act for investor-owned electric utilities[1] as well as the electric cooperatives.

Key highlights from the report include:

- The Regulation Act was amended by the 2023 General Assembly to make significant changes to the Commission's regulation of both Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "DEV") and Appalachian Power Company ("APCo"). Among other things, the new legislation directs a return to biennial reviews of base rates for both companies, replacing the current triennial review structure.[2] House Bill 1770 and its companion Senate Bill 1265 (collectively, "HB 1770")[3] permitted Dominion to seek Commission approval to securitize its deferred fuel balance; directed the "roll-in" of $350 million of DEV's rate adjustment clause ("RAC") revenues into base rates on July 1, 2023; required DEV to file a biennial review after July 1, 2023; set a return on equity ("ROE") of 9.7% for DEV's 2023 biennial review; modified the sharing provisions applicable to earnings above an approved level; and directed the Commission to initiate a proceeding before December 31, 2023 to determine protocols and standards for performance-based adjustments to ROE.

[1] Code § 56-580 G generally suspends application of the Regulation Act to Kentucky Utilities, d/b/a Old Dominion Power Company ("KU/ODP"), which is an investor-owned electric utility whose service territory is located entirely within Dickenson, Lee, Russell, Scott, and Wise Counties. However, certain provisions of the Regulation Act, including Code §§ 56-585.5 and 56-594, have been made applicable, at least in part, to KU/ODP.

[2] Code §§ 56-585.1; 56-585.8.

[3] 2023 Va. Acts chs. 775, 757.

- House Bill 1777 and its companion bill Senate Bill 1075 (collectively, "HB 1777")[4] created a separate biennial review process applicable to APCo. APCo will file its first biennial review on March 31, 2024.

- The Commission continues to implement the requirements of the Virginia Clean Economy Act ("VCEA").[5] The VCEA includes provisions establishing a mandatory Renewable Energy Portfolio Standard ("RPS") and an Energy Efficiency Resource Standard. The relevant Commission dockets that implement or update these programs, as well as the dockets that continue to provide oversight of the utility's existing operations, are summarized in Section IV, below.

- On September 18, 2023, the Commission issued a Final Order concerning its review of DEV's petition for approval of Phase III of its Grid Transformation ("GT") Plan.[6] The approved GT Plan investments focus on grid reliability and are designed to accommodate or facilitate the expected increase in distributed energy resources on the grid resulting from recent policy developments, including the VCEA and FERC[7] Order 2222. Approved Phase III investments include a continuation of: (i) advanced metering infrastructure; (ii) the customer information platform; (iii) an expanded mainfeeder hardening pilot; (iv) targeted corridor improvement; (v) voltage island mitigation; (vi) voltage optimization enablement; (vii) substation technology deployment; (viii) distributed energy resource management system; (ix) telecommunications; (x) physical security; (xi) cyber security; and (xii) customer education. The Commission also approved two new programs: an outage management system and a non-wires alternative pilot. The Commission's approval of these projects was made subject to certain contingencies, cost caps, and reporting requirements.

- On April 14, 2023, the Commission issued a Final Order wherein it: (i) found DEV's 2022 RPS Plan was reasonable and prudent based on the record of the case; (ii) granted certificates of public convenience and necessity ("CPCNs") and approved approximately 474 megawatts ("MW") of new solar generation capacity in the Commonwealth; (iii) found that 270 MW of solar power purchase agreements ("PPAs") and 49 MW of energy storage PPAs were prudent; (iv) approved a CPCN request for a 15.7 MW energy storage facility; and (v) approved, to recover through Rider CE, the costs of the CE-3 Projects and related interconnection facilities, two distributed solar projects and related interconnection facilities totaling approximately 6 MW, and the costs of solar

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[4] 2023 Va. Acts chs. 776, 749.

[5] 2020 Va. Acts chs. 1193, 1194.

[6] *Petition of Virginia Electric and Power Company, For approval of a plan for electric distribution grid transformation projects pursuant to § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2023-00051, Doc. Con. Cen. No. 230930084, Final Order (Sept. 18, 2023) ("GT Plan Final Order").

[7] Federal Energy Regulatory Commission ("FERC").

projects and related interconnection facilities approved by the Commission in prior RPS Filing proceedings. The Commission also established additional directives regarding DEV's modeling in its subsequent RPS Plans. The Commission further directed DEV to include, in its next RPS Filing, modeling results that incorporate the effects of the Inflation Reduction Act ("IRA"), and that show alternative scenarios with the Commonwealth's participation in, and exclusion from, the Regional Greenhouse Gas Initiative ("RGGI"). DEV made its 2023 RPS Filing on October 3, 2023.[8]

- On September 7, 2023, the Commission issued a Final Order on APCo's 2023 RPS Filing, wherein the Commission: (i) approved APCo's annual plan for the development of new solar, wind, and energy storage resources; (ii) approved APCo's requests for approval of cost recovery of the up to 146.2 MW Grover Hill wind facility located in Ohio; (iii) granted APCo's request for a prudency determination for six new solar PPAs totaling 184 MW and one renegotiated PPA totaling 20 MW; (iv) authorized APCo to count its over-retired renewable energy credits ("RECs") towards its 2023 RPS Program requirement; and (v) denied APCo's request for cost recovery associated with its Beech Ridge wind facility located in West Virginia due to negative net present values. The Commission also established additional directives regarding APCo's modeling in its subsequent RPS Plans.[9]

- Following issuance of its Final Order[10] approving requested cost recovery associated with DEV's proposed 2,587 MW Coastal Virginia Offshore Wind

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[8] *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, Doc. Con. Cen. No. 230430025, Final Order (Apr. 14, 2023) (approving 750 MW of new solar generation capacity and 64.7 MW of energy storage capacity) ("2022 DEV RPS Final Order"). The Commission previously approved 1,355 MW of new solar facilities and 103 MW of energy storage for Dominion. *See also Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Establishing 2020 RPS Proceeding for Virginia Electric and Power Company*, Case No. PUR-2020-00134, 2021 S.C.C. Ann. Rept. 242, 243, Final Order (Apr. 30, 2021) (approving 498 MW of new solar facilities) ("2020 DEV RPS Final Order"); *Petition of Virginia Electric and Power Company, For approval of the RPS Development Plan, approval and certification of the proposed CE-2 Solar Projects pursuant to §§ 56-580 D and 56-46.1 of the Code of Virginia, revision of rate adjustment clause, designated Rider CE, under § 56-585.1 A 6 of the Code of Virginia, and a prudence determination to enter into power purchase agreements pursuant to § 56-585.1:4 of the Code of Virginia*, Case No. PUR-2021-00146, 2022 S.C.C. Ann. Rept. 309, Final Order (Mar. 15, 2022) (approving 857 MW of solar generation and 103 MW of energy storage) ("2021 DEV RPS Final Order").

[9] *Petition of Appalachian Power Company, For approval of its 2023 RPS Plan under § 56-585.5 of the Code of Virginia and related requests*, Case No. PUR-2023-00001, Doc. Con. Cen. No. 230910123, Final Order (Sept. 7, 2023) ("2023 APCo RPS Final Order").

[10] *Application of Virginia Electric and Power Company, For approval and certification of the Coastal Virginia Offshore Wind Commercial Project and Rider Offshore Wind, pursuant to § 56-585.1:11, § 56-46.1, § 56-265.1 et seq., and § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2021-00142, 2022 S.C.C. Ann. Rept. 287, Final Order (Aug. 5, 2022) ("CVOW Final Order").

Commercial Project ("CVOW Project") subject to a performance standard, DEV and the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel") requested that the Commission reconsider aspects of the Final Order. The project consists of 176 wind turbines, each designed to generate 14.7 MW. The project is expected to have a capital cost of $9.8 billion and will likely be the largest capital investment, and single largest project, in the history of DEV. On October 28, 2022, a Second Proposed Stipulation and Recommendation ("Second Stipulation") was filed by Dominion, Consumer Counsel, Walmart, Appalachian Voices and Sierra Club.[11] The Commission issued its Order on Reconsideration on December 15, 2022.[12] The Commission found that the performance standard contained in the Commission's Final Order should be stricken and replaced with the terms of the Second Stipulation.[13] [14]

- On August 4, 2023, the Commission issued a Final Order in DEV's annual demand-side management ("DSM") filing that approved, among other things, (i) DEV's proposed Phase XI DSM Programs, including proposed enhancement and expansion of certain previously approved programs; (ii) "bundling" of certain programs within DEV's DSM Portfolio; and (iii) cost recovery through associated RACs.[15]

- APCo (a Phase I Utility) estimates that it is on target to implement energy efficiency programs and measures to achieve the total annual energy savings targets for 2023 as required by Code § 56-596.2. DEV (a Phase II Utility) does not project that it will meet the target to implement energy efficiency programs and measures to achieve the total annual energy savings target for 2023 as required by Code § 56-596.2. These results have not yet been subject to Commission

[11] *Application of Virginia Electric and Power Company, For approval and certification of the Coastal Virginia Offshore Wind Commercial Project and Rider Offshore Wind, pursuant to § 56-585.1:11, § 56-46.1, § 56-265.1 et seq. and § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2021-00142, Motion to Receive and Consider Second Proposed Stipulation and Recommendation, and For Expedited Consideration (filed Oct. 28, 2022).

[12] *Application of Virginia Electric and Power Company, For approval and certification of the Coastal Virginia Offshore Wind Commercial Project and Rider Offshore Wind, pursuant to § 56-585.1:11, § 56-46.1, § 56-265.1 et seq. and § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2021-00142, 2022 S.C.C. Ann. Rept. 305, 307, Order on Reconsideration (Dec. 15, 2022) ("CVOW Order on Reconsideration").

[13] CVOW Order on Reconsideration at 307.

[14] On July 7, 2023, the Commission issued its Final Order in Case No. PUR-2022-00187, which approved an updated revenue requirement of $270.995 million for Rider OSW, which recovers the cost of the CVOW project. *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider OSW, Coastal Virginia Offshore Wind Commercial Project, for the Rate Year commencing September 1, 2023*, Case No. PUR-2022-00187, Doc. Con. Cen. No. 230720087, Final Order (July 7, 2023).

[15] *Application of Virginia Electric and Power Company, For approval of its 2022 DSM Update pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUR-2022-00210, Doc. Con. Cen. No. 230810132, Final Order (Aug. 4, 2023).

review. The Commission will review these results as a part of each utility's upcoming energy efficiency filings and will provide additional data related to the feasibility of achieving these energy efficiency goals in future reports.

DEV Bill Impacts

- DEV's typical[16] monthly residential bill has increased by $34.53 (38.12%) to $125.12 from July 1, 2007[17] to July 1, 2023. Over the 12 months ended July 1, 2023, DEV's typical monthly residential bill has decreased by $11.81.

- On May 1, 2023, and July 3, 2023, respectively, Dominion filed applications to reduce its fuel factor and to securitize its fuel deferral balance of approximately $1.275 billion.[18] The Commission permitted Dominion to reduce its fuel factor on an interim basis, which resulted in an approximate $6.79 reduction in the monthly bill of a typical residential customer using 1,000 kWh per month, beginning July 1, 2023. The Commission's decision on the fuel securitization application is due by November 3, 2023.[19]

- On May 1, 2023, Dominion notified the Commission that it was combining Riders R, S and W with the Company's base rates effective July 1, 2023, as required by HB 1770.[20] These RACs recovered the costs of the Company's Bear Garden Generating Station (Rider R), the Virginia City Hybrid Energy Center (Rider S), and the Warren County Power Station (Rider W), which will now be recovered through base rates. According to Dominion's analysis, this resulted in an approximate reduction of $6.75 on the monthly bill for a typical residential customer using 1,000 kWh per month, beginning July 1, 2023.[21]

[16] For purposes of this report, a typical residential bill is based on usage of 1,000 kilowatt-hours ("kWh") per month.

[17] Enactment Clause 7 of 2007 Va. Acts chs. 888 and 933 requires the Commission, in consultation with the Office of the Attorney General, to "submit a report to the Governor and General Assembly by November 1, 2012, and every five years thereafter, assessing the rates and terms and conditions of incumbent electric utilities in the Commonwealth." The first five-year window for this rate assessment was 2007-2012. In this report, the Commission begins its rate analysis with the year 2007 to coincide with this window.

[18] *See Application of Virginia Electric and Power Company, To revise its fuel factor pursuant to Va. Code § 56-249.6*, Case No. PUR-2023-00067, Doc. Con. Cen. No. 230530184, Order Establishing 2023-2024 Fuel Factor Proceeding (May 12, 2023); *Petition of Virginia Electric and Power Company, For a financing order authorizing the issuance of deferred fuel cost bonds pursuant to Va. Code § 56-249.6:1*, Case No. PUR-2023-00112, Doc. Con. Cen. No. 230730152, Order for Notice and Hearing (July 14, 2023).

[19] Code § 56-249.6:2. A.

[20] Notification of Rate Adjustment Clause Combination filed in Case Nos. PUR-2021-00113, PUR-2021-00114, and PUR-2022-00090 on May 1, 2023, Doc. Con. Cen. No. 230510014. According to DEV's analysis, this reflects a combined annual revenue requirement of $351,721,000. *Id.*

[21] *Id.*

- DEV filed a biennial review application on July 3, 2023, which is currently pending before the Commission.[22] The Commission will report on its determinations resulting from its review of this filing in next year's report.

- DEV filed an Integrated Resource Plan ("IRP") on May 1, 2023, in accordance with Code § 56-599, in Case No. PUR-2023-00066.[23] The Commission will report on its determinations resulting from its review of this filing in next year's report.

- DEI[24] presented its fourth quarter earnings to investors on February 8, 2023.[25] Unlike prior years, this February 2023 presentation did not include anticipated growth capital expenditures for DEV over a five-year period. As presented in last year's report, DEI previously identified approximately $27.9 billion in anticipated growth capital expenditures for DEV over the period 2022 – 2026 in a February 2022 presentation to investors, including investments in wind and solar generation, energy storage, nuclear facility relicensing, transmission, distribution undergrounding, and grid transformation. These investments would reflect a 74% increase in DEV's rate base by 2026, with 55% being recovered from customers through RACs.

<u>APCo Bill Impacts</u>

- APCo's typical monthly residential bill has increased by $91.01 (136.63%) from July 1, 2007 to July 1, 2023. Over the 12 months ending July 1, 2023, APCo's typical monthly residential bill has increased by $35.37.

- The Commission issued its Order on Remand in the remanded 2017 – 2019 triennial review on December 21, 2022.[26] The Commission found APCo had an earned return of 7.945% for the 2017 – 2019 triennial period and approved a going forward revenue requirement increase of $28.4 million. The Commission also granted approval of a Rider R.C.R. to recover revenue not collected from January

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[22] *Application of Virginia Electric and Power Company, For a 2023 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUR-2023-00101, Doc. Con. Cen. No. 230710023, Application (filed July 3, 2023).

[23] *Commonwealth of Virginia, ex rel. State Corporation Commission, In re: Virginia Electric and Power Company's 2023 Integrated Resource Plan Filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUR-2023-00066, Doc. Con. Cen. No. 230510019, IRP Plan (May 1, 2023) ("2023 DEV IRP").

[24] Dominion Energy, Inc. ("DEI") is the parent company of DEV.

[25] DEI also gave an investor presentation on May 5, 2023, for the first quarter of 2023, and on August 4, 2023, for the second quarter of 2023. These presentations did not include the same level of DEV-specific capital investment information as the 2022 fourth quarter presentation.

[26] *Application of Appalachian Power Company, For a 2020 triennial review of its base rates, terms and conditions pursuant to § 56-585.1 of the Code of Virginia*, Case No. PUR-2020-00015, 2022 S.C.C. Ann. Rept. 198, Order on Remand (Dec. 21, 2022) ("APCo Order on Remand").

22, 2021 through September 2022. Rider R.C.R. is expected to be in place for 16 months commencing October 2022 and expiring January 2024.[27]

- APCo filed a triennial review application for the 2020-2022 period on March 31, 2023.[28] The Commission will report on its findings in next year's report.

- Based on APCo's 2022 IRP billing analysis[29] showing projected annual impacts to a residential bill over the next five years incorporating the requirements of the VCEA, the monthly bill of a Virginia residential customer using 1,000 kWh per month is projected to be between $141.73 and $143.07 by 2026. This is an increase of between $19.50 and $20.84 per month over the April 29, 2022 residential bill (or an estimated annual increase from $234.00 to $250.08).[30] In accordance with the provisions of Code §§ 56-585.8, 56-597, and 56-599, APCo is not required to file future IRPs.

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[27] APCo Order on Remand at 201.

[28] *Application of Appalachian Power Company for a 2023 triennial review of its base rates, terms and conditions pursuant to § 56-585.1 of the Code of Virginia*, Case No. PUR-2023-00002, Doc. Con. Cen. No. 230350021, Application (filed Mar. 31, 2023) ("2023 APCo Triennial Review").

[29] APCo filed its 2022 IRP on April 29, 2022, and the Commission issued a Final Order in that case on January 23, 2023. *Commonwealth of Virginia, ex rel., State Corporation Commission, In re: Appalachian Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUR-2022-00051, Doc. Con. Cen. No. 230120021, Final Order (Jan. 23, 2023).

[30] The projected monthly bill increases of $19.50 and $20.84 are based on the 2022 IRP Least Cost Plan and Hybrid Plan, respectively.

I.
INTRODUCTION

The Commission appreciates this opportunity to provide an update to the Governor and the General Assembly on the Commission's implementation of the Regulation Act including the VCEA. The Commission has conducted numerous proceedings over the last year pursuant to the Regulation Act that are discussed in detail below. As a general matter, the Commission continues to see upward pressure on utility rates. Some of the economic factors contributing to rate increases, including high inflation, high natural gas commodity prices, and supply chain limitations, have moderated over the last year.[31] The Commission is keenly aware of continuing economic pressures that impact all utility customers and takes seriously its responsibility to review rate recovery requests. In each case, the Commission evaluates the request pursuant to the applicable laws, as well as the findings of fact supported by the evidence in the record.

The Regulation Act was amended in 2023 to make significant changes to the Commission's regulation of both DEV and APCo. Among other things, the new legislation directs a return to biennial reviews of base rates for both companies, replacing the current

[31] While the Commission is seeing some moderation in these factors, notably, both DEV and APCo have significantly under-recovered their fuel costs from customers based on their most recent fuel factor applications. For example, Dominion's fuel factor application showed a projected June 30, 2023 deferred fuel balance of approximately $1.275 billion. *See Application of Virginia Electric and Power Company, To revise its fuel factor pursuant to Va. Code § 56-249.6*, Case No. PUR-2023-00067, Doc. Con. Cen. No. 230530184, Order Establishing 2023-2024 Fuel Factor Proceeding (May 12, 2023). As discussed further below, DEV has sought approval to securitize the deferred fuel balance to mitigate the impact on customer bills. APCo's projected October 31, 2023 fuel deferral balance is approximately $273 million. *Application of Appalachian Power Company, To decrease its fuel factor pursuant to § 56-249.6 of the Code of Virginia*, Case No. PUR-2023-00156, Doc. Con. Cen. No. 230930002, Application (filed Sept. 14, 2023). APCo proposes to recover the deferral balance over two years to mitigate the impact on customer bills. *Id.* at 1. APCo estimates that its proposal would result in a $1.80 decrease in the typical residential monthly bill (customers using 1,000 kWh/month), effective November 1, 2023. *Id.* at 4.

triennial review structure.[32] HB 1770 permitted Dominion to seek Commission approval to securitize its deferred fuel balance; directed the "roll-in" of $350 million of DEV's RAC revenues into base rates on July 1, 2023; required DEV to file a biennial review after July 1, 2023; set an ROE of 9.7% for DEV's 2023 biennial review; modified the sharing provisions applicable to earnings above an approved level; and directed the Commission to initiate a proceeding before December 31, 2023 to determine protocols and standards for performance-based adjustments to ROE. Additionally, HB 1777 created a separate biennial review process applicable to APCo, which will file its first biennial review on or before March 31, 2024.[33]

The Commission continues to implement the VCEA in a manner that faithfully applies the requirements that include carbon reduction, while best protecting consumers who expect and deserve reliable and affordable service. Since the effective date of the VCEA, the Commission has approved DEV's requests for approval of 2,105 MW of new solar facilities (DEV-owned and PPA) and 167.7 MW of new energy storage capacity under the VCEA.[34] For APCo, the Commission has approved approximately 828.2 MW of new renewable generation supply since the passage of the VCEA.[35]

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[32] Code §§ 56-585.1 A 1; 56-585.8.

[33] Code § 56-585.8.

[34] 2020 DEV RPS Final Order (approving 498 MW of new solar facilities); 2021 DEV RPS Final Order at 6 (approving 857 MW of new solar generation capacity and 103 MW of energy storage capacity); and 2022 DEV RPS Final Order (approving 750 MW of solar generation and 64.7 MW of energy storage capacity).

[35] 2023 APCo RPS Final Order. *See also Petition of Appalachian Power Company, For approval of its 2021 RPS Plan under § 56-585.5 of the Code of Virginia and related requests*, Case No. PUR-2021-00206, S.C.C. Ann. Rept. at 345, Final Order on Petition and Associated Requests (July 15, 2022). Several projects approved by the Commission since the passage of the VCEA were withdrawn, and the corresponding projects were cancelled. This includes the following facilities: Firefly Solar (150 MW), Bedington Solar (50 MW), Dogwood Solar (18.9 MW), and Sun Ridge Solar (50 MW). *See* Direct Testimony of Company witness John A. Stevens at 5, *Petition of Appalachian Power Company, For approval of its 2023 RPS Plan under*

The Commission currently has a triennial review of APCo's base rates and a biennial review of DEV's base rates pending before it. Each is discussed briefly below and will be addressed in further detail in future reports.

As detailed in Section V below, in addition to reviewing individual utility applications, the Commission has also sponsored and contributed to several stakeholder processes related to various aspects of utility regulation.

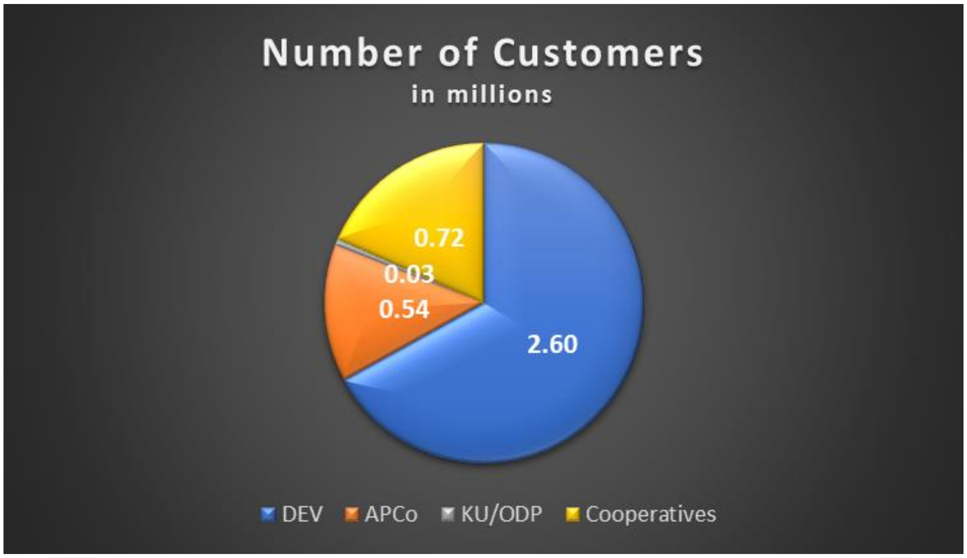
Composition of the Electric Industry in Virginia

The Commission's responsibilities include regulating a diverse electric industry pursuant to the Virginia Constitution and the laws enacted by the General Assembly. Virginia's electric industry, whose rates and services to customers are regulated by the Commission, consists of three investor-owned utilities and 13 member-owned electric cooperatives.[36] The number of Virginia jurisdictional customers by utility is shown below:[37]

§ 56-585.5 of the Code of Virginia and related requests, Case No. PUR-2023-00001, Doc. Con. Cen. No. 230320216 (filed Mar. 15, 2023).

[36] Non-jurisdictional utilities, such as municipal electric utilities, also provide service in Virginia.

[37] Total Virginia customer numbers were reported in FERC Form 1 and Annual Operating Reports. The Commission notes that last year's report inadvertently included incorrect customer numbers for certain utilities due to a clerical error.



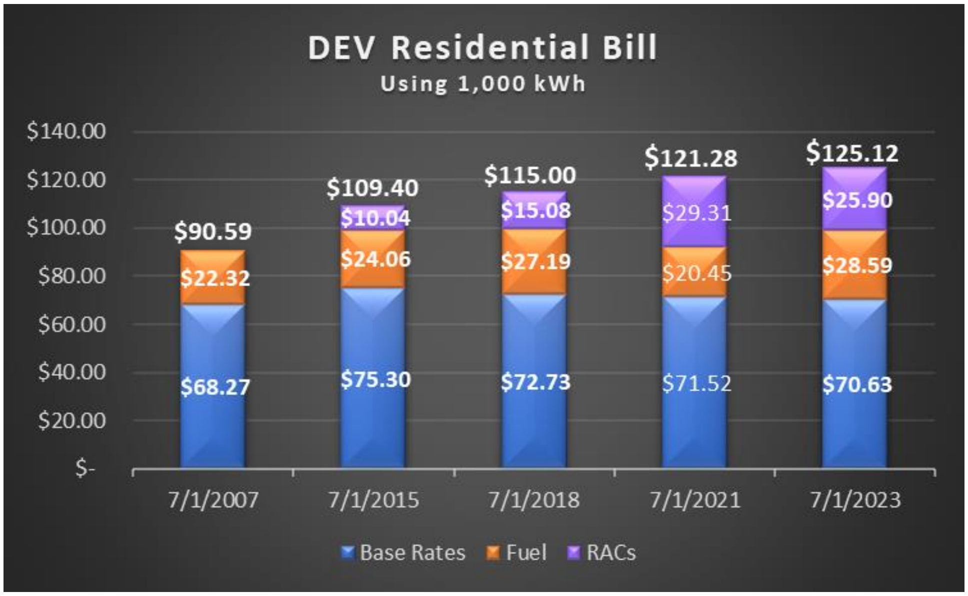
II.
RATE AND CAPITAL OUTLOOK

DEV Typical Residential Bill

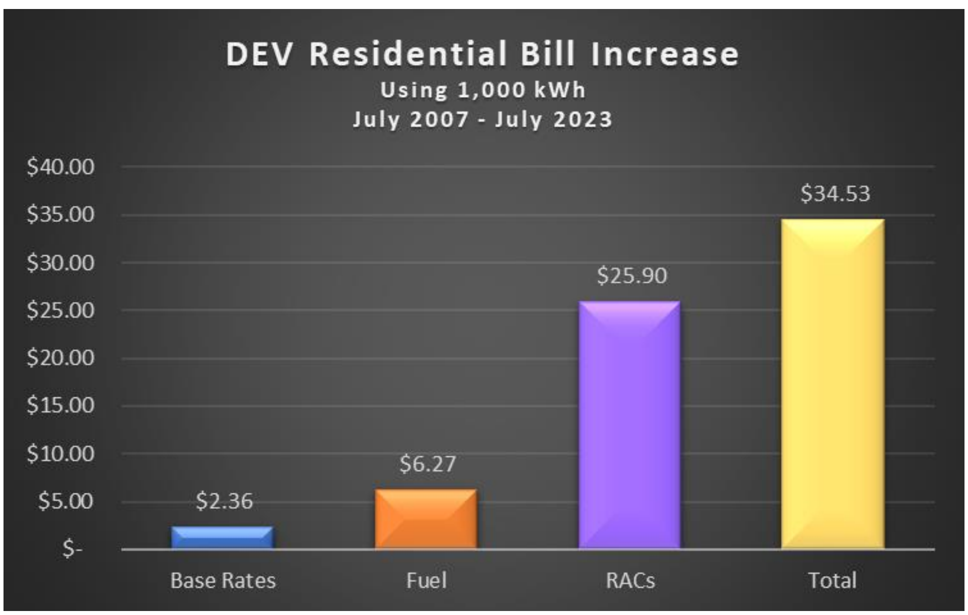
Below is a chart that reflects the magnitude of the three financial components of DEV customer bills for a typical residential customer using 1,000 kWh per month, as of the effective dates of the Regulation Act (July 1, 2007),[38] the Transitional Rate Period (July 1, 2015),[39] the Grid Transformation and Security Act ("GTSA") (July 1, 2018), the VCEA (July 1, 2021), and the current reporting year (July 1, 2023).

[38] 2007 Va. Acts chs. 888 and 933.

[39] *See* Code § 56-585.1:1 for the specific transitional rate periods for Dominion and APCo. Both utilities were in their transitional rate periods on July 1, 2015.



As the chart above indicates, DEV's monthly residential bill was $90.59 as of July 1, 2007. The bill has increased by $34.53 (38.12%) to $125.12 per month as of July 1, 2023. As reflected on the chart below, the RAC component of the bill experienced the largest increase over this period.



The following chart itemizes a typical residential customer's bill by rate recovery mechanism as of July 1, 2023, as well as pending proposed changes to the bill.

DEV Electric Utility Bills
As of July 1, 2023

Recovery Mechanism	Description	Current Residential Bill	Proposed Increase if Pending	Proposed Bill	Requested Effective Date
Base Rates	Base	$ 70.63	$ -	$ 70.63	-
Fuel Factor*	Fuel	$ 28.59	$ -	$ 28.59	-
Rider T1**	Transmission	$ 3.21	$ 2.67	$ 5.88	9/1/23
Rider R***	Bear Garden Gas CC	$ -	$ -	$ -	-
Rider W***	Warren Gas CC	$ -	$ -	$ -	-
Rider BW	Brunswick Gas CC	$ 2.80	$ -	$ 2.80	-
Rider GV	Greensville Gas CC	$ 2.47	$ -	$ 2.47	-
Rider S***	VCHEC	$ -	$ -	$ -	-
Rider B	Biomass	$ 0.63	$ -	$ 0.63	-
Rider US-2	Solar	$ 0.22	$ (0.05)	$ 0.17	9/1/23
Rider US-3	Solar	$ 0.75	$ -	$ 0.75	-
Rider US-4	Solar	$ 0.31	$ -	$ 0.31	-
Rider CE	Solar	$ 1.70	$ -	$ 1.70	-
Rider SNA	Nuclear Relicensing	$ 2.07	$ -	$ 2.07	9/1/23
Rider RPS	RECs	$ 1.81	$ -	$ 1.81	9/1/23
Rider RGGI	RGGI	$ -	$ 4.64	$ 4.64	9/1/23
Rider OSW	Offshore Wind	$ 1.45	$ 3.29	$ 4.74	9/1/23
Rider PPA	Renewable PPAs	$ (0.07)	$ (0.22)	$ (0.29)	9/1/23
Riders C1A/C2A/etc.	Energy Efficiency	$ 1.60	$ 0.24	$ 1.84	9/1/23
Rider U	Strategic Undergrounding	$ 1.99	$ -	$ 1.99	-
Rider GT	Grid Transformation	$ 0.28	$ -	$ 0.28	-
Rider E	Coal Ash	$ 1.95	$ 0.08	$ 2.03	11/1/23
Rider CCR	Coal Ash	$ 2.96	$ (0.58)	$ 2.38	12/1/22
Rider RBB	Rural Broadband	$ 0.17	$ -	$ 0.17	-
PIPP USF	PIPP	$ 0.03	$ -	$ 0.03	-
Rider VCR	Voluntary Credit Rider	$ (0.43)	$ -	$ (0.43)	-
Total		**$ 125.12**	**$ 10.07**	**$ 135.19**	

*DEV has indicated it will file an application for approval of the issuance of bonds to recover its unrecovered fuel deferral balance.
**DEV recovers $9.70 per month in base rates for transmission in addition to the Rider T1 RAC.
***Riders R, W, and S are to be rolled-into base rates effective 7/1/2023.

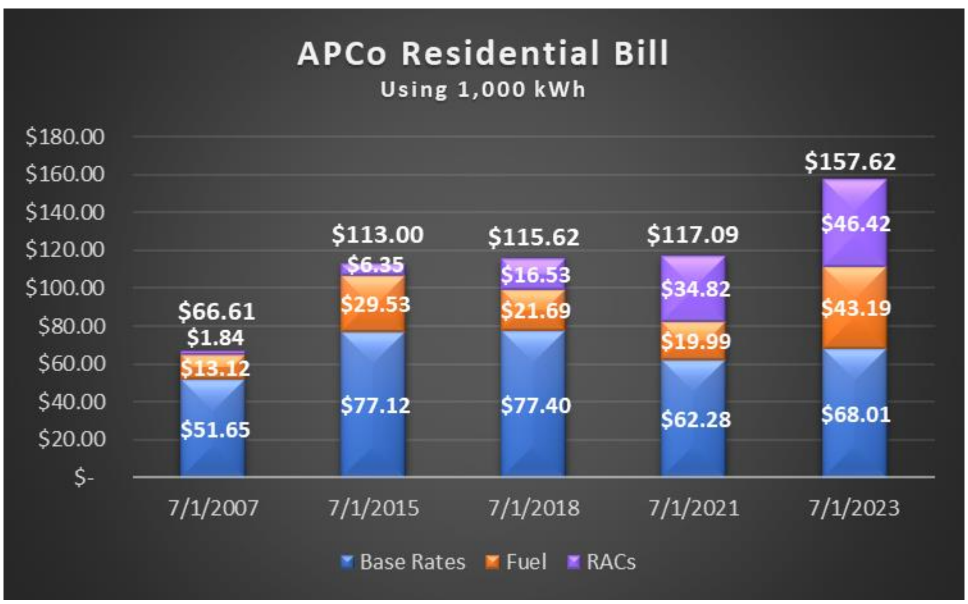
On May 1, 2023, Dominion notified the Commission that it was combining Riders R, S and W with the Company's base rates effective July 1, 2023, as required by HB 1770.[40]

[40] Notification of Rate Adjustment Clause Combination filed in Case Nos. PUR-2021-00113, PUR-2021-00114, and PUR-2022-00090 on May 1, 2023, Doc. Con. Cen. No. 230510014. According to DEV's analysis, this reflects a combined annual revenue requirement of $351,721,000. *Id.*

These RACs recovered the costs of the Company's Bear Garden Generating Station (Rider R), the Virginia City Hybrid Energy Center (Rider S), and the Warren County Power Station (Rider W), which will now be recovered through base rates. According to Dominion's analysis, this resulted in an approximate reduction of $6.75 on the monthly bill for a typical residential customer using 1,000 kWh per month, beginning July 1, 2023.[41]

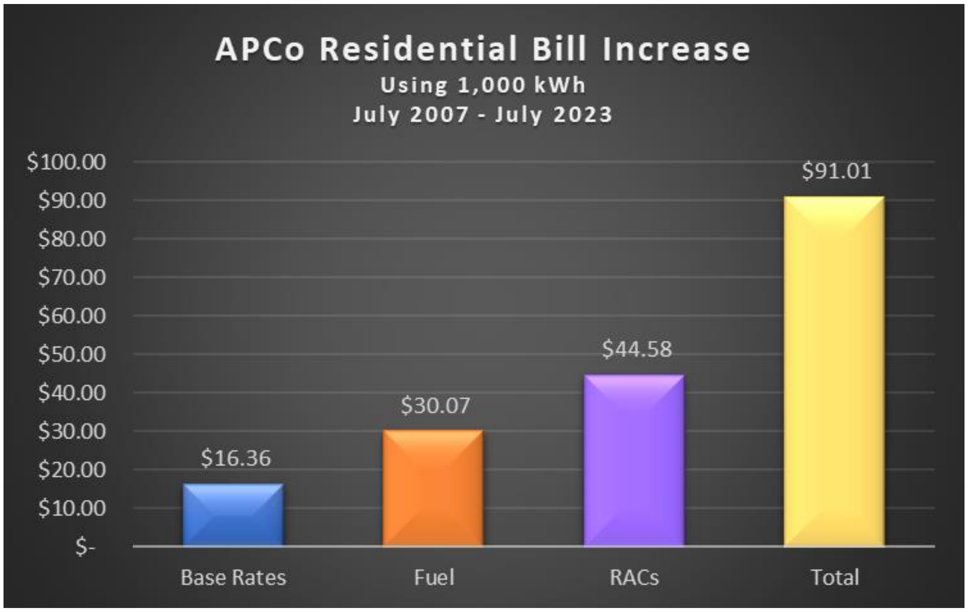
APCo Typical Residential Bill

Below is a chart that reflects the magnitude of the three financial components of APCo customer bills for a typical residential customer using 1,000 kWh per month, as of the effective dates of the Regulation Act (July 1, 2007), the Transitional Rate Period (July 1, 2015), the GTSA (July 1, 2018), the VCEA (July 1, 2021) and the current reporting year (July 1, 2023).



[41] *Id.*

As the chart indicates, APCo's monthly residential bill was $66.61 as of July 1, 2007. The bill has increased by $91.01 (136.63%) to $157.62 per month as of July 1, 2023. As reflected on the chart below, the RAC component of the bill experienced the largest increase over this period.



The following chart itemizes a typical residential customer's bill by rate recovery mechanism as of July 1, 2023, as well as pending proposed changes to the bill.

APCo Electric Utility Bills
As of July 1, 2023

Recovery Mechanism	Description	Current Residential Bill	Proposed Increase if Pending	Proposed Bill	Requested Effective Date
Base Rates	Base	$ 68.01	$ 25.03	$ 93.04	1/1/24
Triennial Remand Rider*	Base	$ 3.30	$ (3.30)	$ -	1/23/24
Fuel Factor	Fuel	$ 43.19	$ -	$ 43.19	-
PIPP USF	PIPP	$ 0.04	$ -	$ 0.04	-
T-RAC	Transmission	$ 34.43	$ 4.15	$ 38.58	9/1/23
G-RAC	Dresden Gas CC	$ 2.55	$ 0.66	$ 3.21	11/1/23
EE-RAC	Energy Efficiency	$ 1.43	$ -	$ 1.43	-
DR-RAC	Demand Response	$ 0.22	$ -	$ 0.22	-
E-RAC	Coal Ash	$ 2.84	$ -	$ 2.84	-
BC-RAC	Rural Broadband	$ (0.18)	$ 0.92	$ 0.74	
RPS-RAC (legacy)	Voluntary RPS	$ (0.58)	$ -		
Rider A.5 RPS	VCEA	$ 2.00	$ (0.60)	$ 1.40	10/1/23
Rider A.5 PCAP	VCEA	$ 0.35	$ (0.09)	$ 0.26	10/1/23
Rider A.6 RPS	VCEA	$ 0.02	$ 0.03	$ 0.05	10/1/23
Total		$ 157.62	$ 26.80	$ 185.00	

*Will roll off coincident with the rate change from APCo's currently under review triennial application.

**Current PIPP collections are designed to fund the estimated start-up costs of DSS needed to establish the PIPP. The PIPP will commence no later than one year after DSS publishes guidelines for the adoption, implementation, and general administration of the PIPP and Percentage of Income Payment Fund.

Rate and Capital Outlook

2022 and 2023 RPS Plans

On October 14, 2022, DEV submitted its petition for approval of its 2022 RPS Plan to develop new solar and onshore wind generation capacity and energy storage as required by the VCEA pursuant to Code § 56-585.5 D 4. Among other things, DEV's 2022 RPS Plan calls for 2,724.8 MW of solar and onshore wind development through 2024 and the development of 167.7 MW of energy storage resources through 2025.[42] DEV estimates

[42] *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, Doc. Con. Cen. No. 221020265, RPS Plan at 4, 7 (filed Oct. 14, 2022) ("2022 DEV RPS Plan"). For additional information on renewable deployment, on or before December 1 of each year, the Commission files an annual report to the General Assembly on the construction of new solar and wind projects pursuant to Enactment Clause 14 of the GTSA, as amended by 2020 Va. Acts ch. 1190.

that by 2045, it may have 23,820 MW (nameplate) of solar resources, 5,198 MW (nameplate) of offshore wind resources, and 316 MW (nameplate) of hydroelectric resources that it will use toward meeting its capacity obligations in PJM,[43] in addition to 4,298 MW (nameplate) of energy storage.[44]

The Commission issued a Final Order on April 14, 2023, wherein it, *inter alia*: (i) found DEV's 2022 RPS Plan was reasonable and prudent based on the record of the case; (ii) granted CPCNs and approved approximately 474 MW of new solar generation capacity in the Commonwealth; (iii) found that 270 MW of solar PPAs and 49 MW of energy storage PPAs are prudent; (iv) approved a CPCN request for a 15.7 MW energy storage facility; and (v) approved to recover through the Rider CE RAC the costs of the CE-3 Projects and related interconnection facilities, and two distributed solar projects and related interconnection facilities totaling approximately 6 MW.[45] The Commission also established additional directives regarding DEV's modeling in its subsequent RPS Plans.[46] The Commission further directed DEV to include, in its next RPS plan filing, modeling results that incorporate the effects of the IRA, and that show alternative scenarios with the

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[43] PJM Interconnection, LLC. ("PJM")

[44] 2022 DEV RPS Plan at 16. *See* fn. 2, "These solar, offshore wind, hydroelectric, and storage resources would provide firm capacity of 3,825 MW, 1,455 MW, 316 MW, and 3,800 MW, respectively, providing 9,396 MW toward the Company's projected 2045 capacity obligation of 25,277 MW. These capacity estimates are based on Alternative Plan B of the Company's 2022 IRP Update. Notably, the VCEA recognizes that other carbon-free generating resources—such as existing and new nuclear—will remain an important component of the generation portfolio. Va. Code § 56-585.5. In addition, generation units that emit CO_2 as a byproduct of combustion could remain in service if the Company petitions and the Commission finds that a given retirement would threaten the reliability and security of electric service."

[45] 2022 DEV RPS Final Order.

[46] *See, e.g., id.* at 7-17.

Commonwealth's participation in, and exclusion from, RGGI.[47] DEV made its 2023 RPS Filing on October 3, 2023.

On March 15, 2023, APCo submitted its 2023 RPS Plan to develop new solar and onshore wind generation capacity required by the VCEA. Among other things, APCo's 2023 RPS Plan calls for approximately 577.8 MW of solar and onshore wind development through 2026, including resources that became operational in 2022 and resources expected to become operational by the beginning of 2026.[48] APCo still anticipates adding storage resources beginning in 2025.[49] APCo estimates that by 2042, it may have 5,150 MW (nameplate) of solar, 1,200 MW (nameplate) of small modular nuclear reactors, and 1,775 MW (nameplate) of energy storage, through a mix of company-owned resources and PPAs, to meet the requirements of the VCEA.[50]

On September 7, 2023, the Commission issued a Final Order on APCo's 2023 RPS Plan, wherein the Commission, *inter alia*: (i) approved the Company's annual plan for the development of new solar, wind, and energy storage resources; (ii) approved APCo's requests for approval of cost recovery of the up to 146.2 MW Grover Hill wind facility located in Ohio; (iii) granted APCo's request for a prudency determination for six new solar PPAs totaling 184 MW; (iv) authorized the Company to count its over-retired RECs towards its 2023 RPS Program requirement; and (v) denied the Company's request for cost recovery associated with its Beech Ridge wind facility located in West Virginia due to

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[47] *Id.* at 8.

[48] *Petition of Appalachian Power Company, For approval of its 2023 RPS Plan under § 56-585.5 of the Code of Virginia,* Case No. PUR-2023-00001, Doc. Con. Cen. No. 230320211, RPS Plan at 8 (filed Mar. 15, 2023).

[49] *Id.* at 8, 36.

[50] *Id.* at 49.

negative net present values.[51] The Commission also established additional directives regarding APCo's modeling in its subsequent RPS Plans.[52] The Final Order requires APCo to file its 2024 RPS Plan on or after March 15, 2024.

Additionally, the Final Order requires DEV and APCo to make a filing, either jointly or separately, containing the proposed treatment of RECs associated with: (i) customers taking service under each utility's voluntary renewable tariffs, and (ii) shopping customers purchasing 100 percent renewable energy, for purposes of RPS Program compliance. Such filing shall include any associated proposal for netting the benefits of such RECs, including applicable tariff language, and shall be made on or before January 16, 2024.

DEV Offshore Wind

Following issuance of the CVOW Final Order approving requested cost recovery associated with DEV's proposed 2,587 MW CVOW Project subject to a performance standard, DEV and Consumer Counsel requested that the Commission reconsider aspects of the Final Order. The project consists of 176 wind turbines, each designed to generate 14.7 MW. The project is expected to have a capital cost of $9.8 billion and will likely be the largest capital investment, and single largest project, in the history of DEV. DEV filed a Petition for Limited Reconsideration of the Commission's Final Order, requesting that the Commission reconsider the performance standard included in that Order. Among other things, Dominion stated that "[a]s ordered, [the performance standard] will prevent the Project from moving forward, and the Company will be forced to terminate all

[51] 2023 APCo RPS Final Order.

[52] *See, e.g., id.* at 6-7.

development and construction activities."[53] On August 25, 2022, Consumer Counsel filed a Petition for Clarification or Reconsideration related to the performance standard.[54]

On October 28, 2022, the Second Stipulation was filed by Dominion, Consumer Counsel, Walmart, Appalachian Voices and Sierra Club.[55] Specifically, the Second Stipulation included, in part, the following provisions:

- Should the construction costs of the CVOW Project as designed exceed $9.8 billion, and should any incremental costs be approved by the Commission as reasonable and prudent in a future proceeding, DEV agreed to share responsibility for certain such incremental costs as described below:
    - Construction costs between $9.8 billion and $10.3 billion will be borne 100% by DEV's ratepayers;
    - Construction costs between $10.3 billion and $11.3 billion will be shared 50% by DEV's ratepayers and 50% by DEV;
    - Construction costs between $11.3 billion and $13.7 billion will be borne 100% by DEV;
    - No agreement as to cost sharing for any costs in excess of $13.7 billion was proposed;
    - DEV will report average net capacity factors for the project annually in future proceedings;

[53] *Application of Virginia Electric and Power Company, For approval and certification of the Coastal Virginia Offshore Wind Commercial Project and Rider Offshore Wind, pursuant to § 56-585.1:11, § 56-46.1, § 56-265.1 et seq. and § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2021-00142, Petition of Virginia Electric and Power Company for Limited Reconsideration at 3 (filed Aug. 22, 2022).

[54] *Application of Virginia Electric and Power Company, For approval and certification of the Coastal Virginia Offshore Wind Commercial Project and Rider Offshore Wind, pursuant to § 56-585.1:11, § 56-46.1, § 56-265.1 et seq. and § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2021-00142, Petition for Clarification or Reconsideration of Office of the Attorney General, Division of Consumer Counsel (filed Aug. 25, 2022).

[55] *Application of Virginia Electric and Power Company, For approval and certification of the Coastal Virginia Offshore Wind Commercial Project and Rider Offshore Wind, pursuant to § 56-585.1:11, § 5646.1, § 56-265.1 et seq. and § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2021-00142, Motion to Receive and Consider Second Proposed Stipulation and Recommendation, and For Expedited Consideration (filed Oct. 28, 2022).

- To the extent the CVOW Project's net capacity factor is less than 42% on a three-year rolling average basis, DEV will provide a detailed explanation of the factors contributing to any deficiency.

On November 4, 2022, the Commission issued an Order Scheduling Oral Argument to receive oral argument on the Second Stipulation.[56] The hearing occurred on November 21, 2022. The Commission issued its Order on Reconsideration on December 15, 2022. The Commission found that the performance standard contained in the Commission's Final Order[57] should be stricken and replaced with the terms of the Second Stipulation.[58] The Commission's Order on Reconsideration did not further amend the Commission's Final Order.

In DEV's latest Rider OSW update, it indicated that the CVOW Project is proceeding on time and on budget, consistent with the timelines and estimates DEV provided in its original filing, and that DEV is continuing to work on site preparation, engineering, and procurement activities.[59] The total CVOW Project cost forecast remains $9.8 billion, including approximately $1.4 billion of combined transmission costs.[60] On July 7, 2023, the Commission issued its Final Order in Case No. PUR-2022-00187, which

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[56] *Application of Virginia Electric and Power Company, For approval and certification of the Coastal Virginia Offshore Wind Commercial Project and Rider Offshore Wind, pursuant to § 56-585.1:11, § 5646.1, § 56-265.1 et seq. and § 56-585.1 A 6 of the Code of Virginia,* Case No. PUR-2021-00142, Order Scheduling Oral Argument (Nov. 4, 2022).

[57] CVOW Final Order at 293.

[58] CVOW Order on Reconsideration at 307.

[59] Direct Testimony of Company witness Joshua Bennett at 2, *See Application of Virginia Electric and Power Company for revision of rate adjustment clause: Rider OSW, Coastal Virginia Offshore Wind Commercial Project, for the Rate Year commencing September 1, 2023,* Case No. PUR-2022-00187, Doc. Con. Cen. No. 221110046 (filed Nov. 1, 2022).

[60] *Id.*

approved an updated revenue requirement of $270.995 million for Rider OSW, which recovers the cost of the CVOW project.[61]

Grid Transformation Plan

On September 18, 2023, the Commission issued its GT Plan Final Order concerning its review of DEV's petition for approval of Phase III of DEV's GT Plan. The approved GT Plan investments focus on grid reliability, and are designed to accommodate or facilitate the expected increase in distributed energy resources resulting from recent policy developments, including the VCEA and FERC Order 2222. The proposed Phase III investments include a continuation of: (i) advanced metering infrastructure; (ii) the customer information platform; (iii) an expanded Mainfeeder Hardening pilot; (iv) targeted corridor improvement; (v) voltage island mitigation; (vi) voltage optimization enablement; (vii) substation technology deployment; (viii) distributed energy resource management system; (ix) telecommunications; (x) physical security; (xi) cyber security; and (xii) customer education. The Commission also approved two new programs: the outage management system and a non-wires alternative pilot. The Commission reduced from $508.3 million to $182.7 million the amount allowable for Dominion to spend on strengthening mainfeeder lines. The Commission's approval of these projects was made subject to certain contingencies, cost caps, and reporting requirements.

[61] *Application of Virginia Electric and Power Company, revision of rate adjustment clause: Rider OSW, Coastal Virginia Offshore Wind Commercial Project for the Rate Year commencing September 1, 2023*, Case No. PUR-2022-00187, Doc. Con. Cen. No. 230720087, Final Order (July 7, 2023).

Integrated Resource Plans

DEV did not file an IRP in 2022, but it filed its 2023 IRP on May 1, 2023.[62] This matter is currently pending before the Commission; an evidentiary hearing began on September 19, 2023, and concluded on September 21, 2023.[63] DEV's 2023 IRP included a billing analysis, comparing customers' monthly bills from May 1, 2020 to those projected for the IRP's Plan B in 2030 and 2035. Based on DEV's billing analysis, DEV's Plan B would increase the monthly bill of a Virginia residential customer using 1,000 kWh per month by between \$51.16 and \$76.94 (or an estimated annual increase between \$613.92 and \$923.28) in 2030, and by between \$57.97 and \$119.22 (or an estimated annual increase between \$695.64 and \$1,430.64) in 2035.[64]

Based on APCo's 2022 IRP billing analysis[65] showing projected annual impacts to a residential bill over the next five years and incorporating the requirements of the VCEA, the monthly bill of a Virginia residential customer using 1,000 kWh per month is projected to be between \$141.73 and \$143.07 by 2026. This is an increase of between \$19.50 and \$20.84 per month over the April 29, 2022 typical residential bill (or an estimated annual

[62] 2023 DEV IRP.

[63] *Commonwealth of Virginia, ex rel. State Corporation Commission, In re: Virginia Electric and Power Company's Integrated Resource Plan Filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUR-2023-00066, Doc. Con. Cen. No. 230540256, Order for Notice and Hearing (May 23, 2023).

[64] 2023 DEV IRP at 33-34.

[65] *Commonwealth of Virginia, ex.rel., State Corporation Commission, In re: Appalachian Power Company's Integrated Resource Plan filing pursuant to Va. Code § 56-597 et seq.*, Case No. PUR-2022-00051, Doc. Con. Cen. No. 230120021, Final Order (Jan. 23, 2023).

increase from $234.00 to $250.08).[66] In accordance with the provisions of Code §§ 56-585.8, 56-597, and 56-599, APCo is not required to file future IRPs.

DEV Fuel Factor and Securitization

On May 1, 2023, and July 3, 2023, respectively, Dominion filed applications to reduce its fuel factor and to securitize its fuel deferral balance of approximately $1.275 billion.[67] The Commission permitted Dominion to reduce its fuel factor on an interim basis, which resulted in an approximate $6.79 reduction in the monthly bill of a typical residential customer using 1,000 kWh per month, beginning July 1, 2023. The Commission's decision on the fuel securitization application is due by November 3, 2023.[68]

2023 Investor Presentations

DEI presented its fourth quarter earnings to investors on February 8, 2023.[69] [70] Unlike in prior years, this February 2023 presentation did not include anticipated growth

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[66] The projected monthly bill increases of $19.50 and $20.84 are based on the 2022 IRP Least Cost Plan and Hybrid Plan, respectively.

[67] These matters are docketed as Case Nos. PUR-2023-00067 (Dominion's fuel factor application) and PUR-2023-00112 (Dominion's fuel securitization application). *See Application of Virginia Electric and Power Company, To revise its fuel factor pursuant to Va. Code § 56-249.6*, Case No. PUR-2023-00067, Doc. Con. Cen. No. 230530184, Order Establishing 2023-2024 Fuel Factor Proceeding (May 12, 2023); *Petition of Virginia Electric and Power Company, For a financing order authorizing the issuance of deferred fuel cost bonds pursuant to Va. Code § 56-249.6:1*, Case No. PUR-2023-00112, Doc. Con. Cen. No. 230730152, Order for Notice and Hearing (July 14, 2023).

[68] § 56-249.6:2. A.

[69] Slides for the February 8, 2023 presentation ("2022 Fourth Quarter Presentation Slides") are available at: https://s2.q4cdn.com/510812146/files/doc_presentations/2023/2023-02-08-DE-IR-4Q-2022-earnings-call-slides-vTC-Final.pdf.

[70] DEI also gave an investor presentation on May 5, 2023, for the first quarter of 2023, and August 4, 2023, for the second quarter of 2023. These presentations did not include the same level of DEV-specific capital investment information as the 2022 fourth quarter presentation. Slides for the May 5, 2023, presentation are available at: https://s2.q4cdn.com/510812146/files/doc_financials/2023/q1/2023-05-05-DE-IR-1Q-2023-earnings-call-slides-vTC.pdf Slides for the August 4, 2023 presentation are available at https://s2.q4cdn.com/510812146/files/doc_financials/2023/q2/2023-08-04-DE-IR-2Q-2023-earnings-call-slides-vTC.pdf

capital expenditures for DEV over a five-year period.[71] As presented in last year's report, DEI previously identified approximately $27.9 billion of anticipated growth capital expenditures for DEV over the period from 2022 – 2026.[72] DEI identified the primary drivers as zero-carbon generation and storage, transmission, and customer growth, as outlined in the chart below.

February 11, 2022 Investor Presentation
DEV Identified Capital Investment
Five Year Outlook 2022 through 2026

	Growth Capex 2022 - 2026
Offshore Wind	$10 Billion
Solar	$6.8 Billion
Transmission	$4 Billion
Customer Growth	$2 Billion
Nuclear Relicensing	$2 Billion
Grid Transformation	$1.5 Billion
Strategic Undergrounding	$1 Billion
Energy Storage	$0.6 Billion
Total Growth Capex	$27.9 Billion

[71] In November of 2022, DEI launched a "top-to-bottom" review of its businesses. DEI expects to share the results of its review on its 2023 third quarter investor day. On page 78 of its most recent SEC filing 10-Q, available at: https://d18rn0p25nwr6d.cloudfront.net/CIK-0000715957/50ffe88a-a008-475f-89d4-29546f56f74a.pdf, DEI stated, "As part of the on-going business review, [DEI] may consider additional divestiture of all or a portion of certain operations. While the ultimate impacts cannot be estimated until the review is completed, which is expected to occur in the third quarter of 2023, implementation of recommendations resulting from the business review could have a material impact on Dominion Energy's future results of operations, financial condition and/or cash flows." On September 5, 2023, DEI announced the sale of three natural gas distribution companies for an aggregate transaction of $14 billion: https://news.dominionenergy.com/2023-09-05-Dominion-Energy-Advances-Business-Review-Announces-Agreements-to-Sell-Gas-Distribution-Companies-to-Enbridge.

[72] Slides for the February 11, 2022 presentation ("2021 Fourth Quarter Presentation Slides") are available at: https://s2.q4cdn.com/510812146/files/doc_financials/2021/q4/2022-02-11-DE-IR-4Q-2021-earnings-call-slides-vTCIII.pdf. *See* 2021 Fourth Quarter Presentation Slides 47-49.

DEI estimated that by 2026, 92% of the $27.9 billion of growth capex would be eligible to be recovered through RACs.[73] As a result, by 2026, DEI projected that a total of 55% of DEV's $50.7 billion net rate base would be eligible to be recovered through RACs.[74] DEV's projected $50.7 billion net rate base in 2026 would reflect an increase of 74% when compared to 2021. The 2022 Fourth Quarter Presentation states that DEV's current rate base is approximately $31.8 billion.[75] [76] As indicated in last year's report, the totality of these projected capital investments reflect DEI's presentation to investors and have not been independently reviewed by Commission Staff or as part of a Commission proceeding.

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[73] *See* 2021 Fourth Quarter Presentation Slide 47.

[74] *See* 2021 Fourth Quarter Presentation Slide 51.

[75] *See* 2022 Fourth Quarter Presentation Slide 20.

[76] Approximately $9.2 billion, or 28.9%, is currently recovered through RACs.

III.
BASE RATE FINANCIAL RESULTS

DEV 2023 Biennial Review

As required by HB 1770, on July 3, 2023, DEV filed its application for a biennial review, docketed as Case No. PUR-2023-00101, which is currently pending before the Commission.[77] The evidentiary hearing is scheduled to begin on November 28, 2023, and the statutory deadline for the Commission to issue a final order is within eight months of filing. The Commission will report on its determinations in DEV's biennial review in next year's report.

APCo 2020 Triennial Review

On November 24, 2020, the Commission issued its Final Order in APCo's 2020 triennial review, covering earnings during 2017-2019; it found that APCo had earned an ROE of 9.48% for the 2017 – 2019 triennial period.[78] APCo and Consumer Counsel both filed notices of appeal of the Commission's decision to the Supreme Court of Virginia. On August 18, 2022, the Court issued its opinion affirming in part, reversing in part, and remanding the case to the Commission for further proceedings consistent with the Court's opinion.[79] On remand, the Commission found that APCo had an earned return of 7.945%

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[77] *Application of Virginia Electric and Power Company, For a 2023 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUR-2023-00101, Doc. Con. Cen. No. 230710023, Application (filed July 3, 2023).

[78] *Application of Appalachian Power Company, For a 2020 triennial review of its base rates, terms and conditions pursuant to § 56-585.1 of the Code of Virginia*, Case No. PUR-2020-00015, 2020 S.C.C. Ann. Rept. 421, Final Order (Nov. 24, 2020).

[79] *Appalachian Power Co. v. State Corp. Comm'n*, Record No. 210391 (Va. Aug. 18, 2022).

for the 2017 – 2019 triennial period and approved a going forward revenue requirement increase of $28.4 million. The Commission also granted approval of a Rider R.C.R. to recover revenue not collected from January 22, 2021 through September 2022. Rider R.C.R. is expected to be in place for 16 months commencing October 2022 and expiring January 2024.[80]

APCo 2023 Triennial Review

On March 31, 2023, APCo filed its application for a triennial review provided for by Code § 56-585.1 A and docketed as Case No. PUR-2023-00002, which is currently pending before the Commission. As filed, APCo presented a combined generation and distribution base rate earned return of 5.39% for the combined test periods of 2020 through 2022, which is more than 70 basis points below the 9.20% ROE approved by the Commission in Case No. PUR-2020-00015. The application requested an incremental revenue requirement increase of $212.6 million, based on costs APCo asserts are necessary to provide safe and reliable electric service during calendar year 2024, and a proposed ROE of 10.60%.

The evidentiary hearing for the case was held on August 24, 2023. At the hearing, the majority of the parties presented a stipulation which was not opposed by any party to the case. The terms of the stipulation included an incremental base rate revenue requirement increase of $127.3 million and an authorized ROE of 9.5%. The Commission's final order is pending.

[80] APCo Order on Remand at 201.

IV.

CURRENT STATUS OF PROCEEDINGS UNDER THE REGULATION ACT

The Regulation Act has undergone a number of amendments over the last few years resulting in numerous new programs, requirements, and rulemakings that apply to the Commonwealth's investor-owned electric utilities and electric cooperatives. Since the Commission's last report, the Commission has conducted additional proceedings brought pursuant to the Regulation Act. This section provides a high-level summary of certain proceedings decided by the Commission since September 1, 2022, the date of the last report, or currently pending at the time of the instant report.[81]

Renewable Energy Cases

Below is a table summarizing the renewable energy cases decided by or pending with the Commission at the time of this report. A description of the proceedings follows the table.

Company	Topic	Pending or Resolved?	Code Section	Case No.
Rocky Ford Solar Energy, LLC	Solar Project	Resolved	§§ 56-46.1, 56-265.2, and 56-580 D	PUR-2023-00003
Sycamore Cross Solar, LLC	Solar Project	Pending	§§ 56-46.1, 56-265.2, and 56-580 D	PUR-2023-00126
Chester Solar Technology Park	Solar Project	Resolved	§§ 56-46.1, 56-265.2, and 56-580 D	PUR-2022-00179

[81] Copies of the Commission's full orders, as well as access to publicly-filed case documents, are available at the Commission's website: https://scc.virginia.gov/pages/Case-Information, by clicking "Docket Search," and clicking "Search By Case Information," and entering the case number in the appropriate box.

DEV	Regs. for multi-family shared solar program	Resolved	§ 56-585.1:12	PUR-2020-00124
DEV	Regs. for a shared solar program	Resolved	§ 56-594.3	PUR-2020-00125
Axton Solar, LLC	Solar Project	Resolved	§ 56-580 D	PUR-2021-00085
DEV	Offshore wind generation facilities	Resolved	§ 56-585.1:11	PUR-2021-00142
DEV	Allocation of RPS-related costs	Resolved	§ 56-585.5	PUR-2021-00156
SCC	GATS business rules; revisions	Resolved	§ 56-585.5	PUR-2022-00045
DEV	2022 RPS Development Plan	Resolved	§ 56-585.5 D 4	PUR-2022-00124
Keydet Solar Center, LLC	Solar Project	Resolved	§ 56-580 D	PUR-2022-00154
DEV	Rider OSW RAC	Resolved	§ 56-585.1 A 6	PUR-2022-00187
APCo	2023 RPS Plan	Resolved	§ 56-585.5 D 4	PUR-2023-00001

Pending

- Sycamore Cross Solar, LLC, solar project (PUR-2023-00126). Sycamore Cross seeks Commission approval to construct, own, and operate: (i) a solar generating facility totaling up to 240 MW alternating current ("AC") ("MWac"); and (ii) the transmission lines and associated facilities necessary to interconnect the proposed solar generating facility to the transmission system, which include, (a) a set of 34.5 kV medium voltage feeder lines to interconnect the solar generating facility with the collector substation; and (b) an existing, certificated 500 kV generation-tie line to interconnect the Sycamore Cross Collector Substation to the transmission grid at the Septa Substation. According to the application, the project will be located on the borders of Surry County and Isle of Wight County, on approximately 2,488 acres of land, of which the expected fenced footprint of the proposed solar facility is approximately 1,156 acres. (Filed July 17, 2023). (Code §§ 56-46.1, 56-265.2, and 56-580 D).

Decisions

- Rocky Ford Solar Energy, LLC, solar project (PUR-2023-00003). Subject to certain conditions, the Commission approved Rocky Ford Solar's request for approval to construct, own, and operate in Henry County, Virginia: (i) a solar generating facility and associated facilities, lines, and equipment totaling up to 90 MWac, together with a substation and other electrical facilities located on the solar facilities site; and (ii) a 138 kilovolts ("kV") overhead generation tie line and associated facilities extending from the collection substation to interconnect the proposed solar facilities to the transmission grid at a point of interconnection with APCo's transmission facilities. (Filed Mar. 8, 2023; Final Order, Oct. 13, 2023). (Code §§ 56-46.1, 56-265.2, and 56-580 D).

- Chester Solar Technology Park, LLC, solar project (PUR-2022-00179). Subject to certain conditions, the Commission approved the applicant's request for approval of the construction, ownership, and operation of: (i) solar generating facilities and associated facilities, lines and equipment totaling up to 160 MWac, together with (a) a substation and other electrical facilities located on the solar facilities site and (b) two 34.5 kV interconnection yards located on the solar facilities site; and (ii) a 115 kV overhead generation tie line to interconnect the solar facilities to the transmission grid. (Filed Oct. 26, 2022; Final Order, Sept. 18, 2023). (Code §§ 56-46.1, 56-265.2, and 56-580 D).

- Regulations for a Multi-Family Shared Solar Program (PUR-2020-00124) (DEV). The Commission issued Orders in this docket: (i) establishing administrative charges to be paid by multi-family customers of DEV[82] to participate in shared solar projects (Final Order, Oct. 13, 2022; Order on Reconsideration, Nov. 17, 2022), and (ii) re-setting bill credit rates for multi-family shared solar customers of DEV and KU/ODP. (Order Establishing Bill Credit Rate, July 7, 2023). (Code § 56-585.1:12).

- Regulations for a Shared Solar Program (PUR-2020-00125) (DEV). The Commission issued a Final Order on July 7, 2022, establishing the minimum bill for shared solar participants, which may be modified over time, and set the bill credit rate for participants in DEV's shared solar program under Code § 56-594.3. The Commission's Order on Reconsideration (Oct. 13, 2022) declined to modify the minimum bill established in its July 7, 2022 Final Order in this docket.(Code § 56-594.3).

[82] KU/ODP also has a multi-family shared solar program but did not request an administrative charge be set for its program.

- Axton Solar, LLC, solar project (PUR-2021-00085). The Commission approved the application of Axton Solar, LLC to construct a 201.1 MW solar generating facility in Henry and Pittsylvania Counties. The application was initially filed on April 28, 2021. Axton subsequently filed with the Commission an amended application and supporting documents. (Amended application filed Mar. 31, 2022; Final Order, Oct. 7, 2022). (Code §§ 56-46.1 and 56-580 D).

- DEV Offshore Wind generation facilities (PUR-2021-00142). The Commission issued a Final Order approving requested cost recovery, through Rider OSW, associated with DEV's proposed 2,587 MW CVOW Project to be located in a federal lease area off the coast of Virginia Beach, Virginia. (Final Order, Aug. 5, 2022). The Commission issued an Order Granting Reconsideration for purposes of retaining jurisdiction over the case in response to a Petition for Limited Reconsideration filed by DEV (Order Granting Reconsideration, Aug. 24, 2022). The Commission's Order on Reconsideration, dated December 15, 2022, replaced a project performance standard required under the Final Order with certain enumerated requirements that addressed, among others, construction cost sharing and operating performance provisions. (Code §§ 56-585.1, 56-585.1:11, 56-46.1, and 56-265.1).

- DEV Rider OSW (PUR-2022-00187). The Commission issued a Final Order approving requested cost recovery associated with DEV's Rider OSW for $207.995 million for the rate year beginning September 1, 2023. (Filed Nov. 1, 2022; Final Order July 7, 2023). (Code § 56-585.1 A 6).

- DEV Allocation of RPS-related costs (PUR-2021-00156). This Commission docket was established to consider issues related to DEV's recovery of its RPS-related costs, and the jurisdictional and class allocation of those costs among its customers. The Commission's Final Order addressed, among other issues, cost allocation of VCEA resources, proxy value for capacity costs, REC proxy values, and certain reporting requirements. (Filed Dec. 22, 2021; Final Order, June 13, 2023). (Code § 56-585.5).

- GATS Business Rules (PUR-2022-00045). This Commission proceeding considered potential revisions to the Commission's GATS business rules ("GATS Business Rules" or "Rules"). The Commission's Final Order in this docket, among other determinations, incorporated language in the Rules to establish a self-certification process for resources seeking to qualify as low-income projects pursuant to Code § 56-585.5 C; modified utilities' annual REC compliance reporting requirements; and continued the requirement that all generators utilize revenue grade meters. (Docketed Apr. 14, 2022; Final Order, Dec. 9, 2022). (Code § 56-585.5 C).

- DEV 2022 RPS Development Plan and related requests (PUR-2022-00124). Code § 56-585.5 D 4 requires DEV to submit annually to the Commission plans and petitions for approval of new solar and onshore wind generation capacity. DEV made such an annual filing on October 14, 2022. The Commission's April 14, 2023 Final Order in this docket: (i) granted approval and CPCNs for DEV to construct and operate certain solar and/or storage facilities; (ii) found that certain proposed PPAs were prudent; and (iii) generally found DEV's RPS plan as set forth in its RPS Filing to be reasonable and prudent. The Final Order, among other directives, also requires DEV to include, in its next RPS plan filing, modeling results that incorporate the effects of the IRA, and that show the Commonwealth both in and out of RGGI. (Filed Oct. 14, 2022; Final Order, Apr. 14, 2023). (Code § 56-585.5 D 4).

- <u>Keydet Solar Center, LLC, solar project (PUR-2022-00154)</u>. The Commission approved Keydet Solar Center, LLC's application for CPCNs for a solar generating facility totaling up to 145 MWac and associated interconnection facilities to be located in Charles City County, Virginia. (Filed Sept. 16, 2022; Final Order, May 30, 2023). (Code §§ 56-46.1, 56.265.2 and 56-580 D).

- <u>APCo 2023 RPS plan and related requests (PUR-2023-00001)</u>. Code § 56-585.5 D 4 requires APCo to submit annually to the Commission an RPS Filing. APCo made such an annual filing on March 15, 2023. The Commission's September 7, 2023 Final Order in this docket, among other things, found six new solar PPAs proposed by APCo to be prudent; approved five RACs; and directed that on or before January 16, 2024, APCo and DEV are to make filings, either jointly or separately, containing the proposed treatment of RECs associated with: (i) customers taking service under each utility's voluntary renewable tariffs; and (ii) shopping customers purchasing 100 percent renewable energy, for purposes of RPS Program compliance. Such filing shall include any associated proposal for netting the benefits of such RECs, including applicable tariff language. (Filed Mar. 15, 2023; Final Order, Sept. 7, 2023). (Code § 56-585.5 D 4).

<u>Environmental Cases</u>

Below is a table summarizing the environmental cases decided by or pending before the Commission at the time of this report. A description of the proceedings follows the table.

Company	**Topic**	**Pending or Resolved?**	**Code Section**	**Case No.**
APCo	Environmental RAC	Resolved	§ 56-585.1 A 5	PUR-2022-00001
DEV	Rider RGGI (Reinstatement)	Resolved	§ 56-585.1 A 5	PUR-2022-00070
DEV	Rider E	Resolved	§ 56-585.1 A 5	PUR-2023-00005
DEV	Rider CCR	Resolved	§ 56-585.1 A 5	PUR-2023-00022

Decisions

- DEV Rider RGGI Reinstatement (PUR-2022-00070). The Commission approved DEV's petition to reinstate and revise Rider RGGI. DEV sought to account for allowance costs incurred and recovered through Rider RGGI prior to the Rider's July 1, 2022 suspension. Additionally, DEV sought to reinstate Rider RGGI to recover deferred RGGI compliance costs incurred after July 31, 2022, and those projected to occur over the period from September 1, 2023 through August 31, 2024. For purposes of the Petition, DEV assumed Virginia's withdrawal from RGGI on December 31, 2023, and consequently did not project any RGGI-related compliance costs to be incurred after that date. Rider RGGI, with a revenue requirement in the amount of $355,798,812, as approved by the Commission, was made effective for usage on and after September 1, 2023. (Filed Dec. 14, 2022; Final Order, July 12, 2023). (Code § 56-585.1 A 5)..

- APCo Environmental RAC (E-RAC) (PUR-2022-00001). The Commission approved APCo's application to recover costs through its existing E-RAC related to certain capital investments and operations and maintenance compliance expenses that are necessary to comply with state and federal environmental regulations. (Filed Mar. 18, 2022; Final Order, Nov. 21, 2022). (Code § 56-585.1 A 5 .

- DEV Rider E Update (PUR-2023-00005). The Commission approved DEV's petition for an annual update of its Rider E rate adjustment clause. Rider E recovers costs incurred by DEV to comply with state and federal environmental regulations at DEV's Chesterfield and Mt. Storm Power Stations. Dominion utilized this annual update to inform the Commission about the status of the environmental projects located at the Mt. Storm Power Station and Chesterfield Power Station, and their projected expenditures. DEV sought and received Commission approval of a new project at Mt. Storm Power Station, the Lake Discharge Temperature Control

System Project ("LDTCS Project"). According to DEV, the LDTCS Project is necessary to comply with Mt. Storm's National Pollutant Discharge Elimination System permit and the West Virginia Department of Environmental Protection's Requirements Governing Water Quality Standards. (Filed on Jan. 24, 2023; Final Order, Sept. 11, 2023). (Code § 56-585.1 A 5).

- DEV Rider CCR Update (PUR-2023-00022). The Commission granted DEV approval of an annual update of its coal combustion residuals ("CCR") rate adjustment clause, designated Rider CCR. Rider CCR recovers DEV's costs incurred to comply with the requirements of § 10.1-1402.03 of the Code and recovers costs associated with CCR removal at DEV's Bremo Power Station, Chesterfield Power Station, Possum Point Power Station, and Chesapeake Energy Center. (Filed Feb. 28, 2023; Final Order, Oct. 16, 2023). (Code § 56-585.1 A 5).

Energy Efficiency Cases

Below is a table summarizing the energy efficiency cases decided by or pending before the Commission at the time of this report. A description of the proceedings follows the table. Code § 56-596.2 specifies the total annual energy savings targets for both APCo (a Phase I Utility) and DEV (a Phase II Utility).

Company	**Topic**	**Pending or Resolved?**	**Code Section**	**Case No.**
DEV	2022 DSM Update	Resolved	§ 56-585.1 A 5	PUR-2022-00210
KU/ODP	DSM Program	Pending	Ch. 10 of Title 56 of the Code	PUR-2023-00096

Pending

- KU/ODP DSM Program (PUR-2023-00096). KU/ODP seeks approval of its proposed DSM-EE plan, which includes, for the 2024-2030 period, one administrative program, the Program Development and Administration ("PDA") program, and one energy efficiency program, the Income and Age Qualifying Deep Retrofit ("IAQDR") program. KU/ODP states that the PDA captures costs incurred in developing and administering energy efficiency initiatives that are common to the development of all the possible programs. KU/ODP states that the IAQDR

Program is an education and weatherization program designed to reduce electric energy consumption of qualifying customers. KU/ODP represents that it will provide funding to Weatherization Assistance Program network providers to conduct energy audits, direct install measures, provide energy education, and implement deep retrofits through home weatherization assistance and installation of energy-efficient measures. KU/ODP maintains that this program will target residential customers in single-family households that meet income-eligibility requirements and those households that include members who are veterans, disabled, or elderly. KU/ODP also seeks Commission approval of a proposed cost-recovery adjustment clause that would recover the proposed DSM-EE Plan's implementation costs. (Filed June 16, 2023). (Ch. 10 of Title 56 of the Code).

Decisions

- DEV 2022 DSM Update (PUR-2022-00210). The Commission approved DEV's application to implement several new DSM Programs as DEV's Phase XI Programs, which included energy efficiency and demand response programs. Additionally, the Commission approved DEV's proposed aggregate cost cap of $149.5 million for the Phase XI Programs and Program Bundles, including a 15% variance allowance for certain program bundles. The Commission also approved the closure of certain programs previously established, as well as RACs for the recovery of program costs. (Filed Dec. 13, 2022; Final Order, Aug. 4, 2023). (Code § 56-585.1 A 5).

Distribution Cases

Below is a table summarizing the distribution cases decided by or pending before the Commission at the time of this report. A description of the proceedings follows the table.

Company	**Topic**	**Pending or Resolved?**	**Code Section**	**Case No.**
APCo	Broadband Project	Resolved	§ 56-585.1:9	PUR-2022-00020
DEV	Broadband Project	Resolved	§§ 56-585.1 A 6 and 56-585.1:9	PUR-2022-00062
SCC	Interconnection of Distributed Energy Resources	Pending (case continued)	Pursuant to Final Order in Case No. PUR-2021-00127	PUR-2022-00073
APCo	Broadband Project	Resolved	§ 56-585.1:9	PUR-2023-00028
DEV	Distribution Grid	Resolved	§ 56-585.1 A 6	PUR-2023-00051

	Transformation Projects			
APCo	RAC recovery of Broadband Projects costs	Pending	§§ 56-585.1 A 6 and 56-585.1:9	PUR-2023-00102

Pending

- Interconnection of Distributed Energy Resources (PUR-2022-00073). This Commission docket was established (pursuant to the Commission's Final Order in Case No. PUR-2021-00127) to address obstacles to the interconnection of distributed energy resources on electric utilities' distribution systems. A Commission Order following its receipt of comments on this issue from interested parties and the Commission Staff: (i) stated that the Commission would initiate a rulemaking proceeding, in a separate docket, that examines, at a minimum, whether amendments to the Commission's Interconnection Regulations are needed, and (ii) directed Staff to convene a stakeholder working group to examine interconnection study timelines, construction timelines, and cost allocations (with Staff providing updates on working groups meetings to the Commission). (Docketed May 24, 2022; Order, Mar. 3, 2023; case continued).

- APCo Petition to expand recovery of Broadband RAC (PUR-2023-00102). APCo seeks approval to revise its existing Broadband Capacity Rate Adjustment Clause, the BC-RAC, to reflect the actual costs of providing broadband capacity under APCo's existing broadband projects in Grayson County and Bland and Montgomery Counties, respectively, as well as the projected costs associated with its broadband project in Patrick, Henry, and Franklin Counties. Through its Petition, APCo requests approval of an annual revenue requirement of approximately $6.75 million through its existing BC-RAC, to be in effect during the rate year beginning February 1, 2024 and ending January 31, 2025. (Filed Sept. 8, 2023). (Code §§ 56-585.1 A 6 and 56-585.1:9).

Decisions

- APCo Broadband Project (PUR-2022-00020). The Commission approved APCo's proposal to make available broadband capacity to an Internet Service Provider ("ISP") in parts of Bland County and Montgomery County and to revise its BC-RAC to reflect actual costs of providing broadband capacity under APCo's existing broadband project as well as the new project. Among other requirements, the Commission directed APCo and its ISP to submit certain progress reports until construction is completed. Specifically, APCo was directed to submit biannual BC-RAC reports summarizing the progress of each approved project. (Filed June 8, 2022; Final Order, Nov. 9, 2022). (Code §§ 56-585.1 A 6 and 56-585.1:9).

- DEV Broadband Project (PUR-2022-00062). The Commission approved DEV's proposal to install middle-mile broadband capacity in certain unserved areas of

Virginia, including the Northern Neck region and the Thomas Jefferson Planning District. The Commission also approved DEV's request to revise Rider RBB, for the rate year commencing December 1, 2022, through November 20, 2023. Additionally, the Commission directed that DEV should continue to submit annual Rider RBB reports pertaining to all approved rural broadband projects. (Filed May 5, 2022; Final Order, Oct. 31, 2022). (Code §§ 56-585.1 A 6 and 56-585.1:9).

- APCo Broadband Project (PUR-2023-00028). The Commission approved APCo's proposal for a new project to provide broadband capacity to ISPs in areas of Virginia that are unserved by broadband. Specifically, APCo requested approval of a project to provide middle-mile broadband Internet capacity in unserved areas of Patrick, Henry, and Franklin Counties. According to APCo: (i) this project entails the installation of approximately 380 miles of 288-strand fiber optic cable on APCo's distribution system; (ii) these installations will also provide a communications platform for APCo's own distribution grid network backhaul requirements; (iii) APCo will lease a portion of the middle-mile broadband infrastructure to an ISP selected by the counties to provide service to unserved areas in Patrick, Henry, and Franklin Counties, and (iv) the estimated capital investment for the project is approximately $56.9 million, expected to be recovered through a RAC. The Commission conditioned its approval on a requirement that APCo and its ISP submit certain progress reports until construction is completed. (Filed Mar. 2, 2023; Final Order, Aug. 3, 2023). (Code § 56-585.1:9).

- DEV Distribution Grid Transformation Project (PUR-2023-00051). DEV sought approval of Phase III of its GT Plan, which consists of proposed projects in 2024, 2025, and 2026, as well as work performed in prior years for certain Phase III projects. Approved Phase III investments include a continuation of: (i) advanced metering infrastructure; (ii) the customer information platform; (iii) an expanded mainfeeder hardening pilot; (iv) targeted corridor improvement; (v) voltage island mitigation; (vi) voltage optimization enablement; (vii) substation technology deployment; (viii) distributed energy resource management system; (ix) telecommunications; (x) physical security; (xi) cyber security; and (xii) customer education. The Commission also approved two new programs: an outage management system and a non-wires alternative pilot. The Commission's approval of these projects was made subject to certain contingencies, cost caps, and reporting requirements. (Filed Mar. 31, 2023; Final Order, Sept. 18, 2023). (Code § 56-585.1 A 6).

Integrated Resource Plan Cases

Below is a table summarizing the IRP cases decided by or pending before the Commission at the time of this report. A description of each proceeding follows the table.

Company	Topic	Pending or Resolved?	Code Section	Case No.
APCo	Integrated Resource Plan	Resolved	§ 56-597 *et seq.*	PUR-2022-00051
DEV	Integrated Resource Plan	Pending	§ 56-597 *et seq.*	PUR-2023-00066

Pending

- DEV 2023 IRP (PUR-2023-00066). DEV seeks the Commission's approval of its 2023 IRP filing, encompassing the 15-year planning period from 2024 to 2038, using 2023 as the base year. DEV states that its IRP addresses the 2023 PJM Load Forecast, which includes a significant increase in the expected peak and energy demand in the Dominion Energy ("DOM") Zone over the planning period. According to DEV, the increase is driven primarily by data centers and, to a lesser extent, electrification in both DEV's service territory and in other service areas within the DOM Zone. DEV states that its IRP presents five alternative plans ("Alternative Plans") to meet customers' needs in the future. DEV states that all Alternative Plans utilize the load forecast prepared by PJM; assume a capacity factor for solar resources based on the lower of the design capacity factor or the three-year average of DEV's existing solar facilities in Virginia; and assumes that Virginia exits RGGI before January 1, 2024. DEV also presents sensitivities on all Alternative Plans that show the higher cost to customers if Virginia remains in the RGGI. Pursuant to § 56-599 D of the Code, the Commission will determine whether an IRP is reasonable and in the public interest. (Filed May 23, 2023).

Decisions

- APCo 2022 IRP (PUR-2022-00051). The Commission reviewed APCo's 2022 IRP filing that, per APCo: (i) incorporated requirements of the VCEA related to resource acquisition; (ii) included the most recent load forecast consistent with the VCEA; and (iii) incorporated updated renewable costs. In its Final Order in this docket, the Commission found, based on the record in this proceeding and applicable statutes, that APCo's IRP is reasonable and in the public interest for the specific and limited purpose of filing the planning document as mandated by § 56-597 *et seq.* of the Code and for its first IRP since the enactment of the VCEA. The Commission further found that APCo's subsequent IRPs must comply with the Commission's directives, as set forth in prior orders, and the additional requirements set forth in this Order. Among other things, the Commission directed APCo to: (i) provide high- and low-capacity price forecast sensitivities as part of its next IRP; (ii) further evaluate and report in future proceedings on any limitations on its ability to monetize capacity in PJM to ensure capacity is modeled correctly for planning purposes; and (iii) address and update its modeling assumptions in future proceedings to incorporate the projected impacts of the federal IRA, particularly the impact of the tax credits available for solar, wind and energy storage resources. Also, regarding APCO's self-scheduling of its generation units, the Commission did not find APCo's actions to be speculative, nor did it appear to be in customers' interest for the Commission to prohibit self-scheduling going forward. (Filed Apr. 29, 2022; Final Order, Jan. 3, 2023). (Code § 56-597 *et seq.*).

Financial Review Cases

Below is a table summarizing the financial review cases decided by or pending before the Commission at the time of this report. A description of each proceeding follows the table.

Company	**Topic**	**Pending or Resolved?**	**Code Section**	**Case No.**
APCo	Triennial Review	Resolved	§ 56-585.1 A	PUR-2020-00015
APCo	Triennial Review	Pending	§ 56-585.1 A	PUR-2023-00002
DEV	Biennial Review	Pending	§ 56-585.1 A	PUR-2023-00101
DEV	Securitization of fuel costs	Pending	§ 56-249.6:1	PUR-2023-00112

Pending

- APCo Triennial Review (PUR-2023-00002). This docket comprises APCo's application for a triennial review of APCo's rates, terms, and conditions for the provision of generation and distribution services. The application states that this proceeding entails, among other things, Commission determinations regarding: (i) APCo's cost of service during the three successive 12-month periods ending December 31, 2022; (ii) whether prospective changes to APCo's rates for generation and distribution services are necessary; and (iii) APCo's prospective fair rate of return on common equity. The application requests approval to implement retail base generation and distribution rates that are designed to implement an overall increase in APCo's revenues of approximately $212.6 million over revenues from current base rates. The requested revenue increase reflects, among other things, APCo's requested authorization of a prospective ROE of 10.6%. APCo also requests that the Commission approve depreciation rates that will result in an annual increase in depreciation expenses. APCo also requests to increase distribution Operations and Maintenance expenses by $47.8 million to allow it to improve its vegetation management program. (Filed on Apr. 14, 2023). (Code § 56-585.1).

- DEV Biennial Review (PUR-2023-00101). DEV's application presents three principal issues: (i) a review of DEV's cost of service and earnings for the historical periods 2021 and 2022; (ii) whether DEV's rates for generation and distribution services should change or remain the same for upcoming rate periods ending on December 31, 2024, and December 31, 2025; and (iii) any proposed changes to DEV's cost allocation, rate design, tariff offerings, or terms and conditions of service. The application further states that: (i) DEV's base rates for 2021 and 2022 were neither excessive nor insufficient; (ii) DEV is not proposing any increase or decrease in total base rates for the upcoming rate periods; and (iii) DEV is proposing to revise its advanced metering infrastructure opt-out policy, update all of its reconnection charges to reflect current meter reconnection capabilities, and seek approval of an increase in the basic monthly customer charge for residential customers receiving service under DEV's Schedule 1. (Filed July 20, 2023). (Code § 56-585.1 A).

- DEV Securitization of fuel costs (PUR-2023-00112). DEV seeks a financing order pursuant to § 56-249.6:1 of the Code, to finance certain deferred fuel cost balances through deferred fuel cost bonds. According to DEV's petition, its projected June 30, 2023 fuel deferral balance is approximately $1.275 billion. This balance represents the sum of the projected June 30, 2023 under-recovery of expenses during the July 1, 2022 to June 30, 2023 fuel period, and two-thirds of the remaining June 30, 2022 fuel deferral balance under a three-year mitigation plan approved by the Commission in DEV's 2022 fuel factor docket (PUR-2022-00064). Under § 56-249.6:1 of the Code (enacted in 2023), an electric utility may seek authorization to issue deferred fuel cost bonds with lower financing costs that are secured by deferred fuel cost property and include a dedicated fuel cost charge that is separate and distinct from the utility's base rates or fuel factor on customer bills. Pursuant to this new Code provision, the Commission must either issue a Financing Order or an Order rejecting the utility's Petition no later than four months from the date the Petition was filed. (Filed July 14, 2023). (Code § 56-249.6:1).

Decisions

- APCo Triennial Review (PUR-2020-00015). The Commission, among other things, determined that in the 2017-2019 triennial period under review, APCo earned 6 basis points above the fair ROE, which equates to approximately $1,992,987 in excess earnings for such period. APCo's historical expenses for 2019 included an asset impairment charge of $88.3 million for power plant closures in 2015. The Commission found that this asset impairment expense was unreasonable. As a result of this finding, the Commission further concluded that APCo had sufficient revenues to recover its reasonable costs under the statute. Upon appeal to the Supreme Court of Virginia, on August 18, 2022, the Court affirmed in part, reversed in part, and remanded the case to the Commission for further proceedings consistent with the Court's opinion, which included the findingthat the Commission had made an error of law in denying the impairment charge. On remand, the Commission determined that APCo's base rates should be increased, consistent with the Supreme Court's findings. (Final Order, Nov. 24, 2020; Order on Reconsideration, Mar. 26, 2021; Notice of Appeal, Apr. 5, 2021; Petition of Appeal, July 6, 2021; Opinion of the Supreme Court of Virginia, Aug. 18, 2022; Order Initiating Remand Proceedings, Aug. 22, 2022; Order on Remand, Dec. 21, 2022).

See also Section III, Base Rate Financial Results, of this report for details on these cases.

Miscellaneous Cases

Below is a table summarizing miscellaneous cases decided by or pending before the Commission at the time of this report. A description of the proceedings follows the table.

Company	**Topic**	**Pending or Resolved?**	**Code Section**	**Case No.**
SCC	Federal Grant Money under IIJA	Pending	Federal Infrastructure Investment and Jobs Act	PUR-2022-00180
SCC	Regulations Governing Interconnection of Small Generators	Pending	§ 56-578 C	PUR-2023-00069
DEV	2023 PIPP Program Update	Resolved	§ 56-585.6	PUR-2023-00105
APCo	Universal Service Fee/Rider PIPP	Pending	§ 56-585.6	PUR-2020-00117

Pending

- SCC: Federal utilities to report re: grant money available under federal Infrastructure Investment and Jobs Act ("IIJA") (PUR-2022-00180). On November 3, 2022, the Commission issued an Order Directing Comments in this matter. The Commission recognized the passage of the federal IIJA, H.R. 3684, 117th Cong. (2021), and its authorization of significant investments of federal funds in the nation's utility infrastructure. The Commission directed Virginia's jurisdictional investor-owned electric utilities and electric cooperatives to file comments, on or before January 5, 2023, addressing: (i) potential IIJA funding opportunities that may assist the utilities in providing utility service in the Commonwealth; (ii) actions such utilities can take or have already taken to access such funding opportunities, including the status of any such funding applications; and (iii) Commission actions or proceedings that may assist or facilitate utilities' access to these funding opportunities. The Commission further invited other interested parties and Commission Staff to file comments addressing the enumerated items, as well as the comments filed by the investor-owned electric utilities and electric cooperatives, on or before February 2, 2023 (the utilities were thereafter permitted to file responsive comments). Following its receipt of such comments, the Commission issued a subsequent Order directing these utilities to file supplemental Reports with the Commission biannually on September 1 and March 1 (and continuing until all applicable funding opportunities under the IIJA and IRA are closed to applications or further order of the Commission), concerning: (i) utility efforts to obtain funding via the IIJA and IRA; (ii) ongoing or upcoming Commission proceedings in which the utility reasonably knows or anticipates IIJA or IRA funding is implicated; and (iii) how the utilities are addressing equity and environmental justice in the context of the IIJA and IRA funding opportunities. (Order Directing Comments, Nov. 3, 2022; Order Directing Biannual Reporting, June 15, 2023).

- <u>SCC: revising Regulations Governing Interconnection of Small Electric Generators (PUR-2023-00069).</u> In Case No. PUR-2018-00107, the Commission revised the Regulations Governing Interconnection of Small Electrical Generators, 20 VAC 5-314-10 *et seq*. ("Interconnection Regulations"). Subsequently, in Case No. PUR-2022-00073, a docket initiated to explore interconnection issues related to utility distribution energy resources, the Commission determined it would be appropriate to initiate a rulemaking proceeding, in a separate docket, to examine certain potential changes to the Interconnection Regulations. This docket was established for that purpose and contemplates input from stakeholders and persons having an interest in the Commission's Interconnection Regulations and the interconnection of small electrical generators and storage in the Commonwealth of Virginia. (Order Initiating Rulemaking Proceeding, May 2, 2023). (Code § 56-578 C).

- <u>APCo 2023 Update Re: Universal Service Fee / Percentage of Income Payment Program ("PIPP") (PUR-2020-00117).</u> APCo provided an update to the Commission concerning the universal service fees to be collected from customers of APCo to fund the PIPP established by statute. A July 2021 Commission Order in this docket (supplemented by a July 14, 2023 Order) required APCo to submit certain reporting and filing requirements within 60 days after the DSS rules or guidelines for PIPP were promulgated. The DSS guidelines were promulgated on June 26, 2023, and APCo has included information responsive to the Commission's reporting requirements. In particular, the Update advised the Commission that: (i) APCo has begun programming its customer and billing information system to be able to accurately bill customers enrolled in the PIPP program by June 25, 2024; (ii) APCo expects the annual cost of the program to reach or exceed $25 million (APCo's annual statutory program cap) under normal circumstances; and (iii) APCo proposes to collect $25 million from its customers commencing July 1, 2024 and through June 30, 2025. (Filed Aug. 25, 2023). (Code § 56-585.6).

Decisions

- DEV 2023 Percentage of Income Payment Program ("PIPP") Update (PUR-2023-00105). The Commission approved DEV's application for approval of a proposed update to the rates, terms, and conditions of a universal service fee to be paid by DEV's retail customers to fund the PIPP program. PIPP-eligible utility customers are persons or households whose income does not exceed 150 percent of the federal poverty level.[83] A prior Order required DEV to submit certain reporting and filing requirements within 60 days after the Virginia Department of Social Service ("DSS") rules or guidelines for PIPP were promulgated. DSS rules or guidelines were published on June 26, 2023, and DEV has included information responsive to the Commission's reporting requirements. DEV asserts that it and DSS are working towards a launch of the PIPP application process in November 2023, with the program being active and payments beginning on December 1, 2023. DEV proposes to collect $72,674,635 from its customers in the Commonwealth to fund the PIPP, with $64,345,594 being collected from Virginia jurisdictional customers. (Filed July 11, 2023; Final Order, Oct. 13, 2023). (Code § 56-585.6).

V.

STAKEHOLDER MEETINGS

The Commission's Staff has participated as stakeholders in multiple stakeholder meetings over the last year as required by recent legislation. The following is a list of meetings the Staff has attended:

- Energy Efficiency Meetings: (required by SB 966,[84] SB 1605,[85] and HB 2293[86]) held on October 17, 2022, December 15, 2022, March 9, 2023, and September 12, 2023, for APCo; and on October 12, 2022, February 24, 2023, and June 20, 2023, for DEV.

[83] Code § 56-576.

[84] 2018 Va. Acts ch. 296.

[85] 2019 Va. Acts ch. 398.

[86] 2019 Va. Acts ch. 397.

- Program to Encourage and Expedite Electric Utility Infrastructure Investments Stakeholder Meetings: (required by HB 894[87]) held between June 2022 and August 2022. The required report was submitted on December 15, 2022.

- Renewable Energy Facilities Lifecycle Task Force Meeting: (required by SB 499 and HB 774[88]). The Commission selected Keystone Policy Center as a third-party facilitator for this task force. Task force meetings were held on October 28, 2022, November 16, 2022, November 29, 2022, December 14, 2022, and January 10, 2023. The required report was submitted on April 14, 2023.

- Shared Solar Stakeholder Workgroup for APCo and Kentucky Utilities: (required by SB 660[89]). The Commission selected Sustainable Energy Advantage, LLC as a third-party facilitator for this work group. Stakeholder workgroup meetings occurred on September 8, 2022, September 15, 2022, September 28, 2022, and October 6, 2022. The Staff also attended separate stakeholder meetings specifically for the electric cooperatives during this process on September 23, 2022 and November 9, 2022. The required report was submitted on November 30, 2022.

VI.
PJM / FERC STATUS

DEV and APCo are members of PJM, a regional transmission organization that coordinates the movement of wholesale electricity across all or parts of the District of Columbia and 13 states.[90] Below is a list of recent matters involving PJM and FERC that may impact Virginia:

- During Winter Storm Elliott (December 23 – 25, 2022), extremely cold weather combined with approximately 12,000 MW of forced (or non-planned) outages among the PJM generation fleet resulted in more than 57,000 MW of expected generation being unavailable by the morning peak of December 24, the coldest day of the holiday weekend. PJM's load forecast for the weekend under-forecasted the actual peak by about 8%. For failure to perform during a called Performance Assessment Interval, about 200 market participants were assessed penalties totaling approximately $1.8 billion. Amounts ultimately collected from these penalties will

[87] 2022 Va. Acts ch. 488.

[88] 2022 Va. Acts chs. 69 and 70.

[89] 2022 Va. Acts ch. 591.

[90] Specifically, the 13 states consist of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, and West Virginia.

be distributed to generators that over-performed during the Performance Assessment Interval. PJM continues to evaluate system performance during the storm and issued an Event Analysis and Recommendation Report on July 17, 2022.[91]

- On July 28, 2023, FERC issued Order No. 2023, adopting reforms to its interconnection procedures and interconnection agreements to address interconnection queue backlogs, improve certainty, and prevent undue discrimination for new technologies.[92] Among other things, the order requires transmission providers to implement a first-ready, first-served cluster study process; imposes firm deadlines and establishes penalties if transmission providers fail to complete interconnection studies on time; and requires transmission providers to incorporate certain technological advancements into the interconnection process. Compliance filings related to Order No. 2023 are due December 5, 2023.[93]

- In June 2018, FERC invalidated PJM's capacity market design. FERC ruled that state-subsidized resources were artificially and improperly suppressing market prices.[94] Following a FERC technical conference on wholesale market reform in March 2021, during which the FERC Chairman indicated FERC would take action to address deficiencies in the Minimum Offer Price Rule ("MOPR") (including concerns that the MOPR could cause undue burden to resources supported by state policies) by year-end if PJM did not do so, PJM initiated an accelerated stakeholder process, or Critical Issue Fast Path ("CIFP"). The CIFP process concluded in August 2023, and the PJM Board will now determine which proposals to file at FERC.

- On June 30, 2021, the transmission owners ("Transmission Owners") in the PJM region submitted a consolidated filing at FERC that proposed revisions to the PJM Tariff to provide Transmission Owners with the option to elect to fund the capital cost of network upgrades necessary to accommodate generator

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[91] https://www.pjm.com/-/media/library/reports-notices/special-reports/2023/20230717-winter-storm-elliott-event-analysis-and-recommendation-report.ashx

[92] *Improvements to Generator Interconnection Procedures and Agreements*, Docket No. RM22-14, Order No. 2023, 184 FERC ¶ 61,054 (July 28, 2023).

[93] Previously, on June 14, 2022, PJM proposed changes to its generator interconnection process, seeking to change from a first-come, first-served process to a first-ready, first-served process, to give priority to projects that are more likely to be completed. PJM claims this will help alleviate significant queue backlogs. FERC issued an order approving PJM's proposal on November 29, 2022. *PJM Interconnection, L.L.C.*, 181 FERC ¶ 61,162 (Nov. 29, 2022).

[94] *Calpine Corp. v. PJM Interconnection, LLC*, 163 FERC ¶ 61,236 (2018).

interconnections.[95] The proposed revisions would allow the PJM Transmission Owners the opportunity to earn a return of and on the costs of network upgrades that are necessary to interconnect generation resources to the PJM transmission system. Under the current tariff, those costs must be paid by the interconnecting generator. FERC set this matter for paper hearing on November 19, 2021, and parties filed briefs in January 2022. The matter remains pending at FERC.

- On July 19, 2021, PJM filed a brief in a Pennsylvania federal court case challenging the Pennsylvania Public Utility Commission's ("PAPUC") rejection of a transmission line. Following the PAPUC's order, the developer (TransSource) sued the PAPUC in federal court, alleging that the PAPUC's decision violated the dormant Commerce Clause and was preempted by PJM's earlier determination of need. PJM claims that the PAPUC does not have authority to reject a line on the grounds that the line is not needed where PJM has concluded the line is necessary under mechanisms approved by FERC. On August 26, 2021, the District Court denied in part PAPUC's motion to dismiss, finding that TransSource had standing to file the action. The court abstained on the remainder of the motion, electing to wait until an appeal in state court was completed. On May 6, 2022, the Pennsylvania Commonwealth Court upheld the PAPUC's order rejecting the line. The District Court lifted its stay of the proceedings on May 17, 2022. The parties filed briefs and dispositive motions on August 28, 2023.

- In September 2020, FERC issued Order 2222, which adopted reforms to allow distributed energy resource aggregations to participate in the regional transmission organization markets.[96] PJM made its most recent compliance filing on August 28, 2023, detailing the progress it has made towards its February 2026 implementation date.[97]

VII.
RELIABILITY IMPACTS

In its 2023 Session, the General Assembly passed Chapter 775 which requires the Commission to include in this report "any information concerning the reliability impacts of generation unit additions and retirement determinations by a Phase I or Phase II Utility,

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[95] *PJM Tariff Revisions to Implement Transmission Owners' Funding of Network Upgrades*, Docket No. ER21-2282 (June 30, 2021).

[96] *Participation of Distributed Energy Resource Aggregations in Markets Operated by Regional Transmission Organizations and Independent System Operators*, 172 FERC ¶ 61,247 (Sept. 19, 2020).

[97] *PJM Interconnection, L.L.C.*, Docket No. ER22-962.

along with the potential impact on the purchase of power from generation assets outside the Virginia jurisdiction used to serve the utility's native load, utilizing information from the respective utility's integrated resource plan or information from the respective utility's plan filed pursuant to subsection D of § 56-585.5."[98] The Commission provides the below data related to this requirement.

DEV

The resource additions and retirements contained in DEV's Plan B[99] as presented in DEV's 2023 IRP are shown in the table below:[100]

[98] HB 1770.

[99] *See* Case No. PUR-2023-00066, Direct Testimony of Staff witness Collier at 8, fn. 24.

[100] 2023 DEV IRP at 26.

DEV Alternative Plan B (Nameplate MW)[101]									
Year	Solar PPA	Solar COS	Solar DER	Wind	Storage	Nat. Gas	Nuke	Capacity Purchase	Rtmnts
2024	0	0	0	0	0	0	0	1,100	0
2025	0	0	0	0	0	0	0	1,100	0
2026	0	0	0	0	0	0	0	1,600	0
2027	210	390	15	0	0	0	0	700	0
2028	231	429	30	260	90	970	0	200	0
2029	231	429	45	0	120	0	0	600	0
2030	252	468	45	0	150	0	0	900	0
2031	315	585	111	60	180	0	0	1,300	0
2032	315	585	111	0	180	0	0	1,800	0
2033	315	585	111	2,600	240	0	0	1,600	0
2034	315	585	111	60	240	0	268	1,900	0
2035	315	585	114	0	270	485	0	2,100	0
2036	315	585	114	0	300	485	268	2,100	0
2037	315	585	114	60	300	485	0	2,300	0
2038	315	585	114	0	300	485	268	2,600	0
Total:	**3,444**	**6,396**	**1,035**	**3,040**	**2.370**	**2,910**	**804**	**21,900**	**0**

DEV's IRP states the Company does not have significant reliability concerns with Plan B. DEV states that Plan B includes a significant amount of new intermittent renewable generation, but that it also maintains a large amount of DEV's existing fleet of synchronous generation facilities and includes the addition of new small modular reactor nuclear generation.[102]

Of particular note, DEV's Short-Term Action Plan includes the following actions over the next five years:[103]

[101] Notes: "COS" = cost of service; "PPA" = power purchase agreement; "DER" = distributed energy resources, whether Company-owned or PPA; "Wind" includes both on- and off-shore wind units. *Id.*

[102] 2023 DEV IRP at 31.

[103] 2023 DEV IRP at 37.

- File annual plans for the development of solar, onshore wind, and energy storage resources consistent with the requirements established by the VCEA, including related requests for approval of CPCNs and for prudence determinations related to PPAs;
- Complete construction of CVOW with a target in-service date of late 2026;
- Continue construction and begin operation of approved solar and storage projects;
- Meet targets under Virginia's mandatory RPS Program at a reasonable cost and in a prudent manner, and submit annual compliance certification to the SCC;
- Meet target under North Carolina's renewable energy portfolio standard at a reasonable cost and in a prudent manner, and submit its annual compliance report and compliance plan to the North Carolina Utility Commission;
- Support ongoing Nuclear Regulatory Commission review of the subsequent license renewal application for North Anna Units 1 and 2;
- Continue development work for 970 MW of new gas-fired Combustion Turbines, *see* Section 5.4.2, Combustion Turbines;
- Begin development of a backup Liquified Natural Gas facility to support reliable operations of the Company's Greensville Power Station and possibly other stations;
- Continue to make investments at existing generation units needed to comply with environmental regulations;
- Evaluate opportunities for uprates or increased capacity injection rights at existing units;
- Continue to evaluate potential unit retirements or replacement of existing units in light of changing market conditions and regulatory requirements; and
- Continue to evaluate pilot energy storage projects associated with the battery storage pilot program established by the GTSA.

APCo

The resource additions contained in Portfolio B[104] of APCo's 2023 RPS Plan are shown in the table below.[105]

[104] *See* Case No. PUR-2023-00001, Direct Testimony of Staff witness Ricketts at 19.

[105] *Petition of Appalachian Power Company, For approval of its 2023 RPS Plan under § 56-585.5 of the Code of Virginia and related requests*, Case No. PUR-2023-00001, Doc. Con. Cen. No. 230320211, RPS Plan (filed Mar. 15, 2023), Attachment 1, at 50.

APCo Portfolio B (Nameplate MW)						
Year	Utility Solar	PPA Solar	Utility Wind	PPA Wind	Storage	Energy Efficiency
2024	0	0	0	0	0	0
2025	0	0	0	0	0	0
2026	0	0	0	0	25	0
2027	0	0	0	0	0	11
2028	0	0	0	75	0	11
2029	0	0	0	75	25	12
2030	250	200	150	75	50	12
2031	0	200	150	75	50	14
2032	0	0	0	75	50	0
2033	50	200	0	75	50	0
2034	150	200	0	75	50	0
2035	150	200	0	75	50	0
2036	0	200	0	75	50	0
2037	0	0	0	0	0	0
2038	0	0	0	0	0	0
Total:	**600**	**1,200**	**300**	**675**	**400**	**60**

In Portfolio B, during the 15-year planning period, only the Clinch River facility, representing 456.5 MW (nameplate), was retired in 2025.[106] APCo states that it models reliability at a "system" level and that it will continue to evaluate potential concerns and mitigation options as renewable penetration increases.[107]

VIII.
CONSUMER EDUCATION

The Regulation Act, specifically § 56-592 of the Code, directs the Commission to establish, implement, and maintain a consumer education program to provide retail customers with information regarding energy conservation and efficiency, DSM, demand

[106] *Id*. at 11.

[107] *Id*. at 10.

response, and renewable energy. The Virginia Energy Sense ("VES") consumer education program is in its thirteenth year of building awareness of the value of energy efficiency.

Highlighted VES accomplishments from the last year (July 1, 2022 – June 30, 2023) are as follows:

- To measure public attitudes on energy conservation, VES conducted an online quantitative survey, which garnered responses from 1,200 Virginia residents. Survey results suggested that awareness of the VES program remains high; approximately 1 in 3 (31%) respondents recalled recently seeing or hearing messages from or about VES (up from 27% in 2021).

- On March 14, 2023, VES launched a new version of its website, which incorporated a significantly improved user experience, a streamlined navigation, updated resources, and enhanced search capabilities. The upgrade involved a thorough audit of the existing site's information architecture and content as well as the creation of a site map, wire frames, and design mock-ups for the new site. Since the launch, metrics such as a decreased bounce rate and increased internal clicks indicate greater user engagement with the new site.

- VES published 300 posts on its Facebook, Instagram, and X/Twitter accounts, reaching 19,708 users and receiving 520 engagements.

- In fall 2022 and spring 2023, VES ran digital advertising campaigns on social media (Facebook and Instagram), programmatic display channels, and Google Search. The two campaigns collectively garnered over 12 million impressions and resulted in over 17,000 visits to the VES website.

- VES ran two statewide radio advertising campaigns, one in fall 2022 and one in spring 2023, that collectively received over 11 million impressions.

- The program's radio public service announcement campaign concluded its yearlong run in March 2023 after receiving over 4,900 airings and delivering over 15.3 million impressions.

- VES conducted a satellite media tour for Energy Awareness Month in October 2022 that resulted in 10 interviews, receiving over 663,000 potential broadcast impressions and 64.65 million potential online impressions.

- VES exhibited at eight in-person events throughout the Commonwealth to share information and resources directly with Virginia residents. The events' collective attendance was approximately 50,800.

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VIRGINIA ENERGY SENSE VALUE YOUR POWER
Changing or cleaning air filters regularly can help pet owners save on energy.
VIRGINIA ENERGY SENSE VALUE YOUR POWER

IX.
CLOSING

The Commission appreciates the opportunity to present these updates to the Governor and the General Assembly. Code § 56-596 directs the Commission to provide "recommendations for any actions by the General Assembly, the Commission, electric utilities, or any other entity that the Commission considers to be in the public interest."[108] The Commission does not offer any recommendations at this time and will continue to execute its responsibilities under the Regulation Act.

[108] Specifically, Code § 56-596 B.

APPENDIX 1

GLOSSARY OF TERMS

APCo	Appalachian Power Company
Code	Code of Virginia
Commission	Virginia State Corporation Commission
Consumer Counsel	Office of the Attorney General, Division of Consumer Counsel
CVOW Project	Coastal Virginia Offshore Wind Commercial Project
DEI	Dominion Energy, Inc.
DEV	Virginia Electric and Power Company d/b/a Dominion Energy Virginia
Dominion	Virginia Electric and Power Company d/b/a Dominion Energy Virginia
DSM	Demand-side Management
DSS	Department of Social Services
EE	Energy Efficiency
EM&V	Evaluation, Measurement, and Verification
FERC	Federal Energy Regulatory Commission
GATS	PJM-EIS Generation Attribute Tracking System
GTSA	Grid Transformation and Security Act, Chapter 296 of the 2018 Acts of Assembly
IRA	Inflation Reduction Act
IRP	Integrated Resource Plan
KU/ODP	Kentucky Utilities Company d/b/a Old Dominion Power Company
kWh	Kilowatt-hour
MOPR	Minimum Offer Price Rule
MW	Megawatt
NOPR	Notice of Proposed Rulemaking
PAPUC	Pennsylvania Public Utility Commission
PIPP	Percentage of Income Payment Program
PJM	PJM Interconnection, L.L.C.
PPA	Power Purchase Agreement
RAC	Rate Adjustment Clause
RGGI	Regional Greenhouse Gas Initiative
REC	Renewable Energy Certificate
Regulation Act	Virginia Electric Utility Regulation Act, codified at Code §§ 56-576 through 56-596.3
ROE	Return on Equity
RPS	Renewable Energy Portfolio Standard
Staff	State Corporation Commission Staff
VCEA	Virginia Clean Economy Act, Chapters 1193 and 1194 of the 2020 Acts of Assembly
VES	Virginia Energy Sense, a State Corporation Commission consumer education program