MARK C. CHRISTIE
COMMISSIONER

JAMES C. DIMITRI
COMMISSIONER

JUDITH WILLIAMS JAGDMANN
COMMISSIONER

COMMONWEALTH OF VIRGINIA

JOEL H. PECK
CLERK OF THE COMMISSION
P.O. BOX 1197
RICHMOND, VIRGINIA 23218-1197

STATE CORPORATION COMMISSION

September 24, 2013

The Honorable Robert F. McDonnell
Governor, Commonwealth of Virginia

The Honorable John C. Watkins
Chairman, Senate Committee on Commerce and Labor

The Honorable Terry G. Kilgore
Chairman, House Committee on Commerce and Labor

Gentlemen:

Chapter 771 of the 2011 Virginia Acts of Assembly directs the State Corporation Commission ("Commission") to provide annual reports on any solar energy distributed generation programs approved pursuant to that legislation. Under this legislation, the Commission has received and approved: (i) one application to construct and operate distributed solar generation facilities; and (ii) one application for special tariffs to facilitate customer-owned distributed solar generation as an alternative to net metering. The Commission is pleased to transmit the attached report regarding such applications.

As always, we will provide additional information or assistance upon request.

Respectfully submitted,

James C. Dimitri
Chairman

Judith Williams Jagdmann
Commissioner

Mark C. Christie
Commissioner

Attachment

LEGISLATION

Passage of Chapter 771 of the 2011 Virginia Acts of Assembly ("Chapter 771") conveys the General Assembly of Virginia's desire to promote solar energy through distributed generation and directs the State Corporation Commission ("Commission") to consider approving distributed solar generation facilities and to offer special tariffs as alternatives to net energy metering. Chapter 771 states:

> **1.** *§ 1. That in order to promote solar energy through distributed generation, the State Corporation Commission shall exercise its existing authority to consider for approval, after notice to all affected parties and opportunity for hearing, petitions filed by a utility to construct and operate distributed solar generation facilities and to offer special tariffs to facilitate customer-owned distributed solar generation as alternatives to net energy metering, with an aggregate amount of rated generating capacity of up to 0.20 percent of each electric utility's adjusted Virginia peak load for the calendar year 2010. Such petitions may be made during the period of July 1, 2011, through July 1, 2015, and the Commission, on its own motion, may extend this period an additional year for good cause. Each distributed solar generation installation approved pursuant to this section shall be considered to be part of a demonstration program to assess benefits to the utility's distribution system, including constrained or high load growth circuits, for a period of five years from the date each installation becomes operational. Thereafter each installation shall cease to be part of a demonstration program and, in the case of a utility-owned installation, shall continue to operate as a utility-owned generating facility, and in the case of a customer-owned installation, shall continue to provide power to the utility pursuant to the terms of the agreed upon tariff arrangement. Subject to review by the Commission, such utility-owned distributed solar generation facilities and tariffs for power generated from customer-owned distributed solar installations shall be prioritized in areas identified by the utility as areas where localized solar generation would provide benefits to the utility's distribution system, including constrained or high-growth areas. The Commission shall approve such programs or distributed generation facilities if it determines that the programs or facilities, including those targeting constrained or high load growth areas, are reasonably designed to be in furtherance of the public interest.*

§ 2. A utility participating in demonstration programs pursuant to § 1 of this act shall use reasonable efforts to ensure that at least four of the distributed solar installation sites included in the demonstration projects shall be in a community setting, which shall include, but not be limited to, to the extent permitted by law, participation by local governments, schools, community associations, neighborhood associations, or nonprofit organizations. The capacity of each such community installation shall not exceed 500 kilowatts.

§ 3. When a utility proposes solar distributed generation resources as permitted in § 1 of this act comprised of multiple installations combined collectively, the Commission shall consider such projects as one small non-combustible renewable power generation facility for purposes of project approval pursuant to §§ 10.1-1197.5, 10.1-1197.8, 56-265.2, 56-580 and 56-585.1 of the Code of Virginia. A "small non-combustible renewable power generation facility" is a small renewable energy project that generates electricity from sunlight and may consist of one or more installations distributed on separate structures or facilities, whether such installations are treated each as a stand-alone small renewable energy project or are combined and treated collectively as one small renewable energy project.

§ 4. The Commission shall provide annual reports on any demonstration programs approved pursuant to this act to the Governor and the chairmen of the House and Senate Committees on Commerce and Labor.

Pursuant to Chapter 771, the Commission has received and approved: (i) one application to construct and operate distributed solar generation facilities; and (ii) one application for special tariffs to facilitate customer-owned distributed solar generation as an alternative to net metering. The Commission tenders the following status report.

BACKGROUND

Virginia Electric and Power Company ("Dominion Virginia Power" or "DVP") proposed a solar distributed generation program consisting of two separate components, initially referred to as the Community Solar Power Program. On October 31, 2011, DVP submitted its application for the first component, a demonstration program to study the impact and assess the benefits of

distributed solar photovoltaic generation on its distribution system through the construction and operation of no more than 30 megawatts ("MW") of Company-owned distributed solar generation installations (now called the "Solar Partnership Program"). On November 28, 2012, the Commission approved the Solar Partnership Program subject to certain requirements.[1]

On May 17, 2012, Dominion Virginia Power filed a petition with the Commission for approval of the second component, a demonstration program consisting of a new special tariff under which the Company will purchase no more than 3 MW of energy output from customer-owned distributed solar generation installations as an alternative to net energy metering (now called the "Solar Purchase Program"). The Commission approved the Solar Purchase Program subject to certain requirements on March 22, 2013.[2] On August 30, 2013, DVP provided the Commission Staff with a status update regarding the development and implementation of each solar program.

PROGRAMS

Solar Partnership Program

Dominion Virginia Power has identified two customer groups for study purposes. The first group is limited to smaller projects of less than 500 kilowatts ("kW") located on public or community buildings. These projects will provide opportunities for customer outreach, will facilitate education relative to solar technologies and will provide generation load profile data in specific locations across DVP's service territory. The second customer group will consist of larger sites that can accommodate solar distributed generation facilities of greater than 500 kW

[1] *Application of Virginia Electric and Power Company For approval of a Community Solar Power Program and for certification of proposed distributed solar generation facilities pursuant to Chapter 771 of the 2011 Virginia Acts of Assembly and §§ 56-46.1 and 56-580 D of the Code of Virginia,* Case No. PUE-2011-00117, 2012 S.C.C. Ann. Rept. 328-33, Order (Nov. 28, 2012).

[2] *Petition of Virginia Electric and Power Company For approval of a special tariff to facilitate customer-owned distributed solar generation pursuant to Chapter 771 of the 2011 Virginia Acts of Assembly,* Case No. PUE-2012-00064, Doc. Con. Ctr. No. 130330138, Order (Mar. 22, 2013).

on targeted DVP circuits and will support DVP's study objectives presented in Case No. PUE-2011-00117. According to DVP, all prospective project sites undergo a rigorous selection process, including thorough engineering analyses, and are subject to mutually agreeable lease terms with property owners.

On May 2, 2013, DVP announced that Old Dominion University ("ODU") had been selected as the first participant for the Solar Partnership Program. As part of this project, more than 600 solar panels will be installed on the roof of ODU's Student Recreation Center, generating 132 kW for the electric grid.

In addition to the site announced at ODU, Dominion Virginia Power has two other study sites in the engineering and procurement phase and anticipates developing both sites later this year. One site consists of a 575 kW roof-mounted project on a manufacturing facility in Gloucester, Virginia, and the other consists of a 1,000 kW roof-mounted project on a commercial office and warehouse facility in Sterling, Virginia. Both projects meet DVP's physical property selection criteria, are located on targeted study site circuits, and are undergoing project development activities and customer lease negotiations.

In addition to site development, DVP is establishing a customer education program which is expected to include general customer information available on DVP's website regarding the projects and a more detailed secondary and post-secondary education program to be made available to demonstration sites and interested school systems.

DVP has fourteen other active projects in various stages of development, three of which are community-oriented sites. All active projects have completed preliminary site assessment screenings to ensure that they meet study objectives and are currently progressing through various stages of engineering assessments.

Solar Purchase Program

Dominion Virginia Power officially launched the Solar Purchase Program on June 20, 2013. Within the first week of opening the on-line application process, 128 customers applied to participate in the program and, as of August 15, 2013, Dominion received 290 applications. The non-residential program maximum capacity of 1.2 MW was reached on July 12, 2013, and eight customers were placed on the non-residential waiting list. Based on the interconnection applications received to-date, DVP expects that several of the initial applications may not develop, thus providing additional opportunities to participate for those customers on the waiting list.

On August 14, 2013, the first meter installed on a Solar Purchase Program customer-generator took place at a residence located in Chester, Virginia. DVP will continue to accept new residential customer applications and will establish a waiting list when the program maximum capacity of 1.8 MW is reached. As of writing this report, two non-residential meters and four residential meters have been installed on premises having solar installations for a combined total of just under 49 kW.

CONCLUSION

On September 1, 2014, Dominion Virginia Power will submit its first full annual report on the Solar Partnership Program and the Solar Purchase Program to the Commission Staff. This report will provide a more detailed review of program implementation, customer interest, and the selection and development of project sites. It also will include initial operating information, a data collection plan to support the study objectives, and other information about installation costs as requested by the Commission.