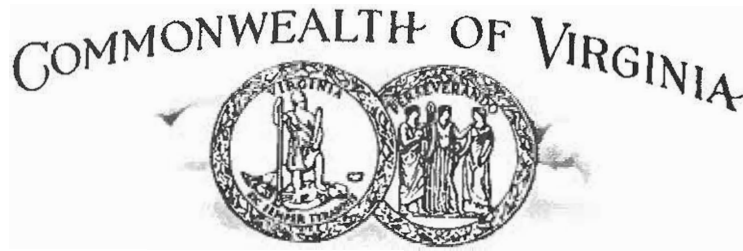


JUDITH WILLIAMS JAGDMANN
COMMISSIONER

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STATE CORPORATION COMMISSION

September 1, 2021

The Honorable Ralph S. Northam
Governor, Commonwealth of Virginia

The Honorable Richard L. Saslaw
Chairman, Senate Committee on Commerce and Labor

The Honorable Jeion A. Ward
Chairman, House Committee on Labor and Commerce

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,

Judith Williams Jagdmann
Chairman

Jehmal T. Hudson
Commissioner

Angela L. Navarro
Commissioner

**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 Labor and Commerce,
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**

September 1, 2021

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EXECUTIVE SUMMARY

This document contains the report of the Virginia State Corporation Commission ("Commission") pursuant to § 56-596 B of the Code of Virginia ("Code"), which directs the Commission to provide an update by September 1 of each year on the status of the implementation of the Virginia Electric Utility Regulation Act, Code §§ 56-576 through 56-596.3 ("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 incumbent electric utilities¹ as well as the electric cooperatives.

Key highlights from the report include:

A. Current Status of the Regulation Act

- Over the last three years, the Regulation Act has 17 new or expanded programs and rulemakings that apply to two of the Commonwealth's incumbent electric utilities and two new programs that apply to the Commonwealth's electric cooperatives. These programs include the requirements of the Virginia Clean Economy Act ("VCEA"),² which establishes a new Renewable Energy Portfolio Standard ("RPS") and Energy Efficiency Resource Standard ("EERS"). The relevant Commission dockets to implement these programs, as well as the dockets that continue to provide oversight of the utility's existing operations, are summarized in Section IV, below.
- According to its 2020 RPS Plan, Dominion Energy Virginia ("DEV" or "Dominion") estimates that by 2045, it may have 28,433 megawatts ("MW") of solar resources, 5,112 MW of offshore wind resources, and 316 MW of hydroelectric resources that it will use toward meeting its capacity obligations in the PJM Interconnection, L.L.C. regional transmission organization

¹ Code § 56-580 G suspends application of the Regulation Act, with the exception of Code § 56-594, to Kentucky Utilities d/b/a Old Dominion Power Company ("KU/ODP"), which is an investor-owned incumbent electric utility whose service territory is located entirely within Dickenson, Lee, Russell, Scott, and Wise Counties.

² 2020 Va. Acts chs. 1193, 1194.

("PJM").³ DEV also anticipates developing 2,730 MW of energy storage through a mix of company-owned and third party power purchase agreements ("PPAs") by 2035.⁴ On April 30, 2021, the Commission found DEV's RPS Plan reasonable and prudent for the limited purpose of its first annual plan, approved 498 MW of new renewable generation capacity in the Commonwealth, and approved a rate adjustment clause ("RAC") for cost recovery associated with approved company-owned solar facilities. Among other things, as part of its Order, the Commission required DEV to file a least cost plan that meets applicable carbon regulations and the mandatory RPS Program requirements of the VCEA in future RPS Plans.⁵

- According to its 2020 RPS Plan, Appalachian Power Company ("APCo") anticipates adding, through a mix of company-owned resources and PPAs, 3,452 MW of solar, 2,200 MW of onshore wind, and 400 MW of energy storage to meet the requirements of the VCEA through 2050.⁶ On April 30, 2021, the Commission found that for purposes of filing its first annual plan, APCo's RPS Plan is reasonable and prudent. APCo did not request approval of any generation capacity or recovery of costs.⁷ Among other things, as part of its Order, the Commission also required APCo to file a least cost plan that meets applicable carbon regulations and the mandatory RPS Program requirements of the VCEA in future RPS Plans.⁸
- The VCEA also established a mandatory EERS. On July 29, 2021, the Commission approved APCo's application for approval of five new energy

³ *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Establishing 2020 RPS Proceeding for Virginia Electric and Power Company*, Case No. PUR-2020-00134, Doc. Con. Cen. No. 201060058, RPS Plan at 9 (Filed Oct. 30, 2020). 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 Grid Transformation and Security Act, 2018 Va. Acts ch. 296 ("GTSA"), as amended by 2020 Va. Acts ch. 1190.

⁴ *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Establishing 2020 RPS Proceeding for Virginia Electric and Power Company*, Case No. PUR-2020-00134, Doc. Con. Cen. No. 201060058, RPS Plan at Figure 7 (Filed Oct. 30, 2020).

⁵ *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Establishing 2020 RPS Proceeding for Virginia Electric and Power Company*, Case No. PUR-2020-00134, Doc. Con. Cen. No. 210440236, Final Order (April 30, 2021).

⁶ *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Establishing 2020 RPS Proceeding for Appalachian Power Company*, Case No. PUR-2021-00135, Doc. Con. Cen. No. 201110019, RPS Plan at 5 (Filed Nov. 2, 2020).

⁷ *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Establishing 2020 RPS Proceeding for Appalachian Power Company*, Case No. PUR-2021-00135, Doc. Con. Cen. No. 210440238, Final Order (April 30, 2021).

⁸ *Id.*

efficiency programs and one new energy efficiency pilot, and for continuance of one demand response program and one energy efficiency program.⁹ DEV seeks approval of 11 new energy efficiency and demand response programs, expansion and modification of certain existing programs, and approval of cost recovery through associated RACs.¹⁰ A Commission decision on this application is due by September 7, 2021.

B. Rate and Capital Outlook

DEV

- DEV's typical¹¹ residential bill has increased by \$30.69 to \$121.28 (a 33.88% increase) from July 1, 2007,¹² to July 1, 2021.
- In DEV's 2020 Integrated Resource Plan ("2020 IRP") proceeding, DEV quantified the typical residential bill impact of the VCEA and additional legislation passed by the 2020 General Assembly to be between \$52.40 and \$55.02 per month by 2030 (or an estimated annual increase of between \$628.80 to \$660.24). The Commission found that it could not conclude, based on the record in the proceeding, that Dominion's 2020 IRP, as filed, was reasonable and in the public interest for purposes of a planning document.¹³ The Commission further found Dominion's proposal to include in future IRPs and updates a least cost VCEA plan that would meet (i) applicable carbon regulations, and (ii) the mandatory RPS Program requirements of the VCEA, to be reasonable.¹⁴ The Commission has directed DEV to file additional

⁹ *Petition of Appalachian Power Company, For approval to continue rate adjustment clause, the EE-RAC, and for approval of new energy efficiency programs pursuant to §§ 56-585.1 A 5 c and 56-596.2 of the Code of Virginia*, Case No. PUR-2020-00251, Doc. Con. Cen. No. 210730134, Order Approving Rate Adjustment Clause (July 29, 2021).

¹⁰ *Application of Virginia Electric and Power Company, For approval of its 2020 DSM Update pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUR-2020-00274, Doc. Con. Cen. No. 201210054, Application (Filed Dec. 2, 2020), *supplemented by* Doc. Con. Cen. No. 210110129, Supplemental Direct Testimony (Filed Jan. 7, 2021).

¹¹ For purposes of this report, a typical residential bill is based on usage of 1,000 kilowatt-hours ("kWh") per month.

¹² 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. The Commission begins its rate analysis with the year 2007 in this report to coincide with this window.

¹³ *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-2020-00035, Doc. Con. Cen. No. 210210007, Final Order (Feb. 1, 2021).

¹⁴ *Id.*

updated billing analyses in future proceedings as well.¹⁵ The Commission also found that DEV should address environmental justice in future IRPs and updates, as appropriate.¹⁶

- DEV has filed its first triennial review application, which is currently pending before the Commission.¹⁷ The Commission will report on its determinations resulting from its review of this filing in next year's report.
- The Commission's 2020 report included an account of anticipated growth capital investment as identified by Dominion Energy, Inc. ("DEI") in a May 2020 presentation to investors. In a subsequent February 2021 presentation to investors, DEI identified DEV capital investments of approximately \$24 billion for the five-year period 2021 – 2025 including investments in wind and solar generation, energy storage, nuclear facility relicensing, transmission, distribution undergrounding, grid transformation and renewable enabling combustion turbines ("CTs"). These investments would reflect an 80% increase in DEV's rate base by 2025, with 63% being recovered from customers through RACs.
- The February 2021 presentation also forecasted DEI potential environmental capital investments of \$72 billion through 2035. While DEV-specific investment for this period was not shown as a separate number, applying the same ratio of DEV to consolidated DEI five-year growth capital investments results in DEV potential environmental capital investments of \$53 billion through 2035. This is within the range of total potential DEV capital investments of \$50-\$59 billion through 2035 identified in a presentation to investors in May 2020.

¹⁵ *Id.*

¹⁶ The Commonwealth has adopted a policy to promote environmental justice in the evaluation of energy resources throughout the Commonwealth. *See, e.g.*, the Commonwealth's Clean Energy Policy, Code § 67-101.1 (Repealed effective October 1, 2021); Code § 45.1-1706.1 (effective October 1, 2021). The Commission recognizes this commitment to environmental justice and will fully support this environmental justice policy in fulfilling its responsibilities of energy regulation in the Commonwealth.

¹⁷ *Application of Virginia Electric and Power Company, For a 2021 triennial 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-2021-00058, Doc. Con. Cen. No. 210340128, Application (Filed Mar. 31, 2021). On May 18, 2021, DEV filed an amended application, supplemental testimony and filing schedules reflecting a revision to its earned return in the combined earnings test analysis.

APCo

- APCo's typical residential bill has increased by \$50.48 to \$117.09 (a 75.79% increase) from July 1, 2007, to July 1, 2021.
- The Commission issued a Final Order in APCo's first triennial review, covering the period 2017 – 2019. The Commission found APCo earned a return on common equity ("ROE") of 9.48%, which is six basis points (\$1.99 million in revenue) above the authorized ROE of 9.42%.¹⁸ Both APCo and the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel"), have appealed the Commission's decision to the Supreme Court of Virginia.
- As reported by APCo, its base rate financial results for 2020 reflect an actual earned ROE of 4.76%, which is below its authorized ROE of 9.20%.¹⁹ APCo's 2020 financial results will be audited as part of its next triennial review, which will be filed in 2023 and will cover the period 2020 – 2022.
- APCo did not file an IRP in 2020 or 2021. In keeping with Code § 56-599, APCo's next IRP will be due by May 1, 2022. The Commission directed APCo to file its own revised bill analysis as part of its 2021 RPS Plan²⁰ and in its next IRP.²¹

¹⁸ *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).

¹⁹ The authorized ROE of 9.2% was set in the Commission's Final Order in Case No. PUR-2020-00015. *See id.*

²⁰ *See Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Establishing 2020 RPS Proceeding for Appalachian Power Company*, Case No. PUR-2021-00135, Doc. Con. Cen. No. 210440238, Final Order (April 30, 2021).

²¹ *See 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-2019-00058, 2020 S.C.C. Ann. Rept. 254, Final Order (Jan. 28, 2020), *modified*, Doc. Con. Cen. No. 210630141, Order (June 16, 2021) (requiring APCo's May 1, 2022 IRP filing to contemplate and fully account for the VCEA, the Clean Energy and Community Flood Preparedness Act, and the Virginia Environmental Justice Act).

I. INTRODUCTION

COVID-19

Like all government agencies, the Commission has been impacted by the ongoing public health concern related to the spread of the coronavirus, or COVID-19. The Commission has implemented changes to its operating procedures to protect the public and Commission employees, including increased employee teleworking and increased use of electronic filings and remote hearings in Commission proceedings.

The Commission also provided relief for customers financially impacted by the health emergency. Through several orders, the Commission directed regulated electric, natural gas and water companies in Virginia to suspend service disconnections through October 5, 2020, affording the General Assembly and the Governor time to address the economic impact on utility customers legislatively.²² The General Assembly subsequently enacted legislation further extending utility shut-offs during the emergency, subject to certain conditions and limitations.²³ The Commission also carried out a mandate from the General Assembly to distribute \$100 million of Virginia's portion of funds received under Public Law 116-136: Coronavirus Aid, Relief, and Economic Security Act, to electric, gas, water and sewer utilities, including municipal utilities,

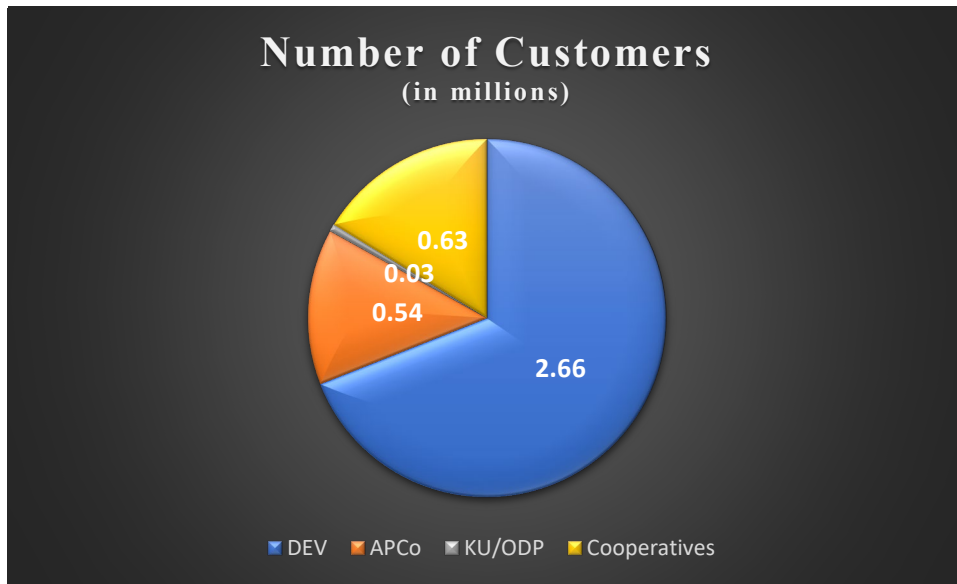
²² *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Temporary Suspension of Tariff Requirements*, Case No. PUR-2020-00048, 2020 S.C.C. Ann. Rept. 467, Order Suspending Disconnection of Service and Suspending Tariff Provisions Regarding Utility Disconnections of Service (Mar. 16, 2020); 2020 S.C.C. Ann. Rept. 467, Order Extending Suspension of Service Disconnections (Apr. 9, 2020); 2020 S.C.C. Ann. Rept. 469, Order on Suspension of Service Disconnections (June 12, 2020); 2020 S.C.C. Ann. Rept. 473, Order on Moratorium (Aug. 24, 2020); 2020 S.C.C. Ann. Rept. 475, Additional Order on Moratorium (Sept. 15, 2020).

²³ *See, e.g.*, House Bill 5005, 2020 Va. Acts, Special Session I, ch. 56; House Bill 1800, 2021 Va. Acts, Special Session I, ch. 552.

throughout the Commonwealth to offset utility customer billing arrearages due to COVID-19.²⁴

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, for which the Commission regulates the rates and services to customers, consists of three investor-owned utilities and 13 member-owned electric cooperatives.²⁵ The number of Virginia jurisdictional customers by utility is shown below:²⁶



²⁴ See House Bill 1800, 2021 Va. Acts, Special Session I, ch. 552.

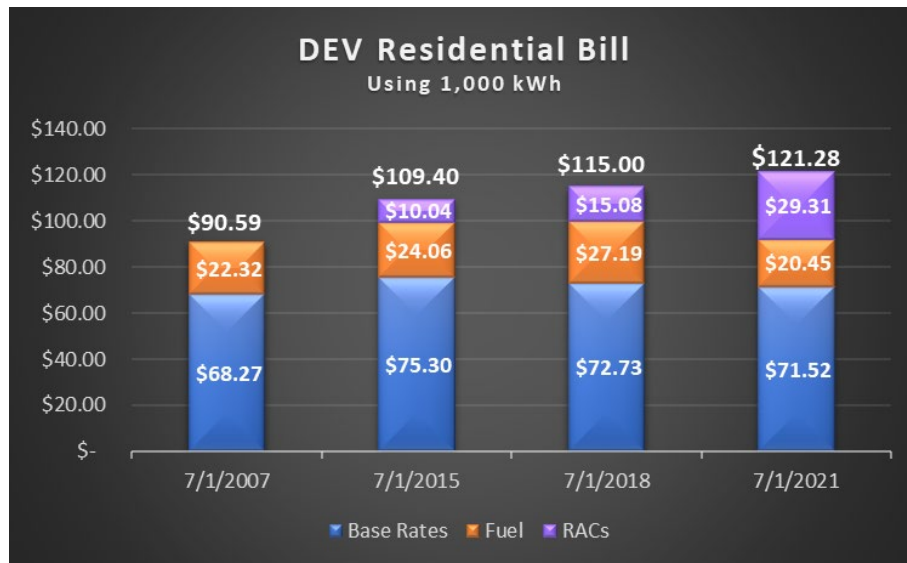
²⁵ Non-jurisdictional utilities, such as municipal electric utilities, also provide service in Virginia.

²⁶ Total Virginia customer numbers were reported in Federal Energy Regulatory Commission ("FERC") Form 1 and Annual Operating Reports.

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 as of the effective dates of the Regulation Act (July 1, 2007),²⁷ the Transitional Rate Period (July 1, 2015),²⁸ the Grid Transformation and Security Act (July 1, 2018), and the current year (July 1, 2021) for a typical residential customer using 1,000 kWh per month.

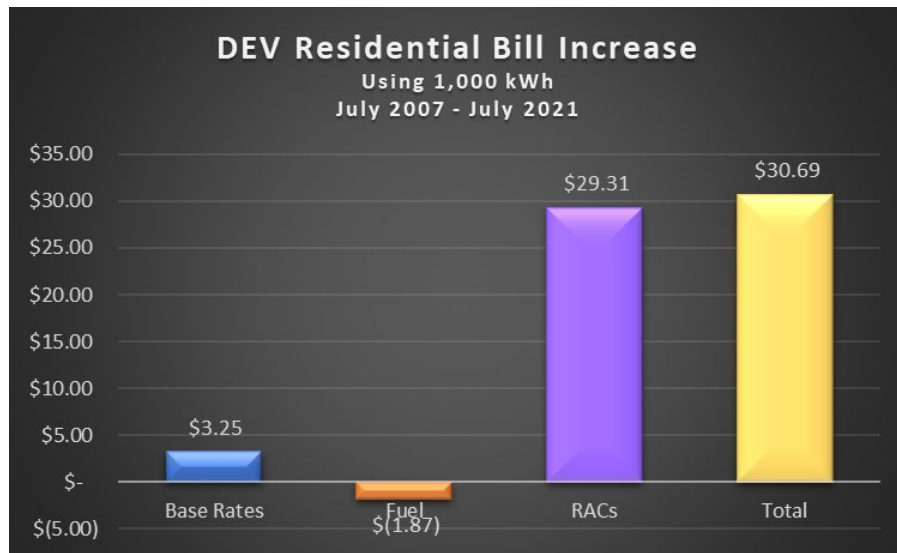


As the chart above indicates, DEV's monthly residential bill was \$90.59 as of July 1, 2007. The bill has increased by \$30.69 (33.88%) to \$121.28 per month as of July 1,

²⁷ 2007 Va. Acts. chs. 888 and 933.

²⁸ See Code § 56-585.1:1 for the specific transitional rate periods for Dominion and APCo. Both utilities were in their transitional rate period on July 1, 2015.

2021. As reflected on the chart below, the RAC component of the bill experienced the largest increase over this period.



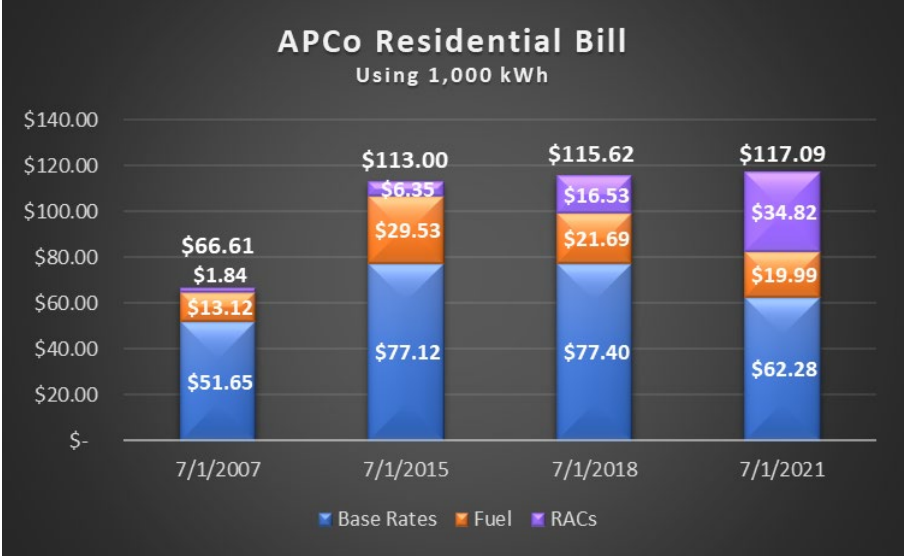
The following chart itemizes a typical residential customer's bill by rate recovery mechanism as of July 1, 2021.

**DEV Electric Utility Residential Bills
As of July 1, 2021**

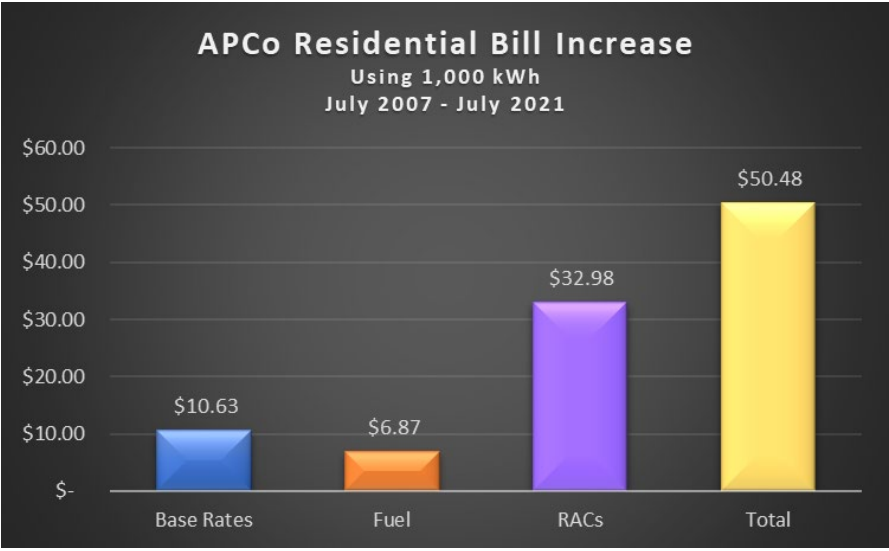
Recovery Mechanism	Description	Current Residential Bill	Proposed Increase if Pending	Proposed Bill	Requested Eff. Date
Base Rates	Base	\$ 71.52	\$ (0.30)	\$ 71.22	1/1/2022
Fuel Factor	Fuel	\$ 20.45		\$ 20.45	-
Rider T1	Transmission	\$ 10.59	\$ (3.69)	\$ 6.90	9/1/21
Rider B	Biomass	\$ 0.45	\$ (0.15)	\$ 0.30	4/1/22
Rider BW	Brunswick Gas CC	\$ 1.95	\$ 0.15	\$ 2.10	9/1/21
Riders C1A/C2A/etc.	Energy Efficiency	\$ 1.47	\$ (0.10)	\$ 1.37	9/1/21
Rider CCR	Coal Ash	\$ -	\$ 2.94	\$ 2.94	12/1/21
Rider CE	Solar	\$ 0.19	\$ -	\$ 0.19	-
Rider E	Environmental	\$ 1.67	\$ (0.42)	\$ 1.25	11/1/21
Rider GV	Greensville Gas CC	\$ 2.85	\$ (0.10)	\$ 2.75	4/1/22
Rider R	Bear Garden Gas CC	\$ 1.07	\$ 0.07	\$ 1.14	4/1/22
Rider RBB	Rural Broadband	\$ -	\$ 0.03	\$ 0.03	8/1/21
Rider RGGI	RGGI	\$ -	\$ 2.39	\$ 2.39	8/1/21
Rider RPS	RECs	\$ -	\$ 0.18	\$ 0.18	8/1/21
Rider S	VCHEC	\$ 3.61	\$ 0.09	\$ 3.70	4/1/22
Rider U	Strategic Undergrounding	\$ 2.14	\$ 0.39	\$ 2.53	4/1/22
Rider US-2	Solar	\$ 0.19	\$ (0.01)	\$ 0.18	9/1/21
Rider US-3	Solar	\$ 0.71	\$ -	\$ 0.71	-
Rider US-4	Solar	\$ 0.19	\$ -	\$ 0.19	-
Rider W	Warren Gas CC	\$ 2.23	\$ 0.11	\$ 2.34	4/1/22
Total		\$ 121.28	\$ 1.58	\$ 122.86	

APCo Typical Residential Bill

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



As the chart indicates, APCo's monthly residential bill was \$66.61 as of July 1, 2007. The bill has increased by \$50.48 (75.79%) to \$117.09 per month as of July 1, 2021. 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, 2021.²⁹

APCo Electric Utility Residential Bills					
As of July 1, 2021					
Recovery Mechanism	Description	Current Residential Bill	Proposed Increase if Pending	Proposed Bill	Requested Eff. Date
Base Rates	Base	\$ 65.40	\$ -	\$ 65.40	-
TRR Rider Credit	Tax Reform	\$ (3.12)	\$ -	\$ (3.12)	-
Fuel Factor	Fuel	\$ 19.99	\$ -	\$ 19.99	-
T-RAC	Transmission	\$ 31.55	\$ -	\$ 31.55	-
BC-RAC	Rural Broadband	\$ -	\$ 0.54	\$ 0.54	12/1/21
DR-RAC	Demand Response	\$ -	\$ 0.22	\$ 0.22	8/1/21
E-RAC	Environmental	\$ -	\$ 2.50	\$ 2.50	10/1/21
EE-RAC	Energy Efficiency	\$ 0.80	\$ 0.39	\$ 1.19	7/1/21
G-RAC	Dresden Gas CC	\$ 2.53	\$ 0.08	\$ 2.61	5/1/22
RPS-RAC (legacy)	Voluntary RPS	\$ (0.06)	\$ 0.89	\$ 0.83	3/1/22
Total		\$ 117.09	\$ 4.62	\$ 121.71	

Rate and Capital Outlook

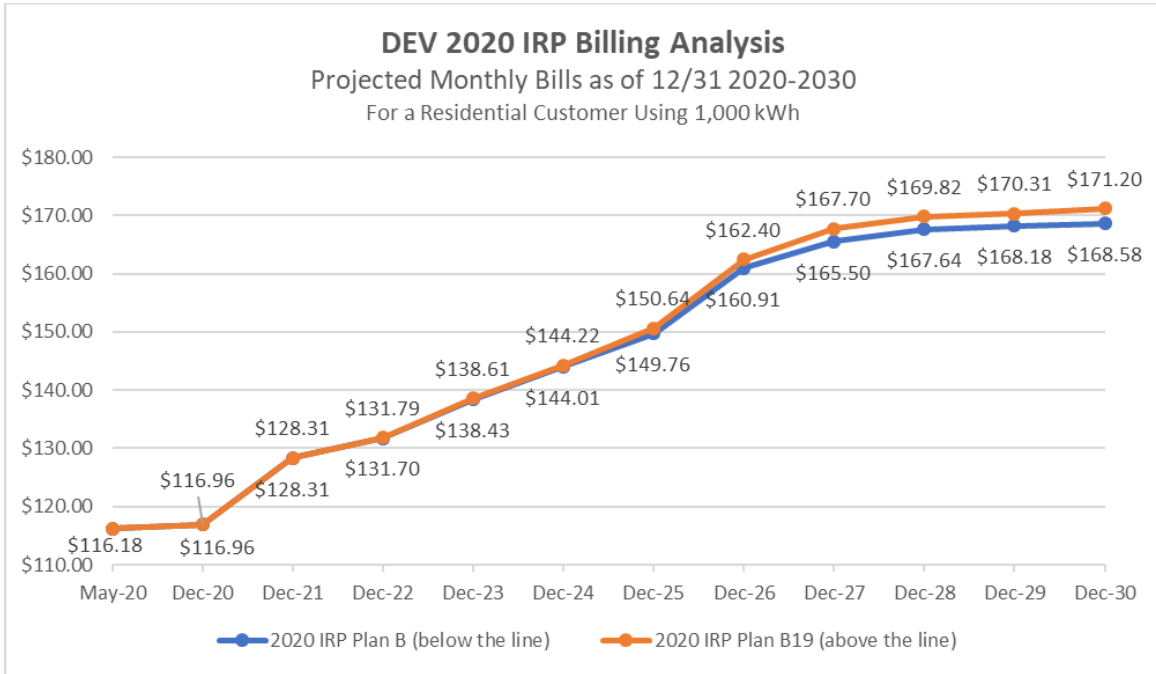
2020 Integrated Resource Plan

In an Order issued in DEV's 2020 IRP proceeding, the Commission directed DEV to model the costs and reliability impacts of the VCEA and other relevant legislation in DEV's 2020 IRP.³⁰ As required by the Commission, DEV's 2020 IRP included a Virginia residential bill analysis ("Billing Analysis") showing projected annual impacts to a residential bill over the next ten years incorporating the requirements of the VCEA. Based on DEV's Billing Analysis, the monthly bill of a Virginia residential customer

²⁹ The TRR Rider Credit is a temporary base rate rider credit to return to customers the impacts of the 2018 Tax Cuts and Jobs Act.

³⁰ *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-2020-00035, Doc. Con. Cen. No. 200320013, Order (Mar. 9, 2020).

using 1,000 kWh per month is projected to be between \$168.58 and \$171.20 by 2030, an increase of between \$52.40 and \$55.02 per month over the May 1, 2020 typical residential bill (or an estimated annual increase of \$628.80 to \$660.24).^{31 32} The following chart shows the projected monthly residential bills for each year from 2020 through 2030 as presented in DEV's Billing Analysis.³³



In its Final Order on DEV's 2020 IRP, the Commission found that it "cannot conclude, based on the record in this proceeding and issues discussed further below, that

³¹ See *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-2020-00035, Doc. Con. Cen. No. 200530102, Supplement at 5 (Filed May 14, 2020).

³² The projected monthly bill increases of \$52.40 and \$55.02 are based on the 2020 IRP Alternative Plans B and B₁₉, respectively. Plans B and B₁₉ assume solar capacity factors of 25% and 19%, respectively, but otherwise use the same assumptions. See *id.* at 1.

³³ See *id.* Plan B at 2 of 2 and Plan B₁₉ at 2 of 2; *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-2020-00035, Doc. Con. Cen. No. 200620032, Virginia Addendum 1 (Filed June 3, 2020).

[DEV's] 2020 IRP, as filed, is reasonable and in the public interest for purposes of a planning document."³⁴ The Commission identified certain shortcomings with the 2020 IRP and directed certain revisions to future IRPs and IRP updates. With respect to DEV's Billing Analysis, the Commission stated that "[g]iven the issues identified [] regarding the Company's 2020 Plan, and the uncertainty attendant to the precise resources that will be added in the future, the Commission will require [DEV] to file an updated bill analysis by plan in future IRPs and updates"³⁵ The Commission also directed DEV to include actual bill information as each year passes.³⁶ Further, the Commission found that DEV should address environmental justice in future IRPs and updates, as appropriate.³⁷ DEV is expected to file an IRP update on or before September 1, 2021. DEV's next comprehensive IRP is required to be filed on or before May 1, 2023.³⁸

APCo did not file an IRP in 2020 or 2021. In keeping with Code § 56-599, APCo's next IRP will be due by May 1, 2022. The Commission directed APCo to file its own revised bill analysis as part of its 2021 RPS Plan³⁹ and in its next IRP.⁴⁰

³⁴ *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-2020-00035, Doc. Con. Cen. No. 210210007, Final Order at 5 (Feb. 1, 2021) (internal footnote omitted).

³⁵ *Id.* at 15-16.

³⁶ *Id.* at 16. The Commission further directed that in addition to residential bills, the Company should include a billing analysis of small general service and large general service customer bills. *Id.*

³⁷ *Id.* at 14-15.

³⁸ Code § 56-599 A.

³⁹ *See Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Establishing 2020 RPS Proceeding for Appalachian Power Company*, Case No. PUR-2021-00135, Doc. Con. Cen. No. 210440238, Final Order (April 30, 2021).

⁴⁰ *See 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-2019-

2020 RPS Plan

On October 30, 2020, DEV submitted its first 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 2020 RPS Plan calls for 3,421 MW of solar and onshore wind development and the development of 190 MW of energy storage resources through 2024.⁴¹ DEV estimates that by 2045, it may have 28,433 MW of solar resources, 5,112 MW of offshore wind resources, and 316 MW of hydroelectric resources that it will use toward meeting its capacity obligations in PJM.⁴²

The Commission issued its Final Order on April 30, 2021, wherein it: (i) found DEV's RPS Plan was reasonable and prudent for the limited purpose of its first annual plan; (ii) approved 498 MW of new renewable generation capacity in the Commonwealth including both company-owned resources and PPAs; and (iii) approved a RAC for cost recovery associated with approved company-owned solar facilities.⁴³ The Commission further directed DEV to file a consolidated bill analysis in its IRP and RPS Plan

00058, 2020 S.C.C. Ann. Rept. 254, Final Order (Jan. 28, 2020), *modified*, Doc. Con. Cen. No. 210630141, Order (June 16, 2021) (requiring APCo's May 1, 2022 IRP filing to contemplate and fully account for the VCEA, the Clean Energy and Community Flood Preparedness Act, and the Virginia Environmental Justice Act).

⁴¹ *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Establishing 2020 RPS Proceeding for Virginia Electric and Power Company*, Case No. PUR-2020-00134, Doc. Con. Cen. No. 201060058, RPS Plan at 4, 6 (Filed Oct. 30, 2020). 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.

⁴² *Id.* at 9.

⁴³ *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Establishing 2020 RPS Proceeding for Virginia Electric and Power Company*, Case No. PUR-2020-00134, Doc. Con. Cen. No. 210440236, Final Order (April 30, 2021).

proceedings with information through 2035.⁴⁴ DEV has filed a notice of intent to file its 2021 RPS Plan on or after September 1, 2021.

On November 2, 2020, APCo also submitted its first RPS Plan to develop new solar and onshore wind generation capacity required by the VCEA. APCo requested approval of its RPS Plan only; it did not request approval of any new generation facilities or any associated RAC.⁴⁵

According to its 2020 RPS Plan, APCo anticipates adding, through a mix of company-owned resources and PPAs, 3,452 MW of solar, 2,200 MW of onshore wind, and 400 MW of energy storage to meet the requirements of the VCEA through 2050.⁴⁶ On April 30, 2021, the Commission issued its Final Order on APCo's 2020 RPS Plan, wherein the Commission found that for purposes of filing its first annual plan under Code § 56-585.5 D 4, APCo's RPS Plan is reasonable and prudent.⁴⁷ Among other things, the Commission directed APCo to undertake a billing analysis to include the effects of retirements, the effects of tax credits, offsets related to outside model additions, and any changes to customer class allocation factors in its next RPS filing.⁴⁸

⁴⁴ *Id.* at 8.

⁴⁵ *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Establishing 2020 RPS Proceeding for Appalachian Power Company*, Case No. PUR-2020-00135, Doc. Con. Cen. No. 201110019, RPS Plan (Filed Nov. 2, 2020).

⁴⁶ *Id.* at 5.

⁴⁷ *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Establishing 2020 RPS Proceeding for Appalachian Power Company*, Case No. PUR-2020-00135, Doc. Con. Cen. No. 210440238, Final Order at 4 (April 30, 2021).

⁴⁸ *Id.* at 6.

2021 Investor Presentations

The Commission's 2020 report included an account of anticipated growth capital investment as identified by DEI in a May 2020 presentation to investors. DEI similarly presented its fourth quarter earnings to investors on February 12, 2021.⁴⁹ ⁵⁰ This 2021 presentation to investors identified approximately \$24 billion in anticipated growth capital expenditures for DEV over the period 2021 – 2025.⁵¹ DEI identified the primary drivers as zero-carbon generation and storage, grid transformation, and customer growth, as outlined in the chart below.

⁴⁹ Slides for the February 12, 2021 presentation ("Fourth Quarter Presentation Slides") are available at: https://s2.q4cdn.com/510812146/files/doc_financials/2020/q4/2021-02-12-DE-IR-4Q-2020-earnings-call-slides-vTC1.pdf. DEI is the parent company of DEV.

⁵⁰ DEI also gave an investor presentation on May 4, 2021, for the first quarter of 2021, and August 6, 2021, for the second quarter of 2021. These presentations did not include the same level of DEV-specific capital investment information as the 2020 fourth quarter presentation. Slides for the May 4, 2021 presentation are available at: https://s2.q4cdn.com/510812146/files/doc_downloads/2021/05/2021-05-04-DE-IR-1Q-2021-earnings-call-slides-vTC1.pdf. Slides for the August 6, 2021 presentation are available at https://s2.q4cdn.com/510812146/files/doc_financials/2021/q2/2021-08-06-DE-IR-2Q-2021-earnings-call-slides-vF.pdf

⁵¹ See Fourth Quarter Presentation Slides 56-58.

February 12, 2021 Investor Presentation
DEV Identified Capital Investments
Five Year Outlook 2021 through 2025

	<u>Growth Capex 2021-2025</u>
Offshore Wind	\$6.5 Billion
Solar	\$5.0 Billion
Transmission	\$4.2 Billion
Customer Growth	\$2.1 Billion
Energy Storage	\$1.8 Billion
Nuclear Relicensing	\$1.3 Billion
Grid Transformation	\$1.1 Billion
Strategic Undergrounding	\$0.9 Billion
Renewable-enabling CTs	<u>\$0.7 Billion</u>
Total Growth Capex 2021-2025	~\$24 Billion
DEV Net Rate Base as of 2025	~\$45 Billion

In its February 2021 presentation to investors, DEI estimated that by 2025, 87% of the \$24 billion of growth capex would be eligible to be recovered through RACs.⁵² As a result, by 2025, DEI projected that a total of 63%, or approximately \$28 billion, of DEV's \$45 billion net rate base would be eligible to be recovered through RACs.⁵³ DEV's projected \$45 billion net rate base in 2025 would reflect an increase of 80% when compared to 2020.

The February 2021 presentation to investors also forecasted DEI potential environmental capital investments of \$72 billion through 2035.⁵⁴ While DEV-specific

⁵² See Fourth Quarter Presentation Slides 18 and 55.

⁵³ See Fourth Quarter Presentation Slide 59.

⁵⁴ See Fourth Quarter Presentation Slide 42.

investment for this period was not shown as a separate number, applying the same ratio of DEV to consolidated DEI five-year growth capital investments results in DEV potential environmental capital investments of \$53 billion through 2035.⁵⁵ This is within the range of total potential DEV capital investments of \$50-\$59 billion through 2035 identified in DEI's May 2020 investor presentation as referenced in the Commission's 2020 report.⁵⁶ Finally, as with the Commission's 2020 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.

⁵⁵ See Fourth Quarter Presentation Slide 18. DEV five-year growth capital investment is approximately 74% of total consolidated DEI.

⁵⁶ See https://s2.q4cdn.com/510812146/files/doc_financials/2020/q1/2020-05-05-DE-IR-Q1-2020-earnings-call-slides-vTCIII.pdf at slides 17-21.

III. **BASE RATE FINANCIAL RESULTS**

DEV 2017-2020 Triennial Review

On March 31, 2021, DEV filed its application for the 2021 triennial review provided for by Code § 56-585.1 A, docketed as Case No. PUR-2021-00058, which is currently pending before the Commission.⁵⁷ The evidentiary hearing is scheduled to begin on October 25, 2021, and the statutory deadline for the Commission to issue a final order is January 18, 2022.⁵⁸ The Commission will report on its determinations of DEV's triennial review in next year's report.

APCo 2017-2019 Triennial Review

On March 31, 2020, APCo filed with the Commission its first triennial review, docketed as Case No. PUR-2020-00015.⁵⁹ As filed, APCo presented a combined generation and distribution base rate earned ROE of 8.24% for the combined test periods

⁵⁷ *Application of Virginia Electric and Power Company, For a 2021 triennial 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-2021-00058, Doc. Con. Cen. No. 210340128, Application (Filed Mar. 31, 2021), amended by Doc. Con. Cen. No. 210530106, Amended Application (May 18, 2021) (including an amended application, supplemental testimony and filing schedules reflecting a revision to its earned return in the combined earnings test analysis).

⁵⁸ In granting DEV's Motion for Leave to File Supplemental Direct Testimony and Filing Schedules and to Modify the Procedural Schedule, the Commission agreed with DEV that the eight-month statutory deadline provided by Code § 56-585.1 A 8 should begin on the date of the amended application, resulting in a final order being due on or before January 18, 2022. *Application of Virginia Electric and Power Company, For a 2021 triennial 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-2021-00058, Doc. Con. Cen. No. 210610126, Order Modifying Procedural Schedule and for Supplemental Notice at n.5, n.8 (June 4, 2021).

⁵⁹ *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, Doc. Con. Cen. No. 201140127, Application (Filed Mar. 31, 2020).

of 2017 through 2019, which is below the 9.42% ROE approved by the Commission in Case No. PUR-2018-00048 to be used to measure earnings in APCo's first triennial review.⁶⁰ APCo's earned return was driven in large part by the impairment of the unrecovered balances of several coal fired generating units it had retired in 2015, which it claimed was a period expense subject to the provisions of Code § 56-585.1 A 8.

The evidentiary hearing for the case was held on September 14 – 18, 2020. On November 24, 2020, the Commission issued its Final Order in APCo's triennial review.⁶¹ Based on the Commission's findings, APCo earned an ROE of 9.48% for the 2017 – 2019 triennial period.⁶² As noted above, the fair ROE for purposes of APCo's triennial review was 9.42%. Thus, for the 2017 – 2019 triennial period under review, Appalachian earned six basis points above the fair ROE, which equates to \$1,992,987 in excess earnings for the triennial period and is within the statutory range.⁶³ As such, the Commission found APCo's proposed rate increase was not allowed under the law.⁶⁴ The Commission also

⁶⁰ *Application of Appalachian Power Company, For the determination of the fair rate of return on common equity to be applied to its rate adjustment clauses*, Case No. PUR-2018-00048, Doc. Con. Cen. No. 181120212, Final Order (Nov. 7, 2018).

⁶¹ *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).

⁶² Among other findings, the Commission found that APCo had not met its burden to establish it was reasonable to conclude that its unrecovered retired generating unit balances were no longer probable of future recovery and, as such, it was improper for APCo to record such costs as an asset impairment in December 2019. *Id.* at 422-425.

⁶³ The statutory range is 70 basis points above and below the fair ROE. *See* Code § 56-585.1.

⁶⁴ *See* Code § 56-585.1 A 8 a (allowing the Commission to order an increase in rates only if it finds APCo has earned "more than 70 basis points below a fair combined rate of return on its generation and distribution services, . . .").

found a 9.20% ROE was fair and reasonable for the 2021 – 2023 period that will be the subject of APCo's next triennial review.⁶⁵

APCo and Consumer Counsel filed petitions for reconsideration of certain elements of the Commission's Final Order. On March 26, 2021, the Commission issued its Order on Reconsideration that did not modify its finding of an earned ROE of 9.48% for the 2017 – 2019 period.⁶⁶ APCo and Consumer Counsel have both filed notices of appeal of the Commission's decision to the Supreme Court of Virginia.

APCo 2020 Base Rate Financial Results

During 2020, in response to requests from Staff pursuant to Code § 56-36, APCo provided certain analyses of its combined generation and distribution base rate financial results for calendar year 2020 on a regulatory accounting basis. Calendar year 2020 is the first year of APCo's second triennial review, which will be filed with the Commission in 2023 and will cover the period 2020 – 2022.

APCo's analysis reflects a combined base rate generation and distribution ROE of 4.76% for 2020.^{67 68}

⁶⁵ *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, 430-433, Final Order (Nov. 24, 2020).

⁶⁶ *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, Doc. Con. Cen. No. 210330171, Order on Reconsideration (Mar. 26, 2021).

⁶⁷ A 0.01 percentage point of ROE was worth approximately \$172,000 in combined generation and distribution annual revenues for APCo in 2020 provided by its customers through payment of their electric bills.

⁶⁸ This 2020 earned ROE is based on information provided by APCo. The Commission did not conduct an audit or investigation of the financial information provided by APCo. The Commission will conduct an audit of APCo's 2020 earnings as part of its 2023 triennial review. Interested parties will have an

APCo 2020 Earned Return on Equity

<u>Generation</u>	<u>Distribution</u>	<u>Combined</u>
8.29%	1.32%	4.76%

APCo's reported 2020 combined generation and distribution unaudited earned ROE is below the 9.20% base ROE approved by the Commission in Case No. PUR-2020-00015 to be used for the 2021 – 2023 period. The following table provides a breakdown of APCo's 2020 earnings in both percentage points and revenues:

APCo 2020 Earnings in Excess of or Below a 9.20% ROE (Revenues in Millions of Dollars)

	<u>Generation</u>	<u>Distribution</u>	<u>Combined</u>
Percentage Points	-0.91%	-7.88%	-4.42%
Revenues	(\$7.7)	(\$68.7)	(\$76.0)

As discussed above, Code § 56-585.1 A 8, as amended by the GTSA, states that certain costs are deemed fully recovered in the test period in which they were recorded per books by the company for financial reporting purposes. APCo stated it recorded costs in base rates related to severe weather events of \$3.5 million during 2020 that are subject to Code § 56-585.1 A 8. These costs reduced APCo's reported 2020 earned return by 0.02 percentage points.

APCo also reported that it incurred and deferred \$3.5 million in COVID-19-related expenses in 2020, which consisted primarily of bad debt expense and protective materials and supplies.

opportunity to participate in that proceeding. The 2020 earned ROE determined by the Commission in the 2023 triennial review may differ from the information provided by APCo and included in this report.

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 17 new programs, requirements and rulemakings that apply to two of the Commonwealth's incumbent electric utilities and two new programs and requirements that apply to the electric cooperatives. Since the Commission's 2020 CEUR 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 August 18, 2020, the date of the 2020 CEUR Report, or pending at the time of this report.⁶⁹

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.

<u>Company</u>	<u>Topic</u>	<u>Pending or Resolved?</u>	<u>Code Section</u>	<u>Case No.</u>
DEV	US-3 Solar Projects (Update)	Resolved	§ 56-585.1 A 6	PUR-2020-00122
DEV	US-4 Solar Project (Update)	Resolved	§ 56-585.1 A 6	PUR-2020-00123

⁶⁹ 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, KU/ODP	Regulations for a multi- family shared solar program	Resolved	§ 56-585.1:12	PUR-2020-00124
DEV	Regulations for a shared solar program	Resolved	§ 56-594.3	PUR-2020-00125
DEV	2020 RPS Plan Filing	Resolved	§ 56-585.5 D	PUR-2020-00134
APCo	2020 RPS Plan Filing	Resolved	§ 56-585.5 D	PUR-2020-00135
DEV	Rider RPS	Resolved	§ 56-585.1 A 5	PUR-2020-00170
Cavalier Solar A, LLC	Solar Project	Resolved	§ 56-580 D	PUR-2020-00235
APCo	RPS-RAC	Pending	§ 56-585.2 E	PUR-2021-00048
Axton Solar, LLC	Solar Project	Pending	§ 56-580 D	PUR-2021-00085
DEV, APCo	Accelerated Renewable Energy Buyers	Pending	§ 56-585.5 G	PUR-2021-00089
DEV	US-3 Solar Projects (Update)	Pending	§ 56-585.1 A 6	PUR-2021-00118
DEV	US-4 Solar Project (Update)	Pending	§ 56-585.1 A 6	PUR-2021-00119
DEV	100% Renewable Tariff (Update)	Pending	§ 56-577 A 5	PUR-2021-00138

Decisions

- DEV US-3 Solar Projects and Associated RAC: The Commission approved an annual update to DEV's RAC for cost recovery associated with its US-3 Solar Projects. (Final Order, Mar. 30, 2021).
- DEV US-4 Solar Project and Associated RAC: The Commission approved an annual update to DEV's RAC for cost recovery associated with its US-4 Solar Project. (Order Approving Rate Adjustment Clause, Mar. 30, 2021).
- Regulations for a multi-family shared solar program (DEV and KU/ODP): As required by legislation passed by the 2020 General Assembly,⁷⁰ the Commission adopted regulations affording eligible DEV and KU/ODP customers the opportunity to participate in a subscription-based multi-family shared solar program. (Order Adopting Rules, Dec. 23, 2020).
- Regulations for a shared solar program (DEV): As required by legislation passed by the 2020 General Assembly,⁷¹ the Commission adopted regulations affording DEV customers the opportunity to participate in a subscription-based shared solar program. (Order Adopting Rules, Dec. 23, 2020).
- DEV 2020 RPS Plan Filing and Associated RAC: The Commission approved DEV's first annual plan for the development of new solar, onshore wind, and energy storage resources under the RPS program established by the VCEA. The Commission also approved construction of three solar facilities totaling 82 MW, and an associated RAC, as well as six PPAs totaling 416 MW. The Commission directed that future filings include a least cost plan that meets applicable carbon regulations and the mandatory RPS Program requirements of the VCEA. The Commission considered environmental justice impacts when approving the new renewable generation capacity in the Final Order and also directed Dominion to evaluate and rank the potential environmental justice impacts of different renewable options and include the results of its evaluation in its next RPS filing. (Final Order, Apr. 30, 2021).
- APCo 2020 RPS Plan Filing: The Commission approved APCo's first annual plan for the development of new solar, onshore wind, and energy storage resources under the RPS program established by the VCEA. APCo's plan did not include any specific resource proposals. The Commission directed that future filings include a least cost plan that meets applicable carbon regulations and the mandatory RPS Program requirements of the VCEA. The Commission also directed APCo to identify in future RPS filings how requests for proposals

⁷⁰ 2020 Va. Acts chs. 1187, 1188, 1189, 1239.

⁷¹ 2020 Va. Acts chs. 1238, 1264.

assessed environmental justice considerations, including any non-price considerations that were included in the Company's RFP analysis. (Final Order, Apr. 30, 2021).

- DEV Rider RPS: The Commission approved DEV's request for approval of Rider RPS to recover projected and actual costs related to compliance with the mandatory RPS Program established by the VCEA. (Final Order, July 1, 2021).
- Cavalier Solar A, LLC, Solar Project: The Commission granted approval to Cavalier to construct solar facilities totaling 240 MW in Surry County and Isle of Wight County as well as the necessary transmission lines to interconnect the solar facilities to the transmission grid, subject to certain conditions. (Final Order, May 27, 2021).

Pending Cases

- APCo RPS-RAC: APCo seeks approval to revise its RPS-RAC to recover residual, incremental costs related to APCo's participation in its voluntary RPS program that was in place prior to the passage of the VCEA. (Filed May 3, 2021).
- Axton Solar Project: Axton seeks Commission approval to construct a 201.1 MW solar generating facility to be constructed in Henry and Pittsylvania Counties. (Filed Apr. 28, 2021).
- Accelerated Renewable Energy Buyers (DEV, APCo): The Commission has established a proceeding for the purpose of determining whether rules and regulations are necessary to implement the provisions of the VCEA related to accelerated renewable energy buyers, and if so, the appropriate rules and regulations that should be adopted. (Order Establishing Proceeding, May 12, 2021).
- DEV US-3 Solar Projects and Associated RAC: DEV seeks approval of an annual update to its RAC for cost recovery associated with its US-3 Solar Projects. (Filed August 2, 2021).
- DEV US-4 Solar Project and Associated RAC: DEV seeks approval of an annual update to its RAC for cost recovery associated with its US-4 Solar Project. (Filed August 2, 2021).
- DEV 100% Renewable Tariff Update (Rider TRG): DEV has filed for annual update of its previously approved 100% renewable tariff, Rider TRG. DEV requests no change to the approved rate or to the portfolio of renewable resources providing service under Rider TRG. Rider TRG limits the ability of customers in DEV's service territory to purchase renewable energy from competitive suppliers under Code § 56-577 A 5. The update filing indicates that approximately 2,400 DEV customers have enrolled in Rider TRG so far. (Filed July 1, 2021).

Energy Storage Cases

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

<u>Company</u>	<u>Topic</u>	<u>Pending or Resolved?</u>	<u>Code Section</u>	<u>Case No.</u>
DEV, APCo	Energy Storage Regulations	Resolved	§ 56-585.5 E 5	PUR-2020-00120
Pigeon Run Solar, LLC	Energy Storage Project	Resolved	n/a	PUR-2021-00035
Shockoe Solar, LLC	Energy Storage Project	Resolved	n/a	PUR-2021-00041

Decisions

- Energy Storage Regulations: As required by the VCEA, the Commission approved regulations related to energy storage targets. Among other things, the new rules include interim targets; address behind-the-meter incentives, non-wires alternatives programs and peak demand reduction programs; and the permitting of non-utility energy storage facilities. (Order Adopting Regulations, Dec. 18, 2020).
- Pigeon Run Solar, Energy Storage Project: The Commission approved the application of Pigeon Run Solar to construct, own and operate a 20 MW battery energy storage system in Campbell County. (Final Order, Aug. 13, 2021).
- Shockoe Solar, Energy Storage Project: The Commission approved the application of Shockoe Solar to construct, own and operate a 20 MW battery energy storage system in Pittsylvania County. (Final Order, Aug. 13, 2021).

Environmental Cases

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	<u>Pending or Resolved?</u>	Code Section	Case No.
DEV	Rider E (Update)	Resolved	§ 56-585.1 A 5	PUR-2020-00003
DEV	Rider RGGI	Resolved	§ 56-585.1 A 5	PUR-2020-00169
APCo	Environmental RAC	Resolved	§ 56-585.1 A 5	PUR-2020-00258
DEV	Rider E (Update)	Pending	§ 56-585.1 A 5	PUR-2021-00013
DEV	Rider CCR	Pending	§ 10.1-1402.03	PUR-2021-00045

Decisions

- DEV Rider E: The Commission approved an annual update to Rider E to recover certain coal ash-related environmental costs and actual and projected costs associated with additional projects at DEV's Chesterfield and Bremo Power Stations. (Final Order, Sept. 4, 2020).
- DEV Rider RGGI: The Commission approved DEV's request for approval of Rider RGGI to recover projected and actual costs related to the purchase of allowances through the Regional Greenhouse Gas Initiative market-based trading program for carbon dioxide emissions. (Order Approving Rate Adjustment Clause, Aug. 4, 2021).⁷²
- APCo Environmental RAC: The Commission partially approved APCo's request for approval of an environmental RAC (E-RAC) to recover costs of state and federal environmental regulations at its Amos and Mountaineer generating facilities located in West Virginia. (Order Granting Rate Adjustment Clause, Aug. 23, 2021).

Pending Cases

- DEV Rider E: DEV seeks approval of an annual update to its Rider E to recover certain environmental compliance costs. (Filed Jan. 19, 2021).

⁷² On August 24, 2021, Appalachian Voices filed a Petition for Reconsideration or Clarification of the Order Approving Rate Adjustment Clause. On August 25, the Commission granted reconsideration for purposes of continuing the Commission's jurisdiction over the matter and considering the petition. *Petition of Virginia Electric and Power Company, For approval of a rate adjustment clause, designated Rider RGGI, under § 56-585.1 A 5 e of the Code of Virginia*, Case No. PUR-2020-00169, Doc. Con. Cen. No. 210830260, Order Granting Reconsideration (Aug. 25, 2021).

- DEV Rider CCR: DEV seeks approval of Rider CCR to recover costs incurred to comply with Senate Bill 1355,⁷³ codified at Code § 10.1-1402.03, related to the removal of coal ash from several DEV power stations. (Filed Feb. 26, 2021).⁷⁴

Retail Access Cases

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

<u>Company</u>	<u>Topic</u>	<u>Pending or Resolved?</u>	<u>Code Section</u>	<u>Case No.</u>
APCo	RPS Cost Allocation Proceeding	Resolved	§ 56-585.5 F	PUR-2020-00165
DEV	Aggregation Pilot	Pending	n/a	PUR-2020-00114
DEV	RPS Cost Allocation Proceeding	Pending	§ 56-585.5 F	PUR-2020-00164

Decisions

- APCo RPS Cost Allocation Proceeding: The Commission approved a placeholder tariff for APCo to recover the non-bypassable costs associated with Code § 56-585.5 F, net of benefits, from customers electing to take electric supply service from a competitive service provider. (Final Order, Dec. 21, 2020).

Pending Cases

- DEV Aggregation Pilot: Pursuant to legislation passed by the 2020 General Assembly,⁷⁵ the Commission established a pilot program through which non-residential customers that had previously sought to aggregate their load pursuant to Code § 56-577 A 4 in DEV's service territory would be permitted to purchase

⁷³ 2019 Va. Acts ch. 651.

⁷⁴ Through Rider CCR, Dominion recovers the costs of certain environmental projects specifically involving coal combustion residual removal at its Bremono Power Station, Chesterfield Power Station, Possum Point Power Station, and Chesapeake Energy Center. Through Rider E, Dominion recovers other environmental compliance costs at multiple power stations.

⁷⁵ 2020 Va. Acts ch. 796.

electric energy from a competitive service provider, subject to an overall cap of 200 MW of load participating in the Pilot. On December 3, 2020, the Commission issued an Order providing additional notice of the pilot. (Order on Pilot Status, Dec. 3, 2020).⁷⁶

- DEV RPS Cost Allocation Proceeding: DEV seeks approval of its proposal to recover the non-bypassable costs associated with Code § 56-585.5 F, net of benefits, from customers electing to take electric supply service from a competitive service provider. (Order Establishing Proceeding, Aug. 31, 2020).

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.

Company	Topic	Pending or Resolved?	Code Section	Case No.
DEV, APCo	Large General Service Exemption from Participation in Energy Efficiency Programs Rulemaking	Resolved	§ 56-585.1 A 5	PUR-2020-00172
DEV	Evaluation, Measurement and Verification (EM&V) Methodologies	Pending	n/a	PUR-2020-00156
APCo	Energy Efficiency RAC and New Programs	Resolved	§ 56-585.1 A 5	PUR-2020-00251
DEV	Energy Efficiency RAC and Phase IX Programs	Pending	§ 56-585.1 A 5	PUR-2020-00274

Decisions

- Large General Service Exemption from Participation in Energy Efficiency Programs Rulemaking (DEV, APCo): As required by the VCEA, the

⁷⁶ The Commission has also issued a decision in a declaratory judgment proceeding involving the implementation of retail access under Code § 56-577. *Petition of Direct Energy Business LLC, For a declaratory judgment and injunctive relief against Virginia Electric and Power Company d/b/a Dominion Energy Virginia*, Case No. PUR-2020-00044, Doc. Con. Cen. No. 210320197, Final Order (Mar. 17, 2021).

Commission promulgated rules by which large general services customers may be exempted from participation in energy efficiency programs. These rules went into effect on June 30, 2021. (Order Adopting Regulations, Jan. 29, 2021).

- APCo Energy Efficiency RAC and New Programs: The Commission approved APCo's application for approval of five new energy efficiency programs and one new energy efficiency pilot, and for continuation of one demand response program and one energy efficiency program. The Commission also approved an updated EE-RAC for cost recovery associated with APCo's energy efficiency programs. (Order Approving Rate Adjustment Clause, July 29, 2021).

Pending Cases

- DEV EM&V "Dashboard" proceeding: The Commission established a proceeding to determine the baseline for each of DEV's currently active demand-side management ("DSM") programs, including energy efficiency and peak-shaving programs, as well as the basis for measuring energy savings related to each program and measure. (Order Initiating Proceeding, Aug. 28, 2020).
- DEV Energy Efficiency RAC and Phase IX Programs: DEV seeks approval of 11 new energy efficiency and demand response programs, the expansion and modification of certain existing programs, and approval of cost recovery through associated RACs. (Filed Dec. 2, 2020).

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.

<u>Company</u>	<u>Topic</u>	<u>Pending or Resolved?</u>	<u>Code Section</u>	<u>Case No.</u>
DEV	Rider U (Update)	Resolved	§ 56-585.1 A 6	PUR-2020-00096
DEV	Broadband Pilot	Resolved	§ 56-585.1:9	PUR-2020-00197
APCo	Broadband Pilot	Pending	§ 56-585.1:9	PUR-2020-00259
DEV	Rider GT	Pending	§ 56-585.1 A 6	PUR-2021-00083
DEV	Rider U (Update)	Pending	§ 56-585.1 A 6	PUR-2021-00110

DEV	Grid Transformation Plan	Pending	§ 56-585.1 A 6	PUR-2021-00127
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Decisions

- DEV Rider U Strategic Undergrounding Program: The Commission approved DEV's requested update to Rider U. (Final Order, Feb. 26, 2021).
- DEV Broadband Pilot: The Commission approved DEV's proposed pilot programs to make available and provide broadband capacity to unserved areas in Surry County, Botetourt County, and the Northern Neck region, together with a rate adjustment clause, Rider RBB, to recover costs for the Surry and Botetourt pilots. The Commission also permitted DEV to defer the costs of the Northern Neck pilot for recovery in a future proceeding. (Final Order, June 9, 2021).

Pending Cases

- APCo Broadband Pilot: APCo seeks approval of a rate adjustment clause, BC-RAC, for cost recovery of providing broadband capacity through its previously approved Grayson County broadband pilot. (Filed Jan. 28, 2021).
- DEV Rider GT: DEV seeks approval of a new rate adjustment clause, designated Rider GT, to recover certain costs of its grid modernization plan. (Filed August 13, 2021).
- DEV Rider U Strategic Undergrounding Program: DEV seeks an annual update to Rider U. (Filed June 8, 2021).
- DEV Grid Transformation Plan: DEV seeks approval of its third grid modernization proposal, which includes requested approval of \$669.4 million of capital investments and \$109.5 million of operations and maintenance expense. The plan includes the following proposed projects in 2022 and 2023: advanced metering infrastructure, grid improvement projects, physical and cyber security, telecommunications and customer education. (Filed June 21, 2021).

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.
DEV	Integrated Resource Plan	Resolved	§ 56-597 <i>et seq.</i>	PUR-2020-00035

Decisions

- **DEV 2020 IRP:** The Commission ruled that it "cannot conclude ... that [DEV's] 2020 IRP, as filed, is reasonable and in the public interest for purposes of a planning document." The Commission directed DEV to include additional analyses in future IRPs to address deficiencies in the 2020 IRP. DEV is expected to file an IRP update on or before September 1, 2021. (Final Order, Feb. 1, 2021).
- APCo did not file an IRP in 2020 or 2021. In keeping with Code § 56-599, APCo's next comprehensive IRP will be due by May 1, 2022.

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.

Company	Topic	Code Section	Case No.
APCo	Triennial Review	§ 56-585.1 A	PUR-2020-00015
DEV	Triennial Review	§ 56-585.1 A	PUR-2021-00058

See 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	Code Section	Case No.
DEV	Universal Service Fee/Rider PIPP	§ 56-585.6	PUR-2020-00109
APCo	Universal Service Fee/Rider PIPP	§ 56-585.6	PUR-2020-00117

Decisions

- Percentage of Income Payment Program (DEV/APCo): The VCEA requires the Commission to determine the universal service fees to be collected from customers of APCo and DEV to fund the Percentage of Income Payment Program, or PIPP, established by statute. PIPP eligible utility customers are persons or households whose income does not exceed 150 percent of the federal poverty level.⁷⁷
- The Commission authorized DEV and APCo to begin collecting a universal service fee from the statutorily designated customers as soon as practicable, effective for service rendered on and after September 1, 2021, at a level designed to fund the estimated start-up costs of Department of Social Services ("DSS") needed to establish the PIPP. The Commission also continued the proceedings to determine the rates, terms and conditions of a "non-bypassable universal service fee" to be charged to DEV and APCo's customers to fund the PIPP, instructing both utilities to file within 60 days after DSS rules or guidelines are promulgated. (Orders, July 29, 2021).

⁷⁷ Code § 56-576.

V. STAKEHOLDER MEETINGS

The Staff has been involved in multiple stakeholder meetings over the last year as required by recent legislation. Staff has attended these meetings as a resource to provide technical information or background on Commission procedures and proceedings. The following is a list of meetings the Staff has attended:

- Energy Efficiency Meetings: (required by SB 966,⁷⁸ SB 1605,⁷⁹ and HB 2293⁸⁰) held on March 4, 2021, and May 3, 2021, for APCo; and, January 28, 2021, February 8, 2021, March 2, 2021, April 28, 2021, June 1, 2021, June 8, 2021, June 11, 2021, June 14, 2021, and July 14, 2021, for DEV.
- Shared Solar Meetings: (required by HB 1634⁸¹) held on November 16, 2020, for the Shared Solar/Multi-Family Rules and held on multiple dates between February and April 2021 regarding the Low-Income Shared Solar Working Group. An additional meeting occurred on August 16, 2021.
- Energy Storage Meetings: (required by HB 1183⁸²) Large group meetings held on February 25, 2021, March 18, 2021, April 15, 2021, and June 30, 2021. Subgroup meetings held on April 13, 2021, April 14, 2021, April 23, 2021, April 27, 2021, June 3, 2021, July 29, 2021, and July 30, 2021.
- Electric Vehicle Stakeholder Group Meetings: (required by HB 2282⁸³) The Commission issued an Order on June 28, 2021, directing that copies of its Order establishing an Electric Vehicle Stakeholder group be provided to interested persons and entities as well as the Department of Mines, Minerals and Energy, the Department of Transportation, and the Department of Environmental Quality. The Commission is in the process of hiring a facilitator for the stakeholder meetings and anticipates meetings occurring throughout Fall 2021.

⁷⁸ 2018 Va. Acts ch. 296.

⁷⁹ 2019 Va. Acts ch. 398.

⁸⁰ 2019 Va. Acts ch. 397.

⁸¹ 2020 Va. Acts ch. 1238.

⁸² 2020 Va. Acts ch. 863.

⁸³ 2021 Va. Acts, Special Session I, ch. 268.

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.⁸⁴ Below is a list of recent matters involving PJM and FERC that may impact Virginia:

- In June 2018, FERC invalidated PJM's capacity market design. FERC ruled that state-subsidized resources were artificially and improperly suppressing market prices.⁸⁵ 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, PJM initiated an accelerated stakeholder process, or Critical Issue Fast Path ("CIFP"), which began meetings in April 2021. The PJM Board accepted the CIFP recommended amendments to the PJM MOPR on July 8, 2021, and directed PJM staff to file the proposed tariff revisions at FERC.
- In April 2021, DEV announced that it would elect to procure its capacity through the Fixed Resource Requirement alternative to the PJM capacity market auction.⁸⁶
- On March 19, 2020, FERC issued a Notice of Proposed Rulemaking ("NOPR") proposing to revise its electric transmission incentive policy under Federal Power Act Section 219 "to stimulate the development of transmission infrastructure needed to support the nation's evolving generation resource mix, technological innovation and shifts in load patterns."⁸⁷ The NOPR intends to replace the current policy of limiting incentives to the base rate of ROE zone of reasonableness with a 250-basis-point cap on total ROE incentives. In April 2021, FERC revised its March NOPR and proposed to limit its 50-basis-point incentive for joining a regional transmission organization to just the first three years of an entity's membership.

⁸⁴ Specifically, the 13 states consist of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, and West Virginia.

⁸⁵ *Calpine Corp. v. PJM Interconnection, LLC*, 163 FERC ¶ 61,236 (2018).

⁸⁶ APCo has always chosen the Fixed Resource Requirement alternative.

⁸⁷ *Electric Transmission Incentives Policy under Section 219 of the Federal Power Act*, 170 FERC ¶ 61,204 (Mar. 19, 2020).

- In September 2020, FERC issued Order 2222, which adopted reforms to allow distributed energy resource aggregations to participate in the regional transmission organization markets.⁸⁸ FERC defined distributed energy resources as "any resource located on the distribution system, any subsystem thereof or behind a customer meter. These resources may include, but are not limited to, electric storage resources, distributed generation, demand response, energy efficiency, thermal storage, and electric vehicles and their supply equipment."
- 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 interconnections.⁸⁹ 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.
- On July 19, 2021, PJM filed a brief in a Pennsylvania federal court case challenging the Pennsylvania Public Utility Commission's rejection of a transmission line. PJM claims that the Pennsylvania state agency 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 July 15, 2021, FERC issued an Advanced Notice of Proposed Rulemaking seeking comment on the potential need for change to existing regulations on electric regional transmission planning, cost allocation, and generator interconnection processes. Unless extended by FERC, comments are due on October 12, 2021, with replies to be filed by November 9, 2021.

⁸⁸ *Participation of Distributed Energy Resource Aggregations in Markets Operated by Regional Transmission Organizations and Independent System Operators*, 172 FERC ¶ 61,247 (Sept. 19, 2020).

⁸⁹ *PJM Tariff Revisions to Implement Transmission Owners' Funding of Network Upgrades*, Docket No. ER21-2282 (June 30, 2021).

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

VES program highlights in the last year are as follows:

- The VES website achieved 76,881 site visits and 93,280 page views in 2020;
- Facebook and Twitter follower growth remained strong with 3.8 million video impressions on Facebook and 2.2 million video impressions on Google in 2020;
- The VES television advertising campaign featuring "Jack," an animated electrical outlet, was seen on cable channels in seven Virginia markets, generating over 2.1 million impressions;
- Despite COVID-19 restrictions, VES representatives attended three community events and two virtual events across the Commonwealth in 2020. VES had to cancel participation in 15 community events and festivals in 2020;
- VES conducted 10 radio and TV media interviews and secured a 12-minute interview segment on a major cable TV system; and
- The Commission completed a competitive procurement for a new team of companies to continue the implementation of VES for three years.

VIII.
CLOSING

The Commission continues to execute its responsibilities under the Regulation Act. The Commission does not offer any legislative recommendations at this time but stands ready to provide additional information or assistance if requested.

APPENDIX 1

GLOSSARY OF TERMS

APCo	Appalachian Power Company
CIFP	Critical Issue Fast Path
Code	Code of Virginia
CTs	Combustion Turbines
Commission	Virginia State Corporation Commission
Consumer Counsel	Office of the Attorney General, Division of Consumer Counsel
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
EERS	Energy Efficiency Resource Standard
FERC	Federal Energy Regulatory Commission
GTSA	Grid Transformation and Security Act, Chapter 296 of the 2018 Acts of Assembly
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
PJM	PJM Interconnection, L.L.C.
PPA	Power Purchase Agreement
RAC	Rate Adjustment Clause
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