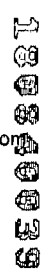


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PUBLIC VERSION

August 17, 2018

BY HAND DELIVERY

Mr. Joel H. Peck, Clerk
State Corporation Commission
Document Control Center
Tyler Building, First Floor
1300 East Main Street
Richmond, Virginia 23219

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2018 AUG 17 11 P 3: 29

*Petition of Virginia Electric and Power Company
For a prudency determination with respect to the Water Strider Solar Power Purchase
Agreement pursuant to § 56-585.1:4 F of the Code of Virginia
Case No. PUR-2018-00135*

Dear Mr. Peck:

Please find enclosed for filing in the above-referenced matter, an unbound original and one (1) copy of the Public version of the *Petition, Direct Testimony, Exhibits and Schedules of Virginia Electric and Power Company* (consisting of Volume 1 of 1) ("Petition"). An Extraordinarily Sensitive version of the Petition is being filed under seal, under separate cover.

In addition, the Company is contemporaneously filing with the Commission, under separate cover, a Motion for Entry of a Protective Order and Additional Protective Treatment in the above-referenced matter.

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

Very truly yours,

Elaine S. Ryan

Enclosures

cc: William H. Chambliss, Esq. (w/o enclosures)
C. Meade Browder, Jr., Esq.
Horace P. Payne, Jr., Esq. (w/o enclosures)



**Dominion
Energy®**

**Petition, Direct Testimony,
Exhibits and Schedules of
Virginia Electric and Power
Company**

**Before the State Corporation
Commission of Virginia**

**For a prudency determination
with respect to the Water Strider
Solar Power Purchase Agreement
pursuant to § 56-585.1:4 F of the
Code of Virginia**

Case No. PUR-2018-00135

Filed: August 17, 2018

**PUBLIC VERSION
Volume 1 of 1**

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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

PETITION OF)
)
 VIRGINIA ELECTRIC AND POWER COMPANY)
)
 For a prudency determination with respect to the) Case No. PUR-2018-00135
 Water Strider Solar Power Purchase Agreement)
 pursuant to § 56-585.1:4 F of the Code of Virginia)

**PETITION OF VIRGINIA ELECTRIC AND POWER COMPANY
 FOR A PRUDENCY DETERMINATION WITH RESPECT TO THE
 WATER STRIDER SOLAR POWER PURCHASE AGREEMENT**

Pursuant to § 56-585.1:4 F of the Code of Virginia (“Va. Code” or “Code”),¹ Virginia Electric and Power Company (“Dominion Energy Virginia” or the “Company”) hereby petitions the State Corporation Commission of Virginia (the “Commission”) for a prudency determination with respect to the Company’s proposed power purchase agreement (“PPA”) with Water Strider Solar LLC, (“Water Strider”), associated with an 80 megawatt (“MW”) (nominal alternating current (“AC”)) solar facility to be located in Halifax County, Virginia (the “Water Strider PPA” or the “Project”).

In support of its Petition, the Company respectfully states the following:

GENERAL INFORMATION

1. Dominion Energy Virginia is a public service corporation organized under the laws of the Commonwealth of Virginia furnishing electric service to the public within its certificated service territory. The Company also supplies electric service to nonjurisdictional customers in Virginia and to the public in portions of North Carolina. The Company’s electric system, consisting of facilities and associated facilities for the generation, transmission, and

¹ See Senate Bill 966, enacted as Chapter 296 of the 2018 Virginia Acts of Assembly (enacted March 9, 2018; effective July 1, 2018) (“Senate Bill 966”).

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distribution of electric energy, is interconnected with the electric systems of neighboring utilities and is part of the interconnected network of electric systems serving the continental United States. Because of its operations in Virginia and North Carolina and its interconnections with other electric utilities, the Company engages in interstate commerce.

2. The Company is also a public utility under the Federal Power Act, and certain of its operations are subject to the jurisdiction of the Federal Energy Regulatory Commission. The Company is an operating subsidiary of Dominion Energy, Inc. ("DEI").

3. The Company's name and post office address are:

Virginia Electric and Power Company
120 Tredegar Street
Richmond, Virginia 23219

4. The names, post office addresses and telephone numbers of the attorneys for the Company are:

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WATER STRIDER PPA OVERVIEW

5. The Water Strider PPA Project will be an 80 MW AC solar facility located in Halifax County, Virginia developed by Cypress Creek Renewables and interconnected to the

Dominion Energy Virginia Transmission system. The solar facility will use ground-mounted single-axis tracking solar panel arrays. If deemed prudent by the Commission, the anticipated commercial operations date for the Project is the fourth quarter of 2020 with a PPA term of 20 years.

6. The Company selected the Water Strider Project through a competitive solicitation process. Recognizing the need for additional renewable resources to serve the Company's projected customer load, as identified in the Company's 2017 Integrated Resource Plan, in October 2017 the Company issued the 2017 Solar-Wind Request for Proposals ("2017 Solar-Wind RFP" or "RFP"). The RFP solicited third-party solar and on-shore wind generation resources to be sited in the Virginia portion of the PJM Dominion Energy Zone ("DOM Zone"), including both development projects and PPAs, which could achieve commercial operation in 2019 or 2020.² Specifically, the RFP sought proposals for solar and on-shore wind generation projects sized between 10 MW and 150 MW.

7. Bidders in the RFP process were required to demonstrate a well-defined plan and capability to complete the development, interconnection, construction, and commissioning of the facilities within the proposed timeline, with a commercial operation date of 2019 or 2020. Proposals were submitted by December 1, 2017 and the Company concluded its RFP evaluation on March 29, 2018. The Company received a total of one hundred one proposals for sixty-nine separate solar facilities totaling approximately 3,750 MW of capacity. Forty-two of these were development proposals and fifty-nine were PPA proposals.

8. The Company reviewed proposals for completeness and conformity to the RFP requirements, and a short list was developed. The Company then further evaluated those

² The 2017 Solar-Wind RFP also identified the US-3 solar projects that are currently pending before the Commission in Case No. PUR-2018-00101.

proposals based on price and non-price factors. The non-price factors were assessed by a multi-disciplinary team of Dominion Energy Virginia in-house experts, including persons knowledgeable in the areas of generation project development, engineering and operations for solar PV and onshore wind projects, environmental and permitting, PPAs, counterparty credit risk, and accounting.

9. The Water Strider LLC proposal offered the highest customer net present value of all the short-listed PPA proposals when compared to market purchases. The Company executed a PPA on May 31, 2018 contingent upon receiving Commission approval.

10. The Company's IRPs have long identified the need for solar generation resources to serve the Company's projected customer load. In addition, the 2018 Integrated Resource Plan included five alternative scenarios, each identifying several hundred megawatts of solar in most years. Each plan specifically calls for 320 MW of solar in 2020, which is the expected commercial operations year for the 80 MW Water Strider solar project.

11. The Company will recover the costs associated with the Project through base rates and the fuel factor, as applicable. Pursuant to accounting guidance, the Company will recover costs associated with this Project through allocation among energy, capacity, and renewable energy certificates ("RECs") based on forward value at the time of PPA execution. Costs allocated to energy are recovered through the Company's fuel factor and costs allocated to capacity and RECs are recovered through base rates.

12. The Water Strider PPA is prudent. In addition to promoting and fulfilling the important public policy goals articulated by the General Assembly, current market forces and demands demonstrate that it is necessary to develop and rely more heavily on renewable energy sources, and to diversify the overall energy mix. Moreover, the General Assembly deemed such

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projects to be in the public interest as discussed herein.

POLICY SUPPORT AND STANDARD FOR APPROVAL

13. During its 2018 legislative session, the General Assembly passed Senate Bill 966,³ which became effective on July 1, 2018. Senate Bill 966, referred to as the Grid Transformation and Security Act, among other things, added a new section to the Code titled “Development of solar and wind generation capacity in the Commonwealth,” codified at Va. Code § 56-585.1:4. subsection (F) of the statute provides that:

[a] utility may elect to petition the Commission, outside of a triennial review proceeding conducted pursuant to § 56-585.1, at any time for a prudency determination with respect to . . . the purchase by the utility of energy, capacity, and environmental attributes from solar or wind facilities owned by persons other than the utility. The Commission’s final order regarding any such petition shall be entered by the Commission not more than three months after the date of the filing of such petition.

14. The General Assembly confirmed that the purchase of such energy, capacity and environmental attributes is in the public interest, stating in new Va. Code § 56-585.1:4 A that:

Prior to January 1, 2024, (i) the construction or purchase by a public utility of one or more solar . . . generation facilities located in the Commonwealth . . . each having a rated capacity of at least one megawatt and having in the aggregate a rated capacity that does not exceed 5,000 megawatts, or (ii) the purchase by a public utility of energy, capacity, and environmental attributes from solar facilities described in clause (i) owned by persons other than a public utility is in the public interest, and the Commission shall so find if required to make a finding regarding whether such construction or purchase is in the public interest.⁴

15. In addition, Va. Code § 56-585.1:4 D specifies that:

Twenty-five percent of the solar generation capacity placed in service on or after July 1, 2018, located in the Commonwealth, and found to be in the public interest by subsection A . . . shall be from the purchase by a public utility of energy, capacity, and

³ See *supra* note 1.

⁴ Va. Code § 56-585.1:4 A.

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environmental attributes from solar facilities owned by persons other than a public utility. . . .All of the solar generation capacity located in the Commonwealth and found to be in the public interest pursuant to subsection A . . . shall be subject to competitive procurement”

16. The Water Strider PPA, which constitutes the purchase by a public utility of energy, capacity, and environmental attributes from a solar facility owned by persons other than a public utility, is consistent with and supported by this legislative enactment. Additionally, the Company’s Petition is supported further by Senate Bill 966, which provides for expedited review of the Commission’s prudence determination, and deems that such purchases are in the public interest.

SUPPORTING TESTIMONY

17. In support of this Petition, Dominion Energy Virginia presents herewith the pre-filed direct testimony and exhibits of James M. Billingsley. Mr. Billingsley provides an overview of the Water Strider PPA project, describes the competitive procurement process leading to the Project, outlines the benefits the Project is expected to provide the Company’s customers, explains the cost recovery mechanisms, and discusses the legislative enactments supporting the Project.

REQUEST FOR CONFIDENTIAL TREATMENT AND ADDITIONAL PROTECTIVE TREATMENT OF EXTRAORDINARILY SENSITIVE INFORMATION

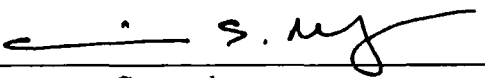
18. The Company’s Petition contains, at points so designated, extraordinarily sensitive information. The Company is filing this extraordinarily sensitive information under seal and subject to the Company’s Motion for Protective Order and Additional Protective Treatment filed coincident with this Petition. Because portions of the Company’s Petition contain such extraordinarily sensitive information, in compliance with Rule 170 of the Procedural Rules, this filing is accompanied by a separate Motion for Protective Order and

Additional Protective Treatment, including a form of Proposed Protective Order, filed by the Company under separate cover but contemporaneously with this Petition.

CONCLUSION

WHEREFORE, for the reasons requested above, Dominion Energy Virginia respectfully requests that the Commission issue an Order (1) finding that the Water Strider PPA is prudent, and (2) granting any such other approvals as deemed appropriate and necessary.

Respectfully submitted,

By: 
Counsel

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August 17, 2018