

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

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APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUR-2019-00081

For approval of a voluntary renewable energy rate,  
designated Rider REC, pursuant to § 56-234 A  
of the Code of Virginia

ORDER APPROVING TARIFF

On May 15, 2019, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company") filed an application ("Application") with the State Corporation Commission ("Commission"), pursuant to § 56-234 A of the Code of Virginia and Rule 80 A of the Commission's Rules of Practice and Procedure,<sup>1</sup> for approval of a voluntary rate, designated Rider REC, whereby participating customers can elect to purchase renewable energy certificates ("RECs") sourced from a broad range of generation facilities across the United States to match all or a portion of a participating customer's usage.<sup>2</sup>

According to the Company, Rider REC will provide customers with a lower cost option to purchase RECs, compared to its existing Rider G,<sup>3</sup> and aims to build on the success of the

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<sup>1</sup> 5 VAC 5-20-10 *et seq.*

<sup>2</sup> Application at 1.

<sup>3</sup> The Company states that Rider G is a current voluntary offering that allows customers to purchase regional premium RECs to match all or a portion of their usage. Direct Testimony of Derek L. Wenger ("Wenger Direct") at 3. The Commission previously approved Rider G in Case No. PUE-2008-00044. *See Application of Virginia Electric and Power Company d/b/a Dominion Virginia Power, For approval of its Renewable Energy Tariff*, Case No. PUE-2008-00044, 2008 S.C.C. Ann. Rept. 539, Order Approving Tariff (Dec. 3, 2008).

Company's Green Power Program by broadening the geographic boundaries and available renewable energy supply options from which RECs will be procured on customers' behalf.<sup>4</sup>

The Company states that Rider REC will be available to any residential or non-residential customer who currently takes electric supply service pursuant to, or who otherwise qualifies to take service under, an approved tariff rate schedule for bundled electric service from the Company.<sup>5</sup> Customers taking temporary service from the Company or taking electric supply service from a competitive service provider, however, are not eligible to participate in Rider REC.<sup>6</sup>

The Company provides two enrollment options for Rider REC: (1) participants may purchase blocks of RECs on a monthly (or billing period) basis where each block equates to 100 kilowatt-hours ("kWh") for a fixed price per block; or (2) participants can match 100% of their monthly (or billing period) usage in kWh.<sup>7</sup> For both enrollment options, Rider REC will offer the same fixed price per kWh.<sup>8</sup> Dominion states that customers may terminate service under Rider REC by giving the Company at least 30 days' prior notice.<sup>9</sup> The Company indicates that it may file periodically with the Commission to amend the pricing of Rider REC or to make other revisions in response to changing market conditions or customer feedback.<sup>10</sup>

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<sup>4</sup> Wenger Direct at 2.

<sup>5</sup> Application at 3; Direct Testimony of Timothy P. Stuller, Jr. ("Stuller Direct"), at 2.

<sup>6</sup> Application at 3; Stuller Direct at 2.

<sup>7</sup> Application at 3; Wenger Direct at 4.

<sup>8</sup> Stuller Direct at 2.

<sup>9</sup> Application at 3; Stuller Direct at 3.

<sup>10</sup> Stuller Direct at 3.

On May 31, 2019, the Commission issued an Order for Notice and Comment in this proceeding that directed Dominion to provide public notice of its Application and provided interested persons the opportunity to file comments, a notice of participation, and a request for a hearing on the Company's Application. The Commission also directed the Staff of the Commission ("Staff") to investigate the Application and file a report containing the Staff's findings and recommendations.

Notices of participation were filed by Sun Tribe Solar LLC ("Sun Tribe") and the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel"). Comments were filed by Sun Tribe, Consumer Counsel, the Maryland-DC-Delaware-Virginia Solar Energy Industry Association ("MDV SEIA"), and individual members of the public. Sun Tribe questioned whether Rider REC would support the development of any new renewable energy resources in Virginia or elsewhere, or serve any other public purpose.<sup>11</sup> Among other things, Sun Tribe also recommended that the Commission require the Company to disclose in any marketing materials the nature and quality of the RECs to be purchased under Rider REC.<sup>12</sup> Consumer Counsel generally did not oppose approval of Rider REC.<sup>13</sup> Among other things, MDV SEIA expressed concerns that Rider REC offers "lower-quality" RECs that may not support any new renewable energy development and that Rider REC may not utilize any RECs associated with solar energy.<sup>14</sup> No party requested that the Commission convene a hearing on Rider REC.

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<sup>11</sup> Sun Tribe Comments at 1.

<sup>12</sup> *Id.* at 5-6.

<sup>13</sup> Consumer Counsel Comments at 1.

<sup>14</sup> MDV SEIA Comments at 1-2.

On September 24, 2019, the Staff filed a Staff Report. The Staff Report stated that Staff could not support approval of Rider REC as presented in the Application. Staff expressed concerns over (i) the broad geographic extent over which the Company proposed to purchase RECs; (ii) the type and vintage of the sources of the proposed RECs to be purchased by participants; and (iii) the potential cost difference of the proposed RECs to be purchased compared to the proposed rate for Rider REC.<sup>15</sup>

On October 15, 2019, the Company filed its response ("Response") to the Staff Report and other filed comments. In the Response, the Company presented certain revisions to proposed Rider REC in response to recommendations provided in the Staff Report and consistent with certain recommendations made by Sun Tribe and Consumer Counsel. The Company proposed to modify the REC requirements to source RECs from the less expensive of (i) PJM Tier II RECs or (ii) national Green-e eligible RECs.<sup>16</sup> The Company asserts this modification would ensure that the RECs have a certain geographic range or vintage, mitigating Staff's concerns.<sup>17</sup> In addition, the Company proposed to offer Rider REC at a rate of \$0.75 per megawatt-hour, compared to the originally-proposed amount of \$1.00 per megawatt-hour.<sup>18</sup> The Company further indicated that the Rider REC rate will be re-evaluated in the Company's next triennial review proceeding, if necessary.<sup>19</sup>

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<sup>15</sup> Staff Report at 3-9.

<sup>16</sup> Company Response at 2 and Attachment A.

<sup>17</sup> Company Response at 2.

<sup>18</sup> Company Response at 3 and Attachment A; Application at 2-3.

<sup>19</sup> Company Response at 3 and Attachment A.

The Company's Response also reiterates that Rider REC will hold non-participating customers harmless.<sup>20</sup> Specifically, to the extent the costs of Rider REC exceed the revenues, the Company states that it will not seek cost recovery for the difference from participants or non-participants.<sup>21</sup> The Company further proposes to credit base rate earnings for any excess Rider REC revenues for consideration in future triennial reviews.<sup>22</sup>

The Response affirms the Company's agreement that accurate marketing materials for Rider REC are important.<sup>23</sup> To that end, the Company commits that any marketing materials for Rider REC will clearly explain the source of the RECs purchased.<sup>24</sup> The Response indicates that Staff does not oppose the proposed revisions to Rider REC.<sup>25</sup>

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that Dominion's proposed voluntary Rider REC, as modified as set forth in the Company's Response, is reasonable and should be approved. Consistent with the Company's commitment as set forth in the Response, Rider REC, as well as any associated marketing materials, shall clearly identify the source of the RECs available for purchase under Rider REC (*i.e.*, the less expensive of PJM Tier II RECs or national Green-e eligible RECs). The Commission further finds that Rider REC shall hold non-participating customers harmless and that the Company shall credit

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<sup>20</sup> Company Response at 3.

<sup>21</sup> *Id.*

<sup>22</sup> *Id.*

<sup>23</sup> *Id.* at 4.

<sup>24</sup> *Id.*

<sup>25</sup> *Id.* at 1.

base rate earnings for any excess Rider REC revenues for consideration in future triennial reviews.

Accordingly, IT IS ORDERED THAT:

(1) The Company's proposed Rider REC, as modified by the Company's Response, is approved, subject to the limitations set forth herein.

(2) The Company shall file, within thirty (30) days of the date of this Order Approving Tariff, a revised Rider REC with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as necessary to comply with the directives set forth in this Order Approving Tariff. The Clerk of the Commission shall retain such filing for public inspection in person and on the Commission's website: <http://www.scc.virginia.gov/case>.

(3) Rider REC, as approved herein, shall become effective for bills rendered on or after the first day of the month that is at least sixty (60) calendar days following the date hereof.

(4) This matter is dismissed.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to all persons on the official Service List in this matter. The Service List is available from the Clerk of the Commission, c/o Document Control Center, 1300 East Main Street, First Floor, Tyler Building, Richmond, Virginia 23219.