

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

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November 5, 2020

MEMORANDUM

TO: Document Control Center

FROM: Angela Bowser *AB*
Information Resources

RE: PUR-2020-00120

Attached is a letter received from Senator Jennifer McClellan, Senator Scott Surovell, Delegate Rip Sullivan, Delegate Jay Jones, Delegate Mark Keam and Delegate Alfonso Lopez. Please enter the attached into the official record.

Attachment

SENATE OF VIRGINIA

JENNIFER L. MCCLELLAN
VICE CHAIRMAN
ALL OF THE ABOVE
HONORABLE JENNIFER L. MCCLELLAN
OFFICE OF THE CLERK



COMMITTEE ASSISTANTS
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November 4, 2020

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

RE: PUR-2020-00120; PUR-2020-00124; PUR-2020-00125

Dear Mr. Peck,

During the 2020 legislative session, the Virginia General Assembly passed and the Governor signed into law several bills designed to place the Commonwealth on a clear and unambiguous path toward a new economy based on clean energy sources, and transitioning away from traditional fossil fuels. These bills, following similar efforts in recent legislative sessions to modernize Virginia's electricity grid, were intended to open competition for new entrants, and not simply make incremental changes that largely maintain the status quo.

As the Commission works through the regulatory process on some of these clean energy programs, such as Energy Storage, Shared Solar, and Multifamily Shared Solar, we write to express our concerns about the direction that the Commission may be taking to implement these proposed program rules.

When we drafted the bills that authorized these new programs, we envisioned policies and program rules that will unleash a competitive clean energy market that creates maximum number of local jobs and attract millions of dollars of investment to the Commonwealth. Distributed generation solar, including Multifamily and Shared Solar, is a significant portion of all solar jobs, representing 64% of the solar workforce. Because creating more good job growth in Virginia was one of the primary motivators for our package of clean energy bills, we are concerned that agency regulation that places unnecessary obstacles to our legislative goals could stifle competition or suppress clean energy job growth.

Therefore, we encourage the Commission to incorporate all stakeholder and expert feedback that has been shared with you over the past few months, as you develop final regulations for these programs.

Specifically, we want to share the following concerns in more detail and urge you to incorporate our legislative goals into your consideration.

PUR-2020-00120, Virginia's Energy Storage Program

The VCEA set forth two objectives with respect to energy storage: make Virginia a national leader in energy storage and ensure competition in energy storage development. The VCEA sets the most aggressive deployment target in the country of 3,100 MW, and we very purposely established a requirement ensuring that over a third of energy storage comes from non-utility owned sources.

The Commission's proposed interim targets could undermine Virginia's leadership position envisioned in the VCEA by postponing the majority of energy storage deployment until after 2030. The Commonwealth must make steady progress toward the 2035 requirement, and we respectfully request that the Commission's interim targets reflect that requisite steady progress.

It is critically important that Virginia develop its storage industry through competitive procurements that ensure the lowest costs to ratepayers, and bring a diverse, creative, and innovative industry to the Commonwealth. To ensure that all energy storage projects are truly competitively procured, the Commission should increase transparency in the bid selection process and explore the engagement of a third-party administrator to evaluate bids. Increasing transparency and a third-party administrator will no doubt drive down costs for ratepayers.

We are also concerned that the Commission's proposed regulations for non-utility owned storage may make Virginia an inhospitable business environment for third-party developers of smaller projects. The VCEA established a goal that 10 percent of energy storage be installed behind the meter. Third-party competition is particularly important in this area. In the Commission's proposed regulations, behind-the-meter projects between 5-20 megawatts are required to undergo a rigorous permitting process administered by the State Corporation Commission. We are concerned that costs of compliance for these administrative and legal requirements are competitively prohibitive. We respectfully recommend the Commission limit its review of behind-the-meter storage projects to only what is required by law.

Regarding behind-the-meter storage for residential and commercial projects, the Commission should establish guidelines that encourage robust deployment. Residential and commercial behind-the-meter storage can provide on-demand grid support services and back-up power for households and communities during extreme weather events. Additionally, as a result of the recent release of Federal Energy Regulatory Commission's (FERC) Order 2222, which allows distributed energy resources (DERs), including storage, to provide aggregation services to PJM, it is imperative Virginia maximize all opportunities associated with DERs.

PUR-2020-00124, Virginia’s Multifamily Shared Solar Program

The General Assembly also established two Shared Solar programs, which will dramatically expand access to solar across the Commonwealth, particularly for low-income communities and renters.

The Multifamily Shared Solar program allows for apartment buildings, condominium buildings or other multifamily dwellings to provide bill savings and clean energy to the participating residents.

Staff’s proposed rules for the multi-family program include a minimum bill, which was never contemplated and is not included in the legislation. Additionally, the proposed licensing process for small projects brought forward by homeowner associations, multifamily building owners, and others will be unnecessarily onerous and time-consuming, resulting in increased costs that will further limit project deployment.

PUR-2020-00125, Virginia’s Shared Solar Program

The Shared Solar program allows residential customers and commercial customers, such as schools, local governments and small businesses, who cannot accommodate on-premise solar or shared solar, to participate in solar by allowing them to subscribe to a project somewhere in Dominion Energy’s service territory.

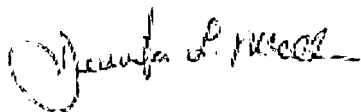
Staff’s proposed rules, however, delay the construction of projects and institute ambiguous, unsubstantiated costs that would significantly impact the ability to finance projects and will suppress investor interest. The proposed rules would delay customers’ ability to participate in the program until 2025, despite the clear legislative direction that the program begin in 2023. The proposed uncertainties and delays will predictably negatively impact the success of this program.

A broad set of stakeholders, including the Department of Minerals, Mines and Energy, the Clean Energy Advisory Board, environmental groups and solar industry practitioners, participated in the Shared Solar program docket in support of a program that allows projects to be online and serving customers by 2023, with the intention that customers will receive savings on their bills upon program launch.

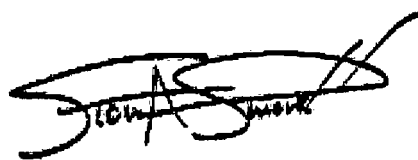
We appreciate all the hard work that the Commission has already put into these programs, especially as you have been forced to work under abnormal and difficult conditions. As you enter the final stages of these rule-making processes, we urge you to take into consideration our specific concerns which we believe are consistent with the legislation we passed.

We look forward to working with the Commission to accomplish the legislative goals of this General Assembly.


Sincerely,



Jennifer L. McClellan
Virginia Senate
9th District



Scott Surovell
Virginia Senate
36th District



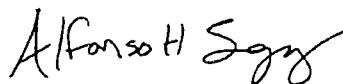
Rip Sullivan
Virginia House of Delegates
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35th District



Alfonso Lopez
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