

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, JULY 26, 2021

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

CASE NO. PUR-2021-00142

*Ex Parte*: Offshore wind development filing of  
Virginia Electric and Power Company

ORDER

During its 2020 Session, the Virginia General Assembly enacted Chapters 1193 (HB 1526) and 1194 (SB 851) of the 2020 Virginia Acts of Assembly. These duplicate Acts of Assembly, known as the Virginia Clean Economy Act ("VCEA"), became effective on July 1, 2020. The VCEA, *inter alia*, declares "[i]n order to meet the Commonwealth's clean energy goals, prior to December 31, 2034, the construction or purchase by a public utility of one or more offshore wind generation facilities located off the Commonwealth's Atlantic shoreline or in federal waters and interconnected directly into the Commonwealth, with an aggregate capacity of up to 5,200 megawatts, is in the public interest . . . ." in new Code § 56-585.1:11.

On July 1, 2021, Virginia Electric and Power Company ("Dominion" or "Company") announced "that the Bureau of Ocean Energy Management (BOEM) will publish in the Federal Register on [July 2, 2021] the Notice of Intent (NOI) for the proposed 2.6-gigawatt Coastal Virginia Offshore Wind (CVOW) commercial project, the largest planned offshore wind farm in the United States."<sup>1</sup> Dominion further announced that it "expects to file with the Virginia State

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<sup>1</sup> <https://news.dominionenergy.com/2021-07-01-Dominion-Energys-Coastal-Virginia-Offshore-Wind-Project-Achieves-Key-Regulatory-Milestone-Consistent-with-Project-Timeline>.

Corporation Commission ["Commission"]) later this year, seeking regulatory approval for the commercial project."<sup>2</sup>

NOW THE COMMISSION, upon consideration of the foregoing, hereby finds it reasonable to establish a docket to receive Dominion's filing for approval of the offshore wind generation project ("OSW Project"). The OSW Project filing shall conform in all respects to the requirements of applicable law and regulations, and further shall address the questions and issues in the Attachment to this Order.<sup>3</sup>

Accordingly, IT IS ORDERED THAT:

(1) The Commission hereby establishes Case No. PUR-2021-00142 for the receipt and the Commission's consideration of Dominion's OSW Project filing.

(2) Dominion shall include additional information and analyses in its OSW Project filing as provided in the Attachment to this Order. Dominion's filing shall include an index that identifies the specific location or locations within that filing corresponding to the questions and issues for which responses are required.

(3) This matter is continued.

A COPY hereof shall be sent electronically 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.

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<sup>2</sup> *Id.*

<sup>3</sup> The questions herein are presented to assist in the development of a robust record for this matter, and in recognition that the time period for the Commission's review may be limited by statute. The inclusion of any question in no manner pre-determines the relevancy of, or the potential record that may be developed on, such. Further, these questions are not intended to capture all potential issues that may be raised in this matter.

## ATTACHMENT

- 1) Dominion shall include in the prefiled testimony of specific witnesses the following information concerning the cost of the OSW Project for which Dominion seeks recovery:
  - a. What is the lifetime revenue requirement of the OSW Project that Dominion proposes or will propose to recover through a rate adjustment clause ("RAC")? Of this total lifetime revenue requirement, how much is investment, and how much is the Company's projected return on equity?
  - b. What is the total cost and the lifetime revenue requirement of the transmission necessary to bring the energy generated by the OSW Project to shore? Of this total lifetime revenue requirement, how much is investment, and how much is the Company's projected return on equity? Identify the rate recovery mechanism(s) Dominion proposes or will propose to use to recover such costs from eligible customers.
  - c. What are the total cost and the lifetime revenue requirement of on-land transmission network upgrades that will be necessitated by the proposed OSW Project? When will Dominion request certificates of public convenience and necessity ("CPCNs") for transmission-related investments related to the OSW Project?
- 2) Code § 56-585.1:11 B specifies that "no customers of the utility shall be responsible for costs of any such [offshore wind generation] facility in a proportion greater than the utility's share of the facility."
  - a. Will Dominion own 100% of the OSW Project? If not, identify any additional owners.
  - b. If any portion of the OSW Project is owned by any entity other than Dominion, how will Dominion ensure that its own customers are not charged for costs in a proportion greater than Dominion's share?
- 3) Code § 56-585.1:11 C 1 states that in acting upon a request from Dominion for recovery of costs associated with the OSW Project, "the Commission shall determine the reasonableness and prudence of any such costs, provided that such costs shall be presumed to be reasonably and prudently incurred if the Commission determines that . . . (iii) the utility has commenced construction of such facilities for U.S. income taxation purposes prior to January 1, 2024, or has a plan for such facility or facilities to be in service prior to January 1, 2028." With this provision in mind:
  - a. Where in the PJM Interconnection, L.L.C. ("PJM") generation interconnection queue is the OSW Project?
  - b. Could any PJM queue backlog impact costs to consumers in Virginia? If so, in what ways? As an increase or decrease to such costs?
- 4) Code § 56-585.1:11 C 3 exempts (i) Percentage of Income Payment Program eligible utility customers, (ii) advanced clean energy buyers, and (iii) qualifying large general service customers from any non-bypassable rate adjustment clause ("RAC") approved for the OSW Project.
  - a. When does Dominion expect to have such customers identified?

- b. How will eligible customers achieve an exempt status? Will customers be required to request an exemption from Dominion?
  - c. How does Dominion expect the number of exempt customers to change over time? In Dominion's view, are the charges non-bypassable only when the customer is actively in one of the exempt statuses? If so, explain how (and how frequently) Dominion will monitor the customer's on-going exemption status.
  - d. Explain the measures Dominion will take to ensure these customers are not billed any OSW Project RAC and associated transmission and distribution costs. Also explain and quantify projected implications of the exemption on non-exempt customers.
  - e. Will the non-bypassable charge need to be modified any more frequently than annually due to changing numbers of exempt customers?
- 5) Code § 56-585.1:11 C 3 also requires that "[n]o electric cooperative customer of the utility shall be assigned, nor shall the utility collect from any such cooperative, any of the costs of such facilities, including electrical transmission or distribution facilities associated therewith for interconnection."
- a. How will Dominion ensure that it does not collect from its electric cooperative customers the costs of the OSW Project?
  - b. How will Federal Energy Regulatory Commission jurisdictional transmission costs be allocated and recovered from non-exempt customers?
  - c. Are transmission or distribution upgrades throughout the electric grid necessitated by the interconnection of the OSW Project "facilities associated therewith" per Code § 56-585.1:11 C 3?
  - d. What measures (accounting or otherwise) will Dominion implement to separate OSW Project costs from those costs for which Dominion does bill its electric cooperative customers?
- 6) Pursuant to Code § 56-585.1:11 D, Dominion must, in constructing the OSW Project, develop and submit a plan ("Plan") to the Commission for review. The Plan must include: "(i) options for utilizing local workers; (ii) the economic development benefits of the [OSW Project] for the Commonwealth, including capital investments and job creation; (iii) consultation with the Commonwealth's Chief Workforce Development Officer, the Chief Diversity, Equity, and Inclusion Officer, and the Virginia Economic Development Partnership on opportunities to advance the Commonwealth's workforce and economic development goals, including furtherance of apprenticeship and other workforce training programs; and (iv) giving priority to the hiring, apprenticeship, and training of veterans, as that term is defined in [Code] § 2.2-2000.1, local workers, and workers from historically economically disadvantaged communities."
- a. Where in the OSW Project filing is this Plan located?
  - b. If the Plan is not part of the OSW Project filing, when and through what vehicle does Dominion anticipate submitting this Plan to the Commission?
  - c. Should the Commission find that the Plan is not in keeping with the full requirements of the law, what if any effect should such a finding have on the OSW Project filing?

- 7) As noted above, Code § 56-585.1:11 D requires Dominion to develop and submit a Plan to the Commission that includes the economic development benefits of the project for the Commonwealth.
  - a. Include all studies quantifying the economic development benefits of the OSW Project.
  - b. Could a backlog in the PJM queue affect the economic development portion of the OSW Project? If so, quantify and describe such effects.
- 8) Provide all system modeling results and economic analyses to support the OSW Project consistent with modeling results normally provided in a CPCN application. Additionally, identify and quantify the social cost of carbon, as a net benefit or net cost, for the OSW Project.