

**Virginia State Corporation Commission
eFiling CASE Document Cover Sheet**

210830237

Case Number (if already assigned)	PUR-2020-00169
Case Name (if known)	Virginia Electric and Power Company — For approval of a rate adjustment clause, designated Rider RGGI, under § 56 585.1 A e of the Code of Virginia
Document Type	EXPE
Document Description Summary	Petition for Reconsideration or Clarification being submitted on behalf of Appalachian Voices (“Environmental Respondent”)
Total Number of Pages	9
Submission ID	22658
eFiling Date Stamp	8/24/2021 4:51:38PM

SOUTHERN ENVIRONMENTAL LAW CENTER

Telephone 434-977-4090

201 WEST MAIN STREET, SUITE 14
CHARLOTTESVILLE, VA 22902-5065

Facsimile 434-977-1483

210830237

August 24, 2021

VIA ELECTRONIC FILING

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

RE: Virginia Electric and Power Company — For approval of a rate adjustment clause, designated Rider RGGI, under § 56 585.1 A e of the Code of Virginia

Case No. PUR-2020-00169

Dear Mr. Peck:

Attached for filing in the above-referenced docket is the Petition for Reconsideration or Clarification being submitted on behalf of Appalachian Voices (“Environmental Respondent”). This filing is being completed electronically, pursuant to the Commission’s Electronic Document Filing system. This notice is being filed electronically, pursuant to the Commission’s Electronic Document Filing system.

As authorized by Rule 140 of the Commission’s Rules of Practice and Procedure, Environmental Respondent is providing, and agrees to accept, service of documents in this case exclusively via email unless parties request otherwise.

If you should have any questions regarding this filing, please do not hesitate to contact me at (434) 977-4090.

Regards,



William C. Cleveland

cc: Parties on Service List

**COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION**

APPLICATION/PETITION OF)

VIRGINIA ELECTRIC AND POWER)
COMPANY)

Case No. PUR-2020-00169

For approval of a rate adjustment clause,)
designated Rider RGGI, under § 56-585.1 A)
5 e of the Code of Virginia)

**ENVIRONMENTAL RESPONDENT'S
PETITION FOR RECONSIDERATION OR CLARIFICATION**

Pursuant to Rule 220 of the Commission's Rules of Practice and Procedure, Appalachian Voices (the "Environmental Respondent") respectfully petitions the Commission for reconsideration of its final order in this case¹ or in the alternative, clarification of its directive.

SUMMARY

In the Final Order, the Commission approves the requested revenue requirement of \$167,759,000 for Dominion's "projected and actual costs related to the purchase of allowances through the Regional Greenhouse Gas Initiative ("RGGI") market-based trading program for carbon dioxide ("CO2") emissions."² During the case, however, Environmental Respondent established that Dominion had not presented evidence of least-cost planning.³ Dominion simply did not analyze in this proceeding whether alternative compliance approaches may result in lower

¹ Order Approving Rate Adjustment Clause, *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 (Aug. 4, 2021) ("Final Order") at 11.

² *Id.* at 1.

³ Environmental Respondent, Post-Hearing Brief (May 19, 2021) ("Post-Hearing Brief") at 8-12.

compliance costs.⁴ The Hearing Examiner, as the Final Order notes, agreed, observing that “the Petition did not include analysis that this compliance was part of a long-term, least-cost strategy.”⁵

Without least-cost planning, the Commission cannot know whether these costs are truly “necessary,” as required by Va. Code § 56-585.1 A 5 e. With numerous compliance options at the Company’s disposal, alternative approaches may enable compliance at a lower cost to customers. Despite the need for least-cost planning, the Commission’s Final Order does not appear to require Dominion to prepare least-cost RGGI compliance analyses in future dockets. Instead, the Final Order includes only a directive to “include in future Rider RGGI filings an analysis of how its RGGI compliance corresponds to its RPS plan filings.”⁶

Environmental Respondent respectfully requests the Commission reconsider or clarify this directive. Whether and how RGGI compliance corresponds to RPS plans is not the only relevant metric for evaluating whether Dominion is complying with RGGI in a least-cost manner, and this directive alone will not ensure that only “necessary” RGGI costs are recovered from customers. Thus, Environmental Respondent respectfully requests that the Commission amend its order to expressly require evidence of least-cost RGGI compliance in future RGGI proceedings or, at a minimum, clarify that the RGGI-RPS directive described in the Final Order does in fact require evidence of least-cost RGGI compliance planning. In this context, least-cost RGGI compliance should expressly include evaluation of alternative operational, dispatch, and retirement scenarios that may (1) better achieve the Commonwealth’s express carbon reduction goals and (2) lower RGGI compliance costs.

⁴ *Id.*

⁵ Final Order at 10 (citing Hearing Examiner’s Report at 31).

⁶ *Id.* at 11.

ARGUMENT

Market-based emissions trading systems like RGGI are designed to send a price signal to encourage market participants to alter their behavior in response. In the case of Virginia's emissions reduction program, the program is designed to reduce power plant emissions over time, while affording power plant operators flexibility to decide how best to do so. This framework makes sense. Rather than micromanaging emissions on a plant-by-plant basis, the program lets a utility like Dominion—the entity most familiar with its fleet of power plants and each plant's unique circumstances—decide how best to ramp down its emissions over time.

Dominion's proposal, however, does not treat RGGI like a market signal to which it must adapt; rather, Dominion simply treats RGGI compliance as an additional cost to be added on top of normal business operation costs. This approach defeats the effectiveness of RGGI, because Dominion customers will pay all the added costs but enjoy none of the benefits of reduced emissions. Unfortunately, the Commission's Final Order in this case largely accepts this approach, insulating Dominion's operations from this market signal, imposing unsupported and potentially unnecessary expenses on ratepayers.

The evidence is clear that Dominion has not prepared a least-cost RGGI compliance strategy. Company Witness Hitch agreed that the point of RGGI is to reduce emissions by imposing a price on emissions.⁷ He further agreed that coal power plant retirements “would definitely have an effect on short term emissions.”⁸ And yet, the Company conceded that it did not evaluate the ratepayer savings potential of retiring more power plants than were modeled in the

⁷ Hearing Transcript, Case No. PUR-2020-00169 (Apr. 28, 2021) at 228:12-16 (Cross Examination of Company Witness Hitch).

⁸ *Id.* at 229:16-17 (Cross Examination of Company Witness Hitch).

Company's rejected 2020 IRP. Company Witness Compton confirmed the total absence of least-cost planning during cross-examination:

Q: As part of developing the record for this proceeding and all of the applications in the petition, did the Company evaluate whether it might be lower cost for the Company to retire Virginia City early, taking into account the replacement capacity cost and the avoided emissions allowance procurement you would have to do as part of this proceeding?

A: Not specifically in this proceeding.⁹

Company Witness Hitch further confirmed this fact during his cross-examination:

Q: Were new power plant retirements considered as part of a compliance strategy?

A: I have to defer to Mr. Compton on that.

Q: So you don't know?

A: I don't know.

Q: So you don't know whether that might have been a lower cost compliance strategy, all costs taken into account?

A: It might have been.¹⁰

Staff Witness White also confirmed Dominion's failure to conduct least-cost planning. First, Mr. White admitted that Staff had "not done its own independent inquiry into whether 19 million allowances per year is the right number of allowances."¹¹ Second, Mr. White agreed that "if Dominion needs fewer allowances, then total RGGI compliance costs are probably going to be lower."¹² Finally, Staff Witness White agreed that neither Staff nor Dominion has done any

⁹ Hearing Transcript at 241:20-242:3.

¹⁰ *Id.* at 230:21-231:4 (Cross Examination of Company Witness Hitch).

¹¹ *Id.* at 197:13-15 (Cross Examination of Staff Witness White).

¹² *Id.* at 197:18-23 (Cross Examination of Staff Witness White).

analysis of whether retiring or changing operations at its fossil fleet (other than those contained in the rejected 2020 IRP) could save customers money:

Q: So Staff, as I think you said, has not done an analysis to determine whether pulling one plant or another out produces a lower cost outcome for customers. But the Company hasn't done that either, has it?

A: I don't know. Not to my knowledge, no.¹³

Staff Witness Carr verified this as well:

Q: And Staff has done no independent analysis to determine whether the number of allowances that Dominion projects it will procure or the number of allowances it projects it will consume is reflective of least-cost implementation, has it?

A: It has not.¹⁴

Unfortunately for ratepayers and the environment, not only has Dominion failed to present a least-cost compliance analysis in this docket, Dominion has no intention of conducting least-cost planning in future RGGI rider proceedings, according to Company Witness Compton:

Q: Is the Company planning on doing anything like what I just described for purposes of next year's true-up for rider RGGI?

A: I would say not specifically for this filing's true-up. That would be part of the 2021 IRP update.¹⁵

The 2021 IRP update, of course, is not a litigated proceeding in which any party can actually vet the analysis, as Mr. Compton conceded.¹⁶ As such, if Dominion has its way, there will be no opportunity to explore the cheapest RGGI compliance path until the next fully litigated IRP in 2023. This approach makes little sense—segregating compliance cost recovery from compliance

¹³ *Id.* at 203:16-21 (Cross Examination of Staff Witness White).

¹⁴ *Id.* at 171:24-172:5 (Cross Examination of Staff Witness Carr).

¹⁵ *Id.* at 242:8-13 (Cross Examination of Company Witness Compton).

¹⁶ *Id.* at 242:24 (Cross Examination of Company Witness Compton).

planning—and bears a striking similarity to what the Company proposed in the recent RPS proceeding, which the Commission rejected.¹⁷

Judge Jagdmann’s concurrence in the final order raises concerns about the ratepayer costs, specifically noting that it “remains unclear whether the significant cost required for participation in an additional cap-and-trade program — which is expected to cost customers billions of dollars — are necessary for Dominion’s and Appalachian’s ratepayers to bear in order to achieve the General Assembly’s carbon reduction objectives.”¹⁸ This statement highlights why the Commission should ensure that only “*required*” RGGI costs—in other words, *necessary* costs—be recovered from customers.

The best way for the Commission to protect ratepayers from the “potential costly duplications” of which Judge Jagdmann warns is to ensure that Dominion undertakes reasonable but thorough least-cost planning in this proceeding. The Final Order addresses some of this by requiring Dominion to “include in future Rider RGGI filings an analysis of how its RGGI compliance corresponds to its RPS plan filings,”¹⁹ but looking at RPS compliance will not—on its own—produce least-cost RGGI compliance. The RPS is fundamentally a mandate to retire renewable energy certificates (RECs), not a carbon reduction strategy. It requires Dominion to pair RECs with megawatt-hours sold in an ever-increasing amount. The RPS does not, however, directly reduce carbon emissions from Dominion’s fleet. Virginia’s emissions reduction program, on the other hand, is the Commonwealth’s most direct policy decision for reducing carbon

¹⁷ See Final Order, *Ex Parte: Establishing 2020 RPS Proceedings for Virginia Electric and Power Company*, Case No. PUR-2020-00134 (Apr. 30, 2021) at 6.

¹⁸ Final Order at 15-16 (Jagdmann Concurring).

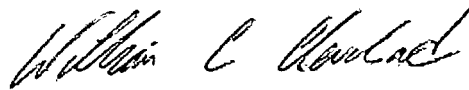
¹⁹ Final Order at 11.

emissions. Unfortunately for Virginians, however, Dominion has not attempted to comply with RGGI in a way that reduces emissions and minimizes customer costs.

Only a clear Commission directive will result in Dominion providing the necessary analysis to establish the best and least-cost approach of complying with Virginia's emissions reduction program. For this reason, Environmental Respondent respectfully requests that the Commission amend its order to expressly require evidence of least-cost RGGI compliance in future RGGI proceedings or, at a minimum, clarify that the RGGI-RPS directive described in the Final Order does in fact require evidence of least-cost RGGI compliance planning.

August 24, 2021

Respectfully submitted,



William C. Cleveland (VSB #88324)
SOUTHERN ENVIRONMENTAL LAW CENTER
201 West Main St., Suite 14
Charlottesville, VA 22902-5065
Tel: (434) 977-4090
Fax (434) 977-1483

Counsel for Environmental Respondent

210830237

CERTIFICATE OF SERVICE

I hereby certify that the following have been served with a true and accurate copy of the

foregoing via electronic mail:

C. Meade Browder, Jr.
C. Mitch Burton, Jr.
Division of Consumer Counsel
OFFICE OF THE ATTORNEY GENERAL
202 North Ninth Street, 8th Floor
Richmond, VA 23219

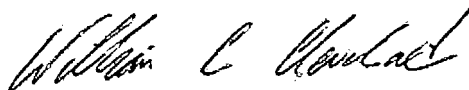
Arlen K. Bolstad
Frederick D. Ochsenhirt
STATE CORPORATION COMMISSION
OFFICE OF GENERAL COUNSEL
P. O. Box 1197
Richmond, VA 23218

Joseph K. Reid, III
Elaine S. Ryan
Sarah R. Bennett
Daniel R. Bumpus
MCGUIRE WOODS, LLP
Gateway Plaza
800 East Canal Street,
Richmond, VA 23219

Paul E. Pfeffer
David J. DePippo
DOMINION ENERGY SERVICES, INC.
120 Tredegar Street, RS-2
Richmond, VA 23219

Bobbi Jo Alexis
CULPEPER COUNTY ATTORNEY
306 North Main Street
Culpeper, VA 22701

Louis R. Monacell
S. Perry Coburn
Timothy G. McCormick
CHRISTIAN & BARTON, LLP
909 East Main Street, Suite 1200
Richmond, VA 23219



William C. Cleveland
SOUTHERN ENVIRONMENTAL LAW CENTER

DATED: August 24, 2021