

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

20211029131655

<b>Case Number (if already assigned)</b>	PUR-2021-00138
<b>Case Name (if known)</b>	Application of Virginia Electric and Power Company for an update of the 100 percent renewable energy tariff, designated Rider TRG, pursuant to § 56-577 A 5 and 56-234 of the Code of Virginia
<b>Document Type</b>	CMMT
<b>Document Description Summary</b>	Virginia Electric and Power Company's Comments in Response to Staff's Report, Walmart's Comments, and Direct Energy's Request for Hearing
<b>Total Number of Pages</b>	13
<b>Submission ID</b>	23137
<b>eFiling Date Stamp</b>	10/29/2021 3:16:55PM

McGuireWoods LLP  
Gateway Plaza  
800 East Canal Street  
Richmond, VA 23219-3916  
Phone: 804.775.1000  
Fax: 804.775.1061  
www.mcguirewoods.com

Elaine S. Ryan  
Direct: 804.775.1090

McGUIREWOODS

eryan@mcguirewoods.com

21105082

October 29, 2021

**BY ELECTRONIC DELIVERY**

Bernard Logan, Clerk  
State Corporation Commission  
Document Control Center  
Tyler Building, First Floor  
1300 East Main Street  
Richmond, Virginia 23219

*Application of Virginia Electric and Power Company  
for an update of the 100 percent renewable energy tariff, designated Rider TRG,  
pursuant to § 56-577 A 5 and 56-234 of the Code of Virginia  
Case No. PUR-2021-00138*

Dear Mr. Logan:

Enclosed for electronic filing in the above-captioned proceeding, please find *Virginia Electric and Power Company's Comments in Response to Staff's Report, Walmart's Comments, and Direct Energy's Request for Hearing.*

Please do not hesitate to contact me if you have any questions in regard to this filing.

Highest regards,

/s/ Elaine S. Ryan

Elaine S. Ryan

enc.

cc: Honorable Mary B. Adams, Hearing Examiner  
Paul E. Pfeffer, Esq.  
David J. DePippo, Esq.  
Jontille D. Ray, Esq.  
April M. Jones, Esq.  
Service List

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

APPLICATION OF )  
 )  
VIRGINIA ELECTRIC AND POWER COMPANY )  
 ) Case No. PUR-2021-00138  
For an update of the 100 percent renewable energy tariff, )  
designated Rider TRG, pursuant to §§ 56-577 A 5 )  
and 56-234 of the Code of Virginia )

**VIRGINIA ELECTRIC AND POWER COMPANY’S COMMENTS IN  
RESPONSE TO STAFF’S REPORT, WALMART’S  
COMMENTS, AND DIRECT ENERGY’S REQUEST FOR HEARING**

Pursuant to Ordering Paragraph (14) of the Order for Notice and Comment (“Procedural Order”) issued by the State Corporation Commission of Virginia (the “Commission”) on July 16, 2021, in the above-captioned proceeding, Virginia Electric and Power Company (“Dominion Energy Virginia” or the “Company”), by counsel, hereby respectfully submits its comments (“Comments”) in response to the report filed by the Commission Staff (“Staff”) on October 8, 2021 (“Staff Report”); the comments filed by Walmart Inc. (“Walmart”) on September 24, 2021 (“Walmart Comments”); and the request for hearing filed by Direct Energy Business, LLC and Direct Energy Services, LLC (collectively, “Direct Energy”) on September 24, 2021 (“Request for Hearing”). In support of its Comments, the Company respectfully states as follows:

**I. BACKGROUND AND PROCEDURAL HISTORY**

On July 2, 2020, the Commission approved the Company’s initial 100 percent renewable energy tariff filing, designated Rider TRG, in Case No. PUR-2019-00094 (“Order Approving

Tariff”).<sup>1</sup> The Order Approving Tariff directed the Company to “file an annual update proceeding for Rider TRG on or before July 1, 2021.”<sup>2</sup>

Consistent with Ordering Paragraph (3) of the Order Approving Tariff, on July 1, 2021, the Company filed with the Commission, its application (“Application”) for Commission approval of its update to Rider TRG (“Annual Update”). In the Application, the Company stated that it is not proposing any changes to the portfolio of resources or to the Rider TRG rate approved in the Commission’s Order Approving Tariff.

On July 16, 2021, the Commission entered the Procedural Order, which among other things, directed that notices of participation be filed by September 24, 2021, that any interested person may file written comments on the Application by September 24, 2021, and that Staff file a report containing its findings and recommendations by October 8, 2021.<sup>3</sup> Moreover, the Procedural Order directed that “[o]n or before September 24, 2021, any interested person may file a written request for a hearing . . .” including “(i) a precise statement of the filing party’s interest in the proceeding; (ii) a statement of specific action sought to the extent then known; (iii) a statement of the legal basis for such action; and (iv) a precise statement why a hearing should be conducted in this matter.”<sup>4</sup> The Procedural Order also offered the Company the opportunity to file its response to any comments and requests for hearing on or before October 29, 2021.

Pursuant to the Procedural Order, Walmart, Direct Energy, and the Board of Supervisors of Culpeper County (collectively, “Respondents”) timely filed notices of participation. On September 24, 2021, Direct Energy filed its Request for Hearing and Walmart filed its comments

---

<sup>1</sup> *Application of Virginia Electric and Power Company, For approval of a 100% renewable energy tariff, designated Rider TRG, pursuant to §§ 56-577 A 5 and 56-234 of the Code of Virginia, Case No. PUR-2019-00094, Order Approving Tariff (July 2, 2020).*

<sup>2</sup> Order Approving Tariff at Ordering Paragraph (3).

<sup>3</sup> Procedural Order at Ordering Paragraphs (9)–(10), (13).

<sup>4</sup> Procedural Order at Ordering Paragraph (12).

on the Company's Application. Lastly, in accordance with the Procedural Order, Staff filed its Staff Report containing its findings and recommendations on October 8, 2021.

## II. COMPANY'S COMMENTS

**A. The Commission should approve the Company's Application as Staff does not oppose approval of the Company's 2021 Annual Update.**

The Company appreciates Staff's thorough review of the Company's Application. The Company is pleased to note that Staff "does not oppose approval of the Company's annual Rider TRG update in this proceeding."<sup>5</sup>

As set forth in the Application, as part of this 2021 Annual Update, the Company is not proposing any changes to the portfolio of resources or to the Rider TRG rate of \$3.98 per MWh approved in the Commission's Order Approving Tariff. As the Staff Report acknowledges, this is the first year of implementation for Rider TRG and therefore the Company proposes to maintain the same rate even though the updated pricing would be \$6.91/MWh based on the current market value of the portfolio renewable energy credits ("RECs").<sup>6</sup> The Staff Report further describes the Company's plan to hold non-participating customers harmless by covering the difference between the full market value of the portfolio of RECs and the TRG customer charge. The Company will track total TRG usage from July 1, 2021 through June 30, 2022, and shareholders will cover exactly \$2.93 per MWh for this usage.<sup>7</sup> Staff concludes that "[b]ased on these representations, Staff does not oppose approval of the Company's annual Rider TRG update in this proceeding."<sup>8</sup>

---

<sup>5</sup> Staff Report at 7.

<sup>6</sup> Staff Report at 7.

<sup>7</sup> See Staff Report at 6, Attachment A to the Staff Report.

<sup>8</sup> Staff Report at 7.

The Staff Report further supports Walmart's recommendation that the Commission align the methodology for calculating the Rider TRG RE Rate with the determination of the REC proxy value for use in Rider RPS that is being addressed in Case No. PUR-2021-00156.<sup>9</sup> The Company does not oppose this recommendation regarding the methodology for calculating and updating the Rider TRG RE Rate in future cases. Once the Commission issues a final order in that proceeding regarding the REC proxy value, the Company will apply such value going forward in its annual updates for Rider RPS and Rider TRG.

**B. Contrary to Walmart's assertion, the Company has met its burden in establishing that its plan will in fact hold non-participating customers harmless.**

In its comments, Walmart claims that there is insufficient evidence to support the Company's proposal to cover the cost difference between the full market value of the portfolio of RECs and the TRG customer charge and, in turn, questions whether such plan would "actually hold non-participating customers harmless."<sup>10</sup> The evidence shows, however, that the Company has met its burden to show that its plan will hold non-participating customers harmless.

As discussed above, Staff acknowledges the Company's plan to hold non-participating customers harmless and attaches to the Staff Report the Company's discovery responses explaining how this will occur.<sup>11</sup> In addition to these responses, the Company also provided to Staff and the parties a detailed explanation of the Company's proposed accounting for (i) the cost of RECs utilized for Rider TRG, (ii) Rider TRG revenue, and (iii) the difference between these amounts, included as Attachment A hereto.

In sum, the Company's responses to Staff's interrogatories (included as an attachment hereto and an attachment to the Staff Report) provide sufficient evidence from which the

---

<sup>9</sup> Staff Report at 7; Walmart Comments at 4.

<sup>10</sup> Walmart Comments at 5.

<sup>11</sup> See Staff Report at 6, Attachment A.

Commission can conclude that the Company's proposal actually holds non-participating customers harmless. Walmart's recommendations to the contrary should be rejected.

**C. Direct Energy's Request for Hearing should be denied.**

The only party to request an evidentiary hearing is Direct Energy. There is simply no record support for Direct Energy's claim that the Company's Application "far exceeds the scope of a simple update based on the Commission's approved formula for pricing service under Rider TRG" and involves a "fundamental change in the tariff's design and pricing."<sup>12</sup> As noted, the Company is not proposing any changes at this time to the portfolio of resources or to the Rider TRG rate. This 2021 Annual Update is the Company's first update filing since receiving approval of Rider TRG, and the Company's Application has met the requirements of the Order Approving Tariff. In its Procedural Order, the Commission directed notice and comments on the Application, and there are no issues that cannot be adequately addressed in written comments, as evidenced by Walmart's Comments and the Staff Report.<sup>13</sup> As in the initial Rider TRG proceeding, Direct Energy is merely attempting to delay approval of this straightforward update Application to protect its own financial interests as a competitive service provider. The Commission should deny this request as unwarranted.

Direct Energy has not presented any valid reasons why the Commission should convene an evidentiary hearing in this matter. Importantly, Direct Energy even acknowledged that it "has

---

<sup>12</sup> Request for Hearing at 4, 6.

<sup>13</sup> See, e.g., *Application of Virginia Electric and Power Company, For expedited approval of conservation, energy efficiency, education, demand response and load management Pilots*, Case No. PUE-2007-00089, 2008 S.C.C. Ann. Rept. 425 at 428, Final Order at 15 (Jan. 17, 2008) (finding that "Piedmont's provisional request for a hearing should be denied for the reason that the request for hearing did not detail reasons why such issues cannot be adequately addressed in written comments, as required by the Commission's October 10, 2007 Order (Ordering Paragraph (8))."); *Commonwealth of Virginia, ex rel. State Corporation Commission, In re: Virginia Electric and Power Company's proposed pilot program on dynamic rates*, Case No. PUE-2010-00135, Order Granting Authority at 8 (Aug. 26, 2013) (denying a respondent's request for hearing on the basis that "the issues presented in the Company's [p]etition can be adequately addressed without convening an evidentiary hearing").

not yet determined the specific actions it will seek or the factual and legal basis for those actions.”<sup>14</sup> Instead of taking advantage of the opportunity afforded by the Commission during the nearly two and a half month comment period to fully develop its arguments to comment on the Company’s Application, Direct Energy now seeks to waste additional resources and time of not only the Company in preparation for an evidentiary hearing, but the time of the Commission, Staff, and the other Respondents in this matter.

Direct Energy first claims that “what [the Company] proposes is a new tariff with a different rate design and pricing than the Rider TRG previously approved by the Commission.”<sup>15</sup> This assertion is simply false. To the contrary, the Company, as stated in its Application, proposes to maintain the Commission-approved Rider TRG RE Rate of \$3.98 per MWh.<sup>16</sup> The Company has calculated updated pricing to be \$6.91/MWh based on market pricing, using the same historical transactions method approved by the Commission in the prior proceeding. However, because Rider TRG is still in its first year of implementation, the Company is proposing to maintain the same Rider TRG RE Rate pricing with this 2021 Annual Update to ensure a successful start of the program and to facilitate new customer enrollment.<sup>17</sup> Staff does not oppose this proposal.

Direct Energy secondly takes issue with participant levels.<sup>18</sup> Importantly, Rider TRG was approved a little over a year ago. Direct Energy unsuccessfully argued for the Commission to adopt a sunset provision in the initial Rider TRG. Had the Commission determined that a sunset provision was appropriate to apply to Rider TRG, it would have adopted one. It did not. There is no justification to convene an evidentiary hearing on participation levels following the

---

<sup>14</sup> Request for Hearing at 3.

<sup>15</sup> Request for Hearing at 6.

<sup>16</sup> Application at 7.

<sup>17</sup> Application at 7.

<sup>18</sup> Request for Hearing at 6.



first year of implementation of Rider TRG, and neither Staff nor any other party has suggested as such.

Direct Energy further asserts, among other things, that the Company did not explain how non-participating customers would be held harmless with the Company maintaining the rate pricing.<sup>19</sup> For all of the reasons stated above, and consistent with the Staff Report, the evidence demonstrates that the Company's plan will hold non-participating customers harmless.

Finally, Direct Energy argues that the Company's proposal is a "fundamental change in the tariff's design and pricing."<sup>20</sup> As set forth in detail above, there is no fundamental change in the tariff's design and pricing. The Company's proposal is consistent with the rate design previously approved by the Commission.

Notably, in last year's proceeding, Direct Energy made multiple attempts to delay implementation of the Commission-approved Rider TRG; and the Commission, in turn, rejected them all.<sup>21</sup> Motivated by its own financial interest, Direct Energy's Request for Hearing is nothing more than a delay tactic and a thinly veiled attempt to relitigate issues from the prior proceeding. Direct Energy fails to provide an adequate basis for why any of the issues it has raised regarding the Company's 2021 Annual Update cannot be sufficiently addressed in written comments. In this case, the Commission should again deny Direct Energy's attempt to delay the continued implementation of Rider TRG through an unnecessary hearing on the Company's 2021 Update Application.

---

<sup>19</sup> Request for Hearing at 5.

<sup>20</sup> Request for Hearing at 6.

<sup>21</sup> Order Approving Tariff at Ordering Paragraph (5); Case No. PUR-2019-00094, Order on Additional Requests at 3 (July 23, 2020). Direct Energy made two attempts to delay implementation of Rider TRG by filing a Motion for Delay and Motion for Order Clarifying Status of Proposed Tariff. *See* Case No. PUR-2019-00094, Motion for Delay at 1 (May 15, 2020); *see also* Case No. PUR-2019-00094, Motion for Order Clarifying Status of Proposed Tariff at 1 (July 8, 2020).



Paul E. Pfeffer  
David J. DePippo  
Dominion Energy Services, Inc.  
120 Tredegar Street  
Richmond, Virginia 23219  
(804) 787-6033 (PEP)  
(804) 819-2411 (DJD)  
*paul.e.pfeffer@dominionenergy.com*  
*david.j.depippo@dominionenergy.com*

Elaine S. Ryan  
Jontille D. Ray  
April M. Jones  
McGuireWoods LLP  
Gateway Plaza  
800 East Canal Street  
Richmond, Virginia 23219-3916  
(804) 775-1090 (ESR)  
(804) 775-1173 (JDR)  
(804) 775-1042 (AMJ)  
(804) 775-2083 (facsimile)  
*eryan@mcguirewoods.com*  
*jray@mcguirewoods.com*  
*amjones@mcguirewoods.com*

*Counsel for Virginia Electric and Power Company*

October 29, 2021

**Virginia Electric and Power Company**  
**Case No. PUR-2021-00138**  
**Virginia State Corporation Commission Staff**  
**Staff First Set**

The following response to Question No. 2 of the First Set of Interrogatories and Requests for Production of Documents by the Staff of the State Corporation Commission received on August 24, 2021, has been prepared under my supervision.

Robert Santos  
Manager - Accounting  
Dominion Energy Services, Inc.

---

**Question No. 2**

Please refer to pages 7 and 8 of the application. Provide a detailed explanation of the Company's proposed accounting for (i) the cost of RECs utilized for Rider TRG, (ii) Rider TRG revenue, and (iii) the difference between these amounts. Include illustrative journal entries with natural and FERC account numbers.

**Response:**

See Attachment Staff Set 1-2 (RS) for an example of the Company's proposed accounting for TRG Rider revenues and related REC retirements.

ATTACHMENT STAFF SET 1-2

The following example illustrates the accounting for TRG revenues collected and the retirement of RECs related to the energy usage by customers enrolled in the TRG Rider. This example illustrates 100 mWhrs used by TRG customers and the related retirement of 100 RECs.

Sample Journal Entries:

(1) TRG revenues billed to participating customers.

Natural Account	FERC Account	Account Description	Debit	Credit
1130010	142	Customer Accounts Receivable-Retail Sales	398	
4101010, 4102010 & 4103010	440 & 442	Residential, Commercial, Industrial Billed Revenues		398

(2) Reclassification of TRG Revenues collected from customers to Other Energy Revenues - Renewable Energy Credits

Natural Account	FERC Account	Account Description	Debit	Credit
4101010, 4102010 & 4103010	440 & 442	Residential, Commercial, Industrial Billed Revenues	398	
4115002	456	Other Energy Revenues-RECS (Hydro-BASE)		18 (a)
4115002	456	Other Energy Revenues-RECS (PPA-BASE)		81 (b)
4115002	456	Other Energy Revenues-RECS (A6 Generation-RIDER)		299 (c)

(a) Profit Entries are used to differentiate between the 18 mWhrs billed back to retail for A6 Generation Riders or Base customers.

(3) Entry to retire PPA RECs that were assigned value upon acquisition (note: there is no REC value recorded for DEV owned generation). This example assume \$2 purchase price for base PPA RECs acquired that were retired in this example.

Natural Account	FERC Account	Account Description	Debit	Credit
5001200	557	Fuel Expense - Renewable Energy Credits (Base)	24	
1311029	101	Intangible Assets-Renewable Energy Credits		24

(4) Entry to record REC dollar differential for Tariff rate vs. New Market Value rate on A6 Solar Generation riders. In an effort to incentivize customers to participate in the TRG Rider, the company will keep the Tariff rate at the old rate and not adjust to the New Market Value pricing. Per the TRG filing, the company's shareholders will absorb the loss on the price differential. In this example, the credit back to customers would be the \$2.39 price differential multiplied by the number of A6 Solar Generation Rider RECs retired (44.5 RECs). (b)

Natural Account	FERC Account	Account Description	Debit	Credit
4302034	421	Deferred Regulated Rider Costs	106	
Various	182.3 or 254	Other Regulatory Asset or Other Regulatory Liabilities		106

(b) An expense entry is made in the general ledger for Base PPA or Base generation facilities as there is no specific asset/liability necessary mechanism. The Company will track the price differential and make a rate making adjustment for cost of service purposes to credit back for base ratios.

ASSUMPTIONS:

Source of REC Generation	Relative % of RECs Retired	RECs Retired 100	Price per REC	Extended REC \$
Hydro Generation-Base	43.5%	43.5	\$ 0.42	\$ 18
A6 Solar Generation-Rider	44.5%	44.5	\$ 6.72	\$ 299
Solar PPA-Base	12.0%	12.0	\$ 6.72	\$ 81
		100		\$ 398

\* A6 RECs (Price) (Equus to tariff rate)

REC Specific Tariff Pricing	New Market Price	Price Differential
\$ 0.42	\$ 4.32	\$ 3.90
\$ 6.72	\$ 9.11	\$ 2.39
\$ 6.72	\$ 9.11	\$ 2.39

Source of REC Generation	Relative % of RECs Retired	RECs Retired 100	Price per REC	Extended REC \$
Hydro-Base	43.5%	43.5	\$ 0.42	\$ 18
A6 Solar Generation-Rider	44.5%	44.5	\$ 6.72	\$ 299
Solar PPA-Base	12.0%	12.0	\$ 6.72	\$ 81
		100		\$ 398

**CERTIFICATE OF SERVICE**

I hereby certify that on this 29<sup>th</sup> day of October 2021, a true and accurate copy of the foregoing filed in Case No. PUR-2021-00138 was hand delivered, electronically mailed, and/or mailed first class postage pre-paid to the following:

K. Beth Clowers, Esq.  
Ashley B. Macko, Esq.  
Office of General Counsel  
State Corporation Commission  
1300 E. Main Street, Tyler Bldg., 10<sup>th</sup> Fl.  
Richmond, VA 23219

Bobbi Jo Alexis, Esq.  
Culpeper County Attorney  
306 N. Main Street  
Culpeper, VA 22701

Barry A. Naum, Esq.  
Spilman Thomas & Battle, PLLC  
1100 Bent Creek Boulevard, Suite 101  
Mechanicsburg, PA 17050

C. Meade Browder, Jr., Esq.  
John E. Farmer, Jr., Esq.  
Office of the Attorney General  
Division of Consumer Counsel  
202 North Ninth Street, 8<sup>th</sup> Floor  
Richmond, VA 23219

Carrie Harris Grundmann, Esq.  
Spilman Thomas & Battle, PLLC  
110 Oakwood Drive, Suite 500  
Winston-Salem, NC 27103

Michael J. Quinan, Esq.  
Cliona Mary Robb, Esq.  
Rachel W. Adams, Esq.  
Thompson McMullan, P.C.  
100 Shockoe Slip, 3<sup>rd</sup> Floor  
Richmond, VA 23219

/s/ Elaine S. Ryan