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PUBLIC VERSION

December 6, 2021

BY HAND DELIVERY

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

*Petition of Virginia Electric and Power Company for revision of a rate adjustment clause,
designated Rider RPS, under § 56-585.1 A 5 d of the Code of Virginia for the Rate Year
commencing September 1, 2022*
Case No. PUR-2021-00282

Dear Mr. Logan:

Enclosed for filing in the above-captioned proceeding, please find an original and one (1) copy of the **Public Version** of Virginia Electric and Power Company's Rider RPS Filing. An extraordinarily sensitive version is also being filed under seal under separate cover.

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: William H. Chambliss, Esq.
C. Meade Browder, Jr., Esq.
Paul E. Pfeffer, Esq.
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Nicole M. Allaband, Esq.



**Dominion
Energy®**

**Application, Direct
Testimony, and Schedules
of Virginia Electric and
Power Company**

**Before the State Corporation
Commission of Virginia**

**For revision of a rate adjustment
clause, designated Rider RPS,
under § 56-585.1 A 5 d of the Code
of Virginia for the Rate Year
commencing September 1, 2022**

**Volume 1 of 1
PUBLIC VERSION**

Case No. PUR-2021-00282

Filed: December 6, 2021

Petition of Virginia Electric and Power Company
For revision of a rate adjustment clause, designated Rider RPS, under § 56-585.1 A 5 d of
the Code of Virginia for the Rate Year commencing September 1, 2022
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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

PETITION OF)
)
 VIRGINIA ELECTRIC AND POWER COMPANY)
) Case No. PUR-2021-00282
 For revision of a rate adjustment clause,)
 designated Rider RPS, under § 56-585.1 A 5 d)
 of the Code of Virginia for the Rate Year)
 commencing September 1, 2022)

PETITION OF VIRGINIA ELECTRIC AND POWER COMPANY

Pursuant to § 56-585.1 A 5 d of the Code of Virginia (“Va. Code”) and the directive contained in Ordering Paragraph (5) of the Final Order issued by the State Corporation Commission of Virginia (the “Commission”) on July 1, 2021, in Case No. PUR-2021-00170 (the “2020 RAC Order”),¹ Virginia Electric and Power Company (“Dominion Energy Virginia” or the “Company”), by counsel, hereby submits its first annual update filing with respect to its Rider RPS (“2021 Annual Update” or “Update”) to recover projected and actual costs related to compliance with the mandatory renewable energy portfolio standard program (the “RPS Program”) established through the Virginia Clean Economy Act (“VCEA”). In support of its petition (the “Petition”), the Company respectfully shows as follows:

GENERAL INFORMATION

1. Dominion Energy Virginia is a public service corporation organized under the laws of the Commonwealth of Virginia furnishing electric service to the public within its certificated service territory. The Company also supplies electric service to non-jurisdictional customers in Virginia and to the public in portions of North Carolina. The Company is engaged

¹ *Petition of Virginia Electric and Power Company, For approval of a rate adjustment clause, designated Rider RPS, under § 56-585.1 A 5 d of the Code of Virginia, Case No. PUR-2020-00170, Final Order (July 1, 2021).*

in the business of generating, transmitting, distributing, and selling electric power and energy to the public for compensation. The Company is also a public utility under the Federal Power Act, and certain of its operations are subject to the jurisdiction of the Federal Energy Regulatory Commission. The Company is an operating subsidiary of Dominion Energy, Inc.

2. The Company's address is:

Virginia Electric and Power Company
120 Tredegar Street
Richmond, Virginia 23219

3. The names, addresses, and telephone numbers of the attorneys for the Company are:

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BACKGROUND

4. The VCEA—Senate Bill No. 851 and House Bill No. 1526 from the 2020 Regular Session of the Virginia General Assembly—became law in the Commonwealth effective July 1, 2020. Relevant to this proceeding, the VCEA (i) instituted the mandatory RPS Program and

(ii) amended Va. Code § 56-585.1 A 5 d to allow for the recovery of projected and actual costs of compliance with the mandatory RPS Program through a RAC.

5. Va. Code § 56-585.5 C establishes the RPS Program under which the Company must meet annual requirements for the sale of renewable energy based on a percentage of non-nuclear electric energy sold to retail customers in the Company’s service territory. Va. Code §56-585.5 C sets forth the annual RPS Program requirements, as well as the standards for meeting these requirements.

6. Va. Code § 56-585.1 A 5 d, as amended by the VCEA, permits cost recovery related to the RPS Program and establishes the applicable standard of review:

A utility may at any time, after the expiration or termination of capped rates, but not more than once in any 12-month period, petition the Commission for approval of one or more rate adjustment clauses for the timely and current recovery from customers of . . . [p]rojected and actual costs of compliance with renewable energy portfolio standard requirements pursuant to § 56-585.5 that are not recoverable under subdivision 6. The Commission shall approve such a petition allowing the recovery of such costs incurred as required by § 56-585.5, provided that the Commission does not otherwise find such costs were unreasonably or imprudently incurred.

RIDER RPS

7. Generally, the Company will meet the annual requirements of the RPS Program through the retirement of renewable energy certificates (“RECs”) that originate from eligible sources as defined in Va. Code § 56-585.5 C. Eligible RECs will be sourced from a combination of RECs generated from Company-owned renewable energy facilities, RECs generated from renewable energy facilities owned by an entity other than the utility with which the Company has entered into a power purchase agreement (“PPA”), long-term REC-only contracts, and market purchases of RECs. The Company may bank the RECs generated by Virginia facilities from 2021 through 2024 for use in 2025 when the requirement for Virginia-located resources begins.

8. The proposed rate year for this proceeding is September 1, 2022 through August 31, 2023 (“Rate Year”). This is an adjustment to the rate year approved for Rider RPS in Case No. PUR-2020-00170 of August 1, 2021 through July 31, 2022. The Company proposes to adjust the rate year to align with the rate year for other rate adjustment clauses. To make this adjustment, the Company requests that the Rider RPS rates approved by the Commission in this proceeding become effective for usage on and after September 1, 2022, such that the Rider RPS rates approved by the Commission in Case No. PUR-2020-00170 would remain in place an extra month through August 31, 2022.

9. To determine the total cost of RECs to be recovered through Rider RPS, the Company first determined its projected RPS Program requirements for 2022, and then used these projections to determine the estimated volume of RECs needed during the Rate Year. The Company then determined the projected volume of RECs that the Company would need to utilize from its bank or purchase from the market. For any RECs the Company would need to purchase or utilize from the bank, the Company multiplied the volume of RECs by a weighted average price in order to determine the cost of the gross purchases and banked RECs needed for the Rate Year. The Company expects to need approximately 8.2 million RECs during the Rate Year, approximately 82,000 of which must come from distributed energy resources. Once the Company determined the total cost of RECs to be recovered in this proceeding, it applied a Virginia jurisdictional allocation factor of 84.9094%.

10. The Company has incorporated the rate design framework approved in Case No. PUR-2020-00134 for this 2021 Annual Update. Based on that framework, the “costs” of RECs generated by the CE Projects and CE PPAs will be recovered through the Company’s Rider RPS at an established REC proxy value, while an offsetting incremental “revenue” amount will be

credited to Rider CE or Rider PPA, as applicable, as if those RECs were being “sold.” The REC proxy value and transfer of the REC cost from Rider CE and Rider PPA will ensure that the non-bypassable costs of RPS Program compliance are recovered from all retail customers regardless of electric supplier within the limits provided in the statute. For purposes of this Update, the Company utilized forecasted ICF REC prices to develop the price assumptions for purchased RECs as a placeholder for the REC proxy value. The Commission has initiated a proceeding to determine, among other things, the appropriate proxy value for RECs to be transferred from renewable energy projects to Rider RPS in Case No. PUR-2021-00156. Once the Commission issues a final order in that proceeding regarding the REC proxy value, the Company will apply such value going forward.

11. The Company has calculated the revenue requirement using a 9.35% return on common equity (“ROE”), which is the Company’s currently-authorized ROE as set by the Commission in its Final Order dated November 18, 2021, in the Company’s triennial review proceeding, Case No. PUR-2021-00058. Additionally, the Company has used the updated capital structure approved by the Commission in that proceeding.

12. The Company’s revenue requirement calculations presented in this 2021 Annual Update are consistent with the directives of the 2020 RAC Order, with the exception of the inclusion of an interim true-up correction. As Company Witness Elizabeth B. Lecky explains, the Company is proposing an Interim Correction Factor to update projected costs from the 2020 Rider RPS proceeding and recover them over the proposed Rate Year. The Company is proposing the interim correction in an effort to minimize the impacts of carrying costs on future known under-recoveries that resulted from greater than anticipated REC costs. The Interim Correction Factor will recover from, or credit to, customers any under/over collection of updated

REC costs included in the initial rate year, August 1, 2021 through July 31, 2022.

13. The Company's RAC revenue requirement in this proceeding includes the Projected Cost Recovery Factor. Beginning with the next RAC filing expected to be made in 2022, the revenue requirement will also include the Actual Cost True-Up Factor. The Projected Cost Recovery Factor calculation results in the operating income necessary for recovery of the cost of RECs purchased or utilized during the Rate Year. No Actual Cost True-Up Factor is included in this initial proceeding. It is anticipated that any true-up for calendar year 2021 will be included in a 2022 update filing for implementation during September 1, 2023 to August 31, 2024 rate year. At that time, and for years beyond, the Actual Cost True-Up Factor will recover from, or credit to, customers any under- or over-recovery of costs from the most recently completed calendar year. Actual revenues recovered during the test year are compared to actual costs incurred during the test year. Any difference in these amounts becomes the Actual Cost True-Up Factor credited to, or recovered from, customers through the total revenue requirement requested for recovery during the rate year.

14. The total revenue requirement requested for recovery in this Rider RPS Update, for the Rate Year beginning September 1, 2022, is \$140,414,000.

15. The implementation of the proposed Rider RPS on September 1, 2022, will increase the residential customer's monthly bill, based on 1,000 kWh per month, by \$1.64.

SUPPORTING TESTIMONY AND FILING SCHEDULE 46

16. The Company's Petition is supported by the pre-filed direct testimonies of Company Witnesses John R. Leimann, Elizabeth B. Lecky, and Christopher C. Hewett.

17. Rule 60 of the Rate Case Rules provides that an application filed pursuant to Subsection A 5 "shall include Schedule 46 as identified and described in 20 VAC 5-204-90, and

which shall be submitted with the utility's direct testimony. Additionally, petitions requiring an overall cost of capital shall include Schedules 3, 4, 5 and 8."

18. With this Petition, the Company files the following Filing Schedules:
- a. Filing Schedules 3 through 5 and Filing Schedule 8, sponsored by Company Witness Lecky, provide information regarding the Company's cost of capital.
 - b. Filing Schedule 46.c.1.i, Statement 1, is sponsored by Company Witness Leimann. This Statement addresses the projected and actual costs by type of cost and year, and by month associated with Rider RPS.
 - c. Filing Schedule 46.c.1.ii, Statement 1, is sponsored by Company Witness Leimann and addresses the transaction-level details of Rider RPS.
 - d. Filing Schedule 46.c.1.iii, Statement 1, is sponsored by Company Witness Leimann and addresses the key documents supporting the costs of Rider RPS.
 - e. Filing Schedule 46.c.1.iv, consisting of Statements 1 through 4 is sponsored by multiple Company witnesses. Company Witness Lecky sponsors Filing Schedule 46.c.1.iv, Statements 1 through 3, which provide the annual revenue requirement for the Rate Year and duration of the proposed RAC, as well as the supporting calculations. Company Witness Hewett sponsors Filing Schedule 46.c.1.iv, Statement 4, which provides the annual revenue requirement by class for the duration of the proposed RAC.
 - f. Filing Schedule 46.c.1.v, Statement 1, is sponsored by Company Witness Hewett, and addresses the methodology for allocating the revenue requirement among rate classes and the design of class rates.

**REQUEST FOR CONFIDENTIAL TREATMENT AND ADDITIONAL PROTECTIVE
TREATMENT OF EXTRAORDINARILY SENSITIVE INFORMATION**

19. The Company's Petition and accompanying schedules contain extraordinarily sensitive information as designated. Because portions of the Company's filing contain such confidential and extraordinarily sensitive information, in compliance with Rule 10 F of the Rate Case Rules; and Rule 170 of the Commission's Rules of Practice and Procedure,² this Petition is accompanied by a contemporaneously-filed Motion for Entry of a Protective Order and

² 5 VAC 5-20-170.

Additional Protective Treatment, including a Proposed Protective Order.

COMPLIANCE WITH RULE 10 OF THE RATE CASE RULES

20. The Company's Petition for approval of Rider RPS complies with the requirements contained in Rule 10 of the Rate Case Rules.

21. In accordance with Rule 10 A, the Company filed with the Commission its notice of intent to file this Petition on October 6, 2021, and provided that notice to those listed in Rule 10 J 1, as required by that subsection.

22. The Company has included all information required by Rule 10 B in its Petition, including a table of contents, direct testimonies with one-page summaries, and properly labeled exhibits and schedules.

23. In accordance with Rule 10 H, the Company will make a searchable PDF version of the Petition, direct testimonies, and Filing Schedules available via an eRoom contemporaneously with this filing, with immediate access available to (i) Commission Staff, including identified members of the Divisions of Utility Accounting and Financing and Public Utility Regulation; and (ii) identified members of the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel").³ Also in accordance with Rule 10 H, the Company will make electronic spreadsheets supporting the schedules that contain calculations available via an eRoom contemporaneously with this filing, with immediate access available to Commission Staff.

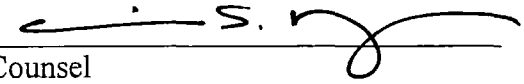
³ Rule 10 J 3 requires the Company to provide a copy of the complete public version of the filing to Consumer Counsel at the same time it is filed with the Commission. As noted, pursuant to Rule 10 H, the Company will make a searchable PDF version of the petition, direct testimonies, and Filing Schedules available via an eRoom contemporaneously with this filing with immediate access available to Consumer Counsel.

CONCLUSION

WHEREFORE, Dominion Energy Virginia respectfully requests that the Commission (i) approve the proposed revenue requirement for service rendered on and after September 1, 2022, to recover projected and actual costs related to compliance with the mandatory RPS Program; (ii) approve the Company's proposed Rider RPS, effective for usage on and after September 1, 2022; and (iii) grant such other relief as deemed appropriate and necessary.

Respectfully submitted,

VIRGINIA ELECTRIC AND POWER COMPANY

By: 
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