

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION  
AT RICHMOND, MARCH 15, 2022

220320243

PETITION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUR-2021-00146

For approval of the RPS Development Plan, approval and certification of the proposed CE-2 Solar Projects pursuant to §§ 56-580 D and 56-46.1 of the Code of Virginia, revision of rate adjustment clause, designated Rider CE, under § 56-585.1 A 6 of the Code of Virginia, and a prudence determination to enter into power purchase agreements pursuant to § 56-585.1:4 of the Code of Virginia

STATE CLERK'S OFFICE  
COMMONWEALTH OF VIRGINIA  
2022 MAR 15 P 12: 29

FINAL 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*, establishes a mandatory renewable energy portfolio standard ("RPS") for Virginia Electric and Power Company ("Dominion" or "Company") in new § 56-585.5 of the Code of Virginia ("Code"). Subdivision D 4 of Code § 56-585.5 requires Dominion to submit annually to the State Corporation Commission ("Commission") plans and petitions for approval of new solar and onshore wind generation capacity ("RPS Filing"). The Commission must determine whether the RPS Filing is reasonable and prudent, giving due consideration to the following factors: (i) the RPS and carbon dioxide reduction requirements in Code § 56-585.5, (ii) the promotion of new renewable generation and energy storage resources within the Commonwealth, and associated economic development, and (iii) fuel savings

projected to be achieved by the plan.<sup>1</sup> The Commission's final order regarding any RPS Filing is required by Code § 56-585.5 D 4 to be entered by the Commission not more than six months after the date of such filing.

On September 15, 2021, Dominion submitted its annual RPS Filing to the Commission ("2021 RPS Filing" or "Petition"). The 2021 RPS Filing requests the Commission:

- (i) Approve the Company's annual plan for the development of new solar, onshore wind, and energy storage resources ("RPS Development Plan") in connection with the new mandatory RPS program ("RPS Program") pursuant to Code § 56-585.5 D 4;
- (ii) Grant certificates of public convenience and necessity ("CPCNs") and approval to construct and operate 13 utility-scale projects totaling approximately 661 megawatts ("MW") of solar and 70 MW of energy storage ("CE-2 Projects") pursuant to Code § 56-580 D and the Commission's Filing Requirements in Support of Applications for Authority to Construct and Operate an Electric Generating Facility;<sup>2</sup>
- (iii) Approve for recovery through the Rider CE rate adjustment clause ("RAC") the costs of (a) the CE-2 Projects and related distribution and transmission interconnection facilities and (b) two small-scale solar projects totaling approximately 4 MW and related interconnection facilities ("CE-2 Distributed Solar Projects") pursuant to Code § 56-585.1 A 6 ("Subsection A 6") and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings of Investor-Owned Electric Utilities;<sup>3</sup>
- (iv) Approve an update to Rider CE for recovery of costs associated with the CE-1 Solar Projects and related interconnection facilities as approved by the Commission in Case No. PUR-2020-00134;<sup>4</sup> and
- (v) Make a prudence determination for the Company to enter into 24 power purchase agreements ("PPAs") for 32 separate solar and energy storage resources totaling

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<sup>1</sup> Code § 56-585.5 D 4.

<sup>2</sup> 20 VAC 5-302-10 *et seq.*

<sup>3</sup> 20 VAC 5-204-5 *et seq.*

<sup>4</sup> On April 30, 2021, the Commission approved Dominion's construction and operation of the CE-1 Solar Projects, and also approved a rate adjustment clause, designated Rider CE, for the Company to recover the costs associated with the construction of the CE-1 Solar Projects. *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Establishing 2020 RPS Proceeding for Virginia Electric and Power Company*, Case No. PUR-2020-00134, Doc. Con. Cen. No. 210440236, Final Order (Apr. 30, 2021) ("2020 RPS Final Order").

approximately 253 MW of solar and 33 MW of energy storage ("CE-2 PPAs") pursuant to Code § 56-585.1:4.<sup>5</sup>

Dominion later revised its request for a PPA prudence determination, seeking instead to enter into 20 PPAs from 24 separate solar and energy storage resources, totaling 196 MW of solar and 33 MW of storage.<sup>6</sup>

On October 6, 2021, the Commission issued an Order for Notice and Hearing ("Procedural Order"), which established a procedural schedule; directed Dominion to provide public notice of its 2021 RPS Filing; scheduled public witness and evidentiary hearings for the purpose of receiving testimony from public witnesses and evidence on the 2021 RPS Filing; provided interested persons an opportunity to file written comments on the Petition or participate as respondents in this proceeding; and directed the Commission Staff ("Staff") to investigate the Petition and file testimony and exhibits containing its findings and recommendations thereon.

Notices of participation were filed by Appalachian Power Company ("APCo"); Appalachian Voices; Direct Energy Business, LLC, and Direct Energy Services, LLC (collectively, "Direct Energy"); Solar Energy Industries Association and Chesapeake Solar and Storage Association (collectively, "SEIA-CHESSA"); the Virginia Committee for Fair Utility Rates ("Committee"); Walmart Inc. ("Walmart"); and the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel").

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<sup>5</sup> Ex. 2 (Petition) at 1-2.

<sup>6</sup> See Ex. 47 (McMillian Rebuttal) at 2-3.

Appalachian Voices, SEIA-CHESSA, and Staff filed testimony on November 16, 2021.<sup>7</sup> Dominion filed rebuttal testimony on December 3, 2021. The Commission received one written public comment regarding the Petition from the Virginia Department of Energy.

In the Procedural Order, the Commission noted that Staff had requested the Department of Environmental Quality ("DEQ") to coordinate an environmental review of the proposed CE-2 Projects. The DEQ filed a report ("DEQ Report") on November 17, 2021.<sup>8</sup> The DEQ Report summarized the proposed CE-2 Projects' potential environmental impacts, made recommendations for minimizing those impacts, and outlined the Company's responsibilities for compliance with certain legal requirements governing environmental protection.

Due to the ongoing public health concerns related to the spread of the virus that causes COVID-19, a telephonic hearing was scheduled for December 13, 2021, to receive the testimony of any public witnesses that desired to provide comments on the Company's Petition. No public witnesses signed up to testify.<sup>9</sup> The Commission did, however, receive opening statements from counsel and entered uncontested exhibits into the record at that time.<sup>10</sup> A public evidentiary hearing was convened remotely, with no party present in the Commission's courtroom, on

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<sup>7</sup> Walmart filed a letter in lieu of prefiled testimony on November 16, 2021.

<sup>8</sup> On November 30, 2021, the Commission also received a Memorandum from Virginia DEQ's Water Quality Office. Ex. 9 (DEQ Report).

<sup>9</sup> Tr. 5.

<sup>10</sup> Tr. 8-56.

December 14-16, 2021, to receive testimony and evidence offered by Dominion, respondents, and Staff on the Petition.<sup>11</sup>

At the conclusion of the evidentiary hearing, the Commission directed participants to file post-hearing briefs on or before January 19, 2022.<sup>12</sup> In response to the Commission's directive, post-hearing briefs were filed by Dominion, Appalachian Voices, SEIA-CHESSA, Consumer Counsel, Walmart, and Staff.<sup>13</sup>

On January 19, 2022, Dominion, Staff, Appalachian Voices, Direct Energy, SEIA-CHESSA, and Walmart (collectively, "Stipulating Participants") filed a Proposed Partial Stipulation and Recommendation ("Partial Stipulation"). In the Partial Stipulation, the Stipulating Participants agreed, among other things, that Dominion would model two additional alternative plans that adhere to the assumptions and constraints listed in the Partial Stipulation and that Dominion would include the results of such modeling in its next RPS Filing.<sup>14</sup>

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<sup>11</sup> All parties and Staff participated at the hearing, except for APCo, Direct Energy, and the Committee. The Commission took several objections under advisement during the evidentiary hearing. *See, e.g.*, Tr. 127, 298, 596, 680, 802-803. After further consideration, the objections are overruled and all testimony and exhibits will be included as part of the record, to which the Commission will give the weight it finds appropriate.

<sup>12</sup> *See* Tr. 806-807.

<sup>13</sup> Direct Energy filed a letter in lieu of a post-hearing brief. On January 20, 2022, Walmart filed a motion for leave to late file the extraordinarily sensitive version of its post-hearing brief ("Motion for Leave"), stating that it timely filed the public version of the brief through the Commission's e-Filing system, but that the mail delivery service Walmart used to send the extraordinarily sensitive version was unable to timely deliver it to the Commission due to inclement weather. *See* Motion for Leave at 1-2. Walmart indicates that the extraordinarily sensitive version of its post-hearing brief was delivered to the Commission on January 20, 2022. *Id.* at 2. Walmart further asserts that no party opposes the relief Walmart requests in its Motion for Leave. *Id.* The Commission finds that good cause has been shown to accept Walmart's extraordinarily sensitive filings out of time. Thus, Walmart's Motion for Leave is granted.

<sup>14</sup> Partial Stipulation at 1-3.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds as follows.<sup>15</sup>

Through this Order, among other things, the Commission approves the CE-2 Projects and the CE-2 PPAs, which combined represent approximately 857 MW of new solar generation capacity and 103 MW of energy storage capacity.<sup>16</sup>

The discussion below sets forth detailed analyses and findings on numerous contested issues raised in this proceeding. As always, the Commission is guided by the statutes and the record. In doing so, we have exercised the Commission's delegated discretion in a manner that faithfully implements the VCEA requirements that include carbon reduction, while best protecting consumers who expect and deserve reliable and affordable service.

For purposes of this Final Order, the Commission will address the four main components of the Company's Petition: (i) the RPS Development Plan; (ii) the CE-2 Projects; (iii) Rider CE; and (iv) the CE-2 PPAs.<sup>17</sup>

(i) RPS Development Plan

*Code of Virginia*

Code § 56-585.5 D 4 provides:

In connection with the requirements of this subsection, each Phase I and Phase II Utility shall, commencing in 2020 and concluding in 2035, submit annually a plan and petition for

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<sup>15</sup> The Commission has fully considered the evidence and arguments in the record. *See also Board of Supervisors of Loudoun County v. State Corp. Comm'n*, 292 Va. 444, 454 n.10 (2016) ("We note that even in the absence of this representation by the Commission, pursuant to our governing standard of review, the Commission's decision comes to us with a presumption that it considered all of the evidence of record.") (citation omitted).

<sup>16</sup> *See, e.g., Ex. 2 (Petition) at 1-2; Ex. 47 (McMillian Rebuttal) at 2-3.* In addition, the Commission approves cost recovery of the CE-2 Distributed Solar Projects, which equal approximately 4 MW, as is discussed further below.

<sup>17</sup> With respect to issues raised by participants not expressly addressed by the Commission herein, the Commission finds that resolution of such issues is not necessary to the Commission's decision in this proceeding, and the Commission hereby exercises its discretion not to address such for purposes of the instant order.

approval for the development of new solar and onshore wind generation capacity. Such plan shall reflect, in the aggregate and over its duration, the requirements of subsection D concerning the allocation percentages for construction or purchase of such capacity. Such petition shall contain any request for approval to construct such facilities pursuant to subsection D of § 56-580 and a request for approval or update of a rate adjustment clause pursuant to subdivision A 6 of § 56-585.1 to recover the costs of such facilities. Such plan shall also include the utility's plan to meet the energy storage project targets of subsection E, including the goal of installing at least 10 percent of such energy storage projects behind the meter. In determining whether to approve the utility's plan and any associated petition requests, the Commission shall determine whether they are reasonable and prudent and shall give due consideration to (i) the RPS and carbon dioxide reduction requirements in this section, (ii) the promotion of new renewable generation and energy storage resources within the Commonwealth, and associated economic development, and (iii) fuel savings projected to be achieved by the plan. Notwithstanding any other provision of this title, the Commission's final order regarding any such petition and associated requests shall be entered by the Commission not more than six months after the date of the filing of such petition.

Participants raised several concerns with the Company's RPS Development Plan.<sup>18</sup>

Notwithstanding, the Commission finds that, for the limited purpose of filing its second annual plan under Code § 56-585.5 D 4, Dominion's plan is reasonable and prudent. Subsequent annual plans, however, must continue to comply with the Commission's directives, as set forth in Dominion's 2020 RPS Final Order, and the additional requirements set forth herein.

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<sup>18</sup> See, e.g., Environmental Respondent's Post-Hearing Brief at 4-15; Walmart's Post-Hearing Brief at 15-17; Consumer Counsel's Post-Hearing Brief at 3-6; Staff's Post-Hearing Brief at 30-38.

## Modeling

### *Least Cost Plan*

In this case, Dominion prepared Alternative Plan A as a least-cost plan "for cost comparison purposes only in compliance with [the 2020 RPS Final Order]."<sup>19</sup> We continue to consider a least cost plan a valuable data point and an important benchmark against which to compare other plans. We further share concerns raised by participants with regard to certain assumptions and inputs in Alternative Plan A. We therefore direct Dominion to continue to include a least cost VCEA plan in future RPS Filings that meets (i) applicable carbon regulations and (ii) the mandatory RPS Program requirements of the VCEA. However, we also direct that any least cost plan Dominion submits.<sup>20</sup>

- include only reasonable inputs and assumptions;<sup>21</sup>
- evaluate renewable energy certificates ("RECs") from all sources (with both high and low-price sensitivities), including utility-owned, third-party PPAs, and unbundled REC purchases;<sup>22</sup> and
- contain a sensitivity that optimizes RECs, including but not limited to the optimization of RECs through REC banking. If the Company is unable to run this sensitivity through PLEXOS,<sup>23</sup> the Company shall estimate the impact of banking outside of PLEXOS to the best of its ability.<sup>24</sup>

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<sup>19</sup> Ex. 2 (Petition) at RPS Development Plan, p. 8.

<sup>20</sup> *See id.*

<sup>21</sup> *See, e.g.,* Ex. 32 (Dalton Direct) at 18-20; Staff's Post-Hearing Brief at 30-34.

<sup>22</sup> The Commission included a similar requirement in the 2020 RPS Final Order; however, the directive included herein, unlike the directive in the prior case, refers specifically to the least cost plan. *See* 2020 RPS Final Order at 6.

<sup>23</sup> PLEXOS is the modeling software employed by the Company to model its future system needs.

<sup>24</sup> *See, e.g.,* Ex. 32 (Dalton Direct) at 32-33; Tr. 435-436.



Should the least cost plan as described above raise concerns regarding the reliability of service, the Company shall also file an alternative least cost plan that addresses those reliability concerns. Additionally, the Company shall provide an assessment regarding the impacts of every modeled plan on the reliability of the Company's service and identify any reliability concerns.

*Additional Modeling Requirements*

The Company and Staff agreed to certain additional modeling assumptions in this case not addressed in the Partial Stipulation.<sup>25</sup> Consistent with this agreement, the Commission further finds, in addition to the requirements set forth in the 2020 RPS Final Order and those above, that in future RPS plans Dominion shall:

- incorporate the most recently available PJM Interconnection, L.L.C. ("PJM") Effective Load Carrying Capability, or ELCC, guidance;<sup>26</sup> and
- incorporate all Schedule 19 PPAs in which the Company has entered into long-term REC contracts.<sup>27</sup>

We further direct the Company to continue to use the PJM Dominion Zone load forecast, scaled to the Company's native load obligation, consistent with our directives in the 2020 RPS Final Order and the Commission's Final Order in Case No. PUR-2020-00035 ("2020 IRP Final

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<sup>25</sup> See, e.g., Ex. 47 (McMillan Rebuttal) at 24; Dominion's Post-Hearing Brief at 48; Ex. 44 (Compton Rebuttal) at 6-7.

<sup>26</sup> See, e.g., Ex. 32 (Dalton Direct) at 26-27; Dominion's Post-Hearing Brief at 8-9.

<sup>27</sup> See, e.g., Ex. 32 (Dalton Direct) at 33-34; Ex. 47 (McMillan Rebuttal) at 24; Dominion's Post-Hearing Brief at 48; Tr. 429-430.

Order").<sup>28</sup> Dominion also shall continue modeling the solar capacity factor as required by the Commission's directives in the 2020 RPS Final Order and 2020 IRP Final Order.<sup>29</sup>

*Partial Stipulation*

The Commission finds the Partial Stipulation, which no party opposed, and which represents a compromise among the Stipulating Parties, is reasonable for purposes of this case. In the Partial Stipulation, the Stipulating Participants agree that Dominion will model two alternative plans in addition to a least cost plan and a plan that models the development targets set forth in Code § 56-585.5 D and E and Code § 56-585.1:11, to be further refined through a stakeholder process contemplated in the Partial Stipulation.<sup>30</sup> While the Commission approves and adopts the Partial Stipulation, such approval in this proceeding does not represent approval of any specific resource or plan that may be modeled in accordance with the Partial Stipulation and presented in a future proceeding. The Commission will continue to make such determinations consistent with the evidence presented in each case, as prescribed by the Code.

RPS Reporting Metrics. Certification of RPS compliance will commence in the Company's 2022 RPS Filing for calendar year 2021.<sup>31</sup> As directed in the 2020 RPS Final Order, Dominion proposed certain reporting protocols associated with RPS Program certification as part of its Petition in this case.<sup>32</sup> Specifically, Dominion proposes to attach a report to its annual RPS Development Plan, beginning in 2022, that includes information needed to certify compliance

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<sup>28</sup> See, e.g., Ex. 26 (White Direct) at 7; 2020 RPS Final Order.

<sup>29</sup> See 2020 RPS Final Order at 6; 2020 IRP Final Order at 12-13.

<sup>30</sup> Partial Stipulation at 1-3.

<sup>31</sup> See 2020 RPS Final Order at 7.

<sup>32</sup> See, e.g., Ex. 2 (Petition) at RPS Development Plan, Attachment 9.

with its RPS Program, including tables or charts showing RECs retired by type, vintage, and location, as well as information about the Company's bank of RECs ("Compliance Report").<sup>33</sup> The Company further proposes to provide a report from the PJM Generation Attribute Tracking System ("GATS"), which includes detailed information on all RECs used for RPS Program compliance ("GATS Compliance Report"). The Company proposes to make the GATS Compliance Report available electronically to Staff and interested parties upon request due to the voluminous nature of the report.<sup>34</sup>

We find the compliance protocols proposed by Dominion are reasonable for purposes of this first upcoming certification. We therefore direct Dominion to file the Compliance Report with its 2022 RPS Development Plan and to provide access to the GATS Compliance Report electronically to Staff and interested parties upon request in that proceeding.

We further find that a stakeholder process to determine RPS Program compliance reporting requirements is unnecessary at this time. Staff and interested parties will have an opportunity to address any issues with the Company's 2022 Compliance Report and GATS Compliance Report in the next RPS proceeding.<sup>35</sup>

#### RPS Reporting Requirements

In addition, we direct the Company to continue filing a consolidated bill analysis in its RPS proceedings, as directed in the 2020 RPS Order.<sup>36</sup> Similarly, we find that future RPS filings should continue to include additional information regarding Dominion's solar and onshore wind

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<sup>33</sup> See, e.g., *id.*; Ex. 47 (McMillan Rebuttal) at 25-28; Dominion's Post-Hearing Brief at 64-66.

<sup>34</sup> See, e.g., Dominion's Post-Hearing Brief at 65-66.

<sup>35</sup> See, e.g., Ex. 30 (Lucas Direct) 6-8; Tr. 350-351; SEIA-CHESSA's Post-Hearing Brief at 4-5; Dominion's Post-Hearing Brief at 64-66.

<sup>36</sup> 2020 RPS Final Order at 8.

facilities under contract with specific customers, including accelerated renewable energy buyers.<sup>37</sup> In future RPS Filings, the Company shall also include, for each year over the preceding three calendar years, the actual capacity factor of each Commission-approved solar facility in its fleet, whether or not approved as part of an RPS proceeding.

Low-Income Qualifying Projects. Pursuant to Code § 56-585.5 C, Dominion "shall meet one percent of the RPS Program requirements in any given compliance year with solar, wind, or anaerobic digestion resources of one megawatt or less located in the Commonwealth, . . . and, to the extent that low-income qualifying projects are available, then no less than 25 percent of such one percent shall be composed of low-income qualifying projects." As part of its approval of the Company's 2020 RPS Plan, the Commission directed Dominion to use a reasonable stakeholder process to further address four questions, related to low-income qualifying projects, that were included in the Commission's July 10, 2020 Order Establishing 2020 RPS Proceedings in that case.<sup>38</sup> The Company convened stakeholders as directed and submitted a report on the stakeholder process in this case. In the report, stakeholders recommend incorporating language into the Commission's GATS business rules to establish a GATS code and self-certification process for resources seeking to qualify as low-income projects.<sup>39</sup>

We find that Dominion has adequately responded to the directives from the 2020 RPS Proceeding related to low-income qualifying projects. This is not, however, intended to

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<sup>37</sup> *Id.* at 9-10.

<sup>38</sup> *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Establishing 2020 RPS Proceeding for Virginia Electric and Power Company*, Case No. PUR-2020-00134, Doc. Con. Cen. No. 200710234, Order Establishing 2020 RPS Proceedings (July 10, 2020); 2020 RPS Final Order at 11.

<sup>39</sup> *See, e.g., Ex. 51 (Frost Rebuttal)* at 6-7, Rebuttal Schedule 1; Dominion's Post-Hearing Brief at 66-67.

discourage Dominion or any other interested party or Staff from raising relevant issues in future proceedings related to low-income qualifying projects.

The Commission will initiate a separate proceeding to address the recommendations of the stakeholder group to incorporate language into the GATS business rules to establish a self-certification process for resources seeking to qualify as low-income projects. Other GATS-related questions raised in this proceeding may also be considered in this future proceeding, as appropriate.

Requests for Proposal. The Commission will not require Dominion to implement any modifications to its RFP process at this time. We strongly encourage the Company, however, to consider input from Staff and other interested parties and to continue to refine and update its RFP process to ensure the inclusion of the most economical and least environmentally invasive projects.<sup>40</sup> Per its agreement with Staff, for example, Dominion committed in this proceeding to examining both a 1-2-3 scoring system and a 1-3-9 scoring system and provide both sets of non-price evaluations in future RPS proceedings.<sup>41</sup>

(ii) CE-2 Projects

*Code of Virginia*

In addition to the Code language quoted above, Code § 56-585.5 D 2 states that:

By December 31, 2035, each Phase II Utility shall petition the Commission for necessary approvals to (i) construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental attributes of 16,100 megawatts of generating capacity located in the Commonwealth using energy derived from sunlight or onshore wind, which shall include 1,100 megawatts of solar generation of a nameplate capacity not to exceed three

<sup>40</sup> See, e.g., Ex. 37 (Kuleshova Direct) at 41-42, 72-76; Ex. 30 (Lucas Direct) at 21-22, 32; SEIA-CHESSA's Post-Hearing Brief at 5-9; Staff's Post-Hearing Brief at 26-29; Walmart's Post-Hearing Brief at 9-13.

<sup>41</sup> See, e.g., Ex. 37 (Kuleshova Direct) at 41; Ex. 47 (McMillan Rebuttal) at 19.

megawatts per individual project and 35 percent of such generating capacity procured shall be from the purchase of energy, capacity, and environmental attributes from solar facilities owned by persons other than a utility, including utility affiliates and deregulated affiliates and (ii) pursuant to § 56-585.1:11, construct or purchase 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. At least 200 megawatts of the 16,100 megawatts shall be placed on previously developed project sites.

Code § 56-585.5 E 2 states:

By December 31, 2035, each Phase II Utility shall petition the Commission for necessary approvals to construct or acquire 2,700 megawatts of energy storage capacity. Nothing in this subdivision shall prohibit a Phase II Utility from constructing or acquiring more than 2,700 megawatts of energy storage, provided that the utility receives approval from the Commission pursuant to §§ 56-580 and 56-585.1.<sup>42</sup>

Code § 56-580 D provides in part:

The Commission shall permit the construction and operation of electrical generating facilities in Virginia upon a finding that such generating facility and associated facilities (i) will have no material adverse effect upon reliability of electric service provided by any regulated public utility, (ii) are required by the public convenience and necessity, if a petition for such permit is filed after July 1, 2007, and if they are to be constructed and operated by any regulated utility whose rates are regulated pursuant to § 56-585.1, and (iii) are not otherwise contrary to the public interest.

Further, regarding generating facilities, Code § 56-580 D directs that "the Commission shall give consideration to the effect of the facility and associated facilities on the environment

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<sup>42</sup> The Commission has also adopted regulations related to the deployment of energy storage, effective January 1, 2021, in Case No. PUR-2020-00120. *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: In the matter of establishing rules and regulations pursuant to § 56-585.5 E 5 of the Code of Virginia related to the deployment of energy storage*, Case No. PUR-2020-00120, 2020 S.C.C. Ann. Rept. 562, Order Adopting Regulations (Dec. 18, 2020). Pursuant to 20 VAC 5-335-30 B 1, Dominion is required to petition for approval of at least 250 MW by December 31, 2025.

and establish such conditions as may be desirable or necessary to minimize adverse environmental impact as provided in § 56-46.1 . . . ."

Code § 56-46.1 A provides in part:

Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact . . . . In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted pursuant to Article 3 (§ 15.2-2223 et seq.) of Chapter 22 of Title 15.2.

Code § 56-46.1 A also provides:

In order to avoid duplication of governmental activities, any valid permit or approval required for an electric generating plant and associated facilities issued or granted by a federal, state or local governmental entity charged by law with responsibility for issuing permits or approvals regulating environmental impact and mitigation of adverse environmental impact or for other specific public interest issues such as building codes, transportation plans, and public safety, whether such permit or approval is granted prior to or after the Commission's decision, shall be deemed to satisfy the requirements of this section with respect to all matters that (i) are governed by the permit or approval or (ii) are within the authority of, and were considered by, the governmental entity in issuing such permit or approval, and the Commission shall impose no additional conditions with respect to such matters.

Code § 56-580 D contains nearly identical language to avoid duplication of governmental activities.

Code § 56-46.1 A also directs the Commission to consider the effect of a proposed facility on economic development in Virginia, stating in part:

Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, including but not limited to furtherance of the

economic and job creation objectives of the Commonwealth Energy Policy set forth in § 67-101.1, and (b) shall consider any improvements in service reliability that may result from the construction of such facility.<sup>43</sup>

Similarly, Code § 56-596 A provides that "[i]n all relevant proceedings pursuant to [the Virginia Electric Utility Regulation] Act, the Commission shall take into consideration, among other things, the goal of economic development in the Commonwealth."

Code § 56.585.1 A 6 provides in part that:

In any application to construct a new generating facility, the utility shall include, and the Commission shall consider, the social cost of carbon, as determined by the Commission, as a benefit or cost, whichever is appropriate. The Commission shall ensure that the development of new, or expansion of existing, energy resources or facilities does not have a disproportionate adverse impact on historically economically disadvantaged communities . . . .

Further, Code § 56-585.1 A 6 also states in part:

The construction or purchase by a utility of one or more generation facilities with at least one megawatt of generating capacity, and with an aggregate rated capacity that does not exceed 16,100 megawatts, including rooftop solar installations with a capacity of not less than 50 kilowatts, and with an aggregate capacity of 100 megawatts, that use energy derived from sunlight or from onshore wind and are located in the Commonwealth or off the Commonwealth's Atlantic shoreline, regardless of whether any of such facilities are located within or without the utility's service territory, is in the public interest, and in determining whether to approve such facility, the Commission shall liberally construe the provisions of this title . . . .

Notwithstanding any provision of Chapter 296 of the Acts of Assembly of 2018, construction, purchasing, or leasing activities for a new utility-owned and utility-operated generating facility or facilities utilizing energy derived from sunlight or from onshore wind with an aggregate capacity of 16,100 megawatts, including rooftop solar installations with a capacity of not less than 50 kilowatts, and with an aggregate capacity of 100 megawatts,

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<sup>43</sup> Effective October 1, 2021, Code § 67-101.1 was repealed and the Commonwealth Clean Energy Policy was relocated to Code § 45.2-1706.1.



together with a utility-owned and utility-operated generating facility or facilities utilizing energy derived from offshore wind with an aggregate capacity of not more than 3,000 megawatts, are in the public interest . . . .

Finally, Code § 56-585.1 D states that:

The Commission may determine, during any proceeding authorized or required by this section, the reasonableness or prudence of any cost incurred or projected to be incurred, by a utility in connection with the subject of the proceeding. A determination of the Commission regarding the reasonableness or prudence of any such cost shall be consistent with the Commission's authority to determine the reasonableness or prudence of costs in proceedings pursuant to the provisions of Chapter 10 (§ 56-232 et seq.). In determining the reasonableness or prudence of a utility providing energy and capacity to its customers from renewable energy resources, the Commission shall consider the extent to which such renewable energy resources, whether utility-owned or by contract, further the objectives of the Commonwealth Energy Policy set forth in § 67-101.1, and shall also consider whether the costs of such resources is likely to result in unreasonable increases in rates paid by customers.<sup>44</sup>

*CPCNs*

The Company seeks CPCNs and approval to construct and operate the CE-2 Projects, which consist of 11 utility-scale solar generating facilities totaling approximately 561 MW ("CE-2 Solar Projects"), one solar generating facility paired with energy storage totaling approximately 100 MW of solar and 50 MW of storage ("CE-2 Solar and Storage Project"), and one stand-alone energy storage resource totaling approximately 20 MW ("CE-2 Storage Project").<sup>45</sup> The name, size, locality, interconnection and projected commercial operation date ("COD") for each of the CE-2 Projects is provided below:<sup>46</sup>

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<sup>44</sup> Effective October 1, 2021, Code § 67-101.1 was repealed and the Commonwealth Clean Energy Policy was relocated to Code § 45.2-1706.1.

<sup>45</sup> Ex. 2 (Petition) at 8.

<sup>46</sup> Ex. 10 (Avram Direct) at 12.

Project Name	Size (MW)	Locality	Interconnection	COD
<b>CE-2 Solar Projects</b>				
Camellia	20	Gloucester	Distribution	2023
Fountain Creek	80	Greensville	Transmission	2023
Otter Creek	60	Mecklenburg	Transmission	2023
Piney Creek	80	Halifax	Transmission	2023
Quillwort	18	Powhatan	Distribution	2023
Sebera	18	Prince George	Distribution	2023
Solidago	20	Isle of Wight	Distribution	2023
Sweet Sue	75	King William	Transmission	2023
Walnut	150	King & Queen	Transmission	2023
Winterberry	20	Gloucester	Distribution	2023
Winterpock	20	Chesterfield	Distribution	2023
<b>CE-2 Solar and Storage Project</b>				
Dulles	100 (solar) + 50 (storage)	Loudoun	Transmission	2023
<b>CE-2 Storage Project</b>				
Dry Bridge	20	Chesterfield	Distribution	2022

Based on the record established herein and discussed further below, the Commission finds that the CE-2 Projects, consisting of the CE-2 Solar Projects, CE-2 Solar and Storage Project, and CE-2 Storage Project, meet all of the legal requirements for approval given this early stage of VCEA implementation.<sup>47</sup> We note this proceeding is Dominion's second RPS Filing (and the first RPS Filing where the Company has sought approval of storage facilities).<sup>48</sup>

Dominion asserts that it does not need to obtain CPCNs to construct and operate the CE-2 Distributed Solar Projects, which consist of: (i) the approximately 1.6 MW (AC) Black Bear Solar Project located in Buckingham County; and (ii) the approximately 2.0 MW (AC)

<sup>47</sup> See Ex. 10 (Avram Direct) at Schedules 2-14; Ex. 7 (Joshipura Direct) at 8-9; Ex. 43 (Avram Rebuttal) at 7-8.

<sup>48</sup> Under the facts and circumstances of this proceeding, the Commission further finds that such storage facilities require a CPCN. See, e.g., Ex. 10 (Avram Direct) at 19-27.

Springfield Solar Project located in Westmoreland County.<sup>49</sup> We concur with the Company and Staff that the CE-2 Distributed Solar Projects do not require CPCNs.<sup>50</sup>

We find that interconnection facilities for the CE-2 Projects are ordinary extensions or improvements that do not require a CPCN, except for the interconnection facilities associated with the Fountain Creek Solar Project. We grant the necessary CPCN for the Fountain Creek Solar Project interconnection facilities based on the evidence in the record.<sup>51</sup>

*a. Reliability*

Code § 56-580 D sets forth three criteria for granting a CPCN. The first criterion is that the projects have "no material adverse effect upon reliability of electric service provided by any regulated public utility." The CE-2 Projects would not have a material adverse effect upon reliability. The record in this case supports such finding. Notwithstanding, some projects are still early in the approval process at PJM. Staff recommends that the CPCNs for the Camellia Solar Project, Piney Creek Solar Project, Walnut Solar Project, and the Dulles Solar + Storage Project be subject to obtaining and filing an executed Small Generation Interconnection Agreement ("SGIA") or Interconnection Service Agreement ("ISA") at PJM indicating no unaddressed adverse impact on system reliability.<sup>52</sup> While we find that the CE-2 Projects will have no material adverse effect upon reliability of electric service, we make this finding for the

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<sup>49</sup> The Company asserts that the CE-2 Distributed Solar Projects are needed to comply with Code § 56-585.5 D 2, and would further serve customers' capacity, energy, and REC needs. Ex. 10 (Avram Direct) at 28; Ex. 21 (Frost Direct) at 7-8.

<sup>50</sup> Ex. 21 (Frost Direct) at 8-9; Ex. 7 (Joshapura Direct) at 24-25.

<sup>51</sup> See, e.g., Ex. 10 (Avram Direct) at Schedules 2-14; Ex. 7 (Joshapura Direct) at 8-9; Ex. 43 (Avram Rebuttal) at 7-8.

<sup>52</sup> Ex. 7 (Joshapura Direct) at 6-7, 10-12, 17-18, 20-22. The Company did not oppose this recommendation. Ex. 43 (Avram Rebuttal) at 7.

Camellia Solar Project, Piney Creek Solar Project, Walnut Solar Project, and the Dulles Solar + Storage Project subject to the Company filing a copy of the SGIA or ISA for these facilities in this docket once these agreements are executed.

*b. Public Convenience and Necessity*

The second enumerated criterion in Code § 56-580 D is that a project is "required by the public convenience and necessity." As we have previously found, this term includes, among other criteria, both an evaluation of the need for the project as well as the reasonableness of the cost.<sup>53</sup>

*1) Need*

The Company asserts that the CE-2 Projects are needed to comply with the VCEA, to serve customers' capacity and energy needs, and to comply with carbon regulations.<sup>54</sup> Based on the record established herein, we agree that the CE-2 Solar Projects, the CE-2 Solar and Storage Project, and the CE-2 Storage Project are needed to comply with the VCEA, to serve customers' capacity and energy needs, and to comply with carbon regulations.<sup>55</sup>

Among other things, the VCEA establishes a mandatory RPS Program with which the Company must comply through the procurement and retirement of RECs commencing in 2021.<sup>56</sup> According to Dominion, compliance with the mandatory RPS Program is "the primary driver of

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<sup>53</sup> See, e.g., *Petition of Virginia Electric and Power Company, For approval and certification of the proposed US-3 Solar Projects pursuant to §§ 56-580 D and 56-46.1 of the Code of Virginia, and for approval of a rate adjustment clause, designated Rider US-3, under § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2018-00101, 2019 S.C.C. Ann. Rept. 239, 243, Order Granting Certificates (Jan. 24, 2019).

<sup>54</sup> Ex. 2 (Petition) at 8.

<sup>55</sup> See, e.g., Ex. 2 (Petition) at 8; Ex. 37 (Kuleshova Direct) at 7-8; Ex. 32 (Dalton Direct) at 7, 34-35; Ex. 27 (Rábago Direct) at 3; Ex. 30 (Lucas Direct) at 5; SEIA/CHESSA's Post Hearing Brief at 2-3; Dominion's Post-Hearing Brief at 6-8.

<sup>56</sup> Code § 56-585.5 C.

the need for significant new renewable energy generation."<sup>57</sup> The record reflects, for example, that Dominion forecasts it will have an estimated annual gigawatt-hour need for RECs that exceeds 19,000 in 2030, and that grows to over 29,000 in 2035.<sup>58</sup> As Consumer Counsel acknowledges, the proposed solar facilities "can be used to meet the RPS requirements set forth in [Code] § 56-585.5. . . ."<sup>59</sup> The Company-owned solar projects are expected to provide approximately 1,231 gigawatt-hours of energy production in the first full year of operation.<sup>60</sup>

The VCEA also directs the retirement of certain generating resources by December 31, 2024.<sup>61</sup> The Company anticipates retiring its Chesterfield Units 5 and 6 and Yorktown Unit 3 by 2023 in compliance with the VCEA.<sup>62</sup> The Company further anticipates having a capacity deficit beginning in 2026.<sup>63</sup> We find that the CE-2 Projects will assist the Company in providing capacity and energy to its customers.<sup>64</sup>

Finally, the record shows that the CE-2 Projects will assist the Company in complying with state carbon regulations and support the Commonwealth's participation in the Regional

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<sup>57</sup> Ex. 2 (Petition) at RPS Development Plan, p. 1.

<sup>58</sup> Ex. 14 (Compton Direct) at 6; Ex. 2 (Petition) at RPS Development Plan, Attachment 7. If the Company fails to procure enough RECs to comply with the RPS Program, it is subject to a statutory deficiency payment. Code § 56-585.5 D 5.

<sup>59</sup> Consumer Counsel's Post-Hearing Brief at 11.

<sup>60</sup> Ex. 14 (Compton Direct) at 6.

<sup>61</sup> Code § 56-585.5 B 1.

<sup>62</sup> *See, e.g.*, Ex. 14 (Compton Direct) at 7-8; Ex. 32 (Dalton Direct) at 7.

<sup>63</sup> *See, e.g.*, Tr. 713.

<sup>64</sup> *See, e.g.*, Ex. 14 (Compton Direct) at 4-5; Ex. 32 (Dalton Direct) at 6-13; Ex. 37 (Kuleshova Direct) at 7-8; Consumer Counsel's Post-Hearing Brief at 10.

Greenhouse Gas Initiative.<sup>65</sup> We agree with the Company that "[r]enewable energy resources like solar generation will necessarily assume an important role in compliance with carbon emission reduction requirements."<sup>66</sup>

For purposes of this case, taking the record as a whole, we find that the CE-2 Projects are needed.

## 2) *Cost*

According to the Company, the total estimated capital expenditure costs for the CE-2 Solar Projects are approximately \$1.1045 billion, excluding financing costs, or approximately \$1,969 per kilowatt ("kW") at the total 561 MW (nominal AC) rating.<sup>67</sup> The Company further states that the total estimated capital expenditure costs for the CE-2 Solar and Storage Project and related transmission facilities is approximately \$279.7 million, excluding financing costs, or approximately \$1,864 per kW at the total 150 MW (nominal AC) rating.<sup>68</sup> For the CE-2 Storage Project and related distribution facilities, the Company states that the total estimated capital expenditure costs are \$41.2 million, excluding financing costs, or approximately \$2,059 per kW at the total 20 MW (nominal AC) rating.<sup>69</sup>

The Company selected the CE-2 Projects from a 2020 RFP ("2020 Solar-Wind-Storage RFP") for additional utility-scale solar, onshore wind, and energy storage facilities in Virginia.<sup>70</sup>

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<sup>65</sup> See e.g., Ex. 23 (Ericson Direct) at 2-4; Code § 10.1-1300 *et seq.*; 9 VAC 5-140-6010 *et seq.*

<sup>66</sup> Ex. 23 (Ericson Direct) at 4.

<sup>67</sup> Ex. 10 (Avram Direct) at 18.

<sup>68</sup> *Id.* at 21-22.

<sup>69</sup> *Id.* at 24.

<sup>70</sup> See, e.g., Ex. 20 (McMillan Direct) at 2.

The record reflects that the Company received a total of 73 proposals for 63 separate solar or storage facilities totaling approximately 4,588 MW and one onshore wind facility totaling approximately 176 MW.<sup>71</sup>

We find, based on the record established herein, including the statutory requirements of the VCEA, that the total capital expenditure costs of the proposed CE-2 Solar Projects, the CE-2 Solar and Storage Project, and the CE-2 Storage Project are reasonable and prudent at the projected cost of \$1.1045 billion, \$279.7 million, and \$41.2 million, respectively.<sup>72</sup>

Finally, Dominion conducted economic modeling of the CE-2 Projects to evaluate their costs and benefits.<sup>73</sup> This economic modeling has been criticized by certain participants.<sup>74</sup> For example, Staff, Consumer Counsel, and Walmart all expressed concerns with the Company's use of a \$45 deficiency payment as a proxy for REC prices in its economic analysis of the CE-2 Projects and CE-2 PPAs.<sup>75</sup> Staff recommended use of the REC price forecast included by the Company in its 2021 IRP update proceeding in lieu of the statutory \$45 deficiency payment.<sup>76</sup> We agree with the concerns raised by the participants and find that there is value in an economic analysis that uses the purchase price of a replacement REC, rather than the deficiency payment, as the REC proxy value. We therefore direct Dominion to present the results of its economic

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<sup>71</sup> *Id.* at 6.

<sup>72</sup> We further note that there is an approximately \$172 million reduction to overall customer costs as a result of the CE-2 Projects' eligibility for solar investment tax credits. *See* Ex. 10 (Avram Direct) at 12-13; Ex. 14 (Compton Direct) at 13.

<sup>73</sup> *See, e.g.*, Ex. 14 (Compton Direct) at 11-15.

<sup>74</sup> *See, e.g.*, Ex. 37 (Kuleshova Direct) at 10-38; Consumer Counsel's Post-Hearing Brief at 11-24; Walmart's Post-Hearing Brief at 14-15.

<sup>75</sup> *See, e.g.*, Ex. 37 (Kuleshova Direct) at 16-23; Consumer Counsel's Post-Hearing Brief at 19-22; Walmart's Post-Hearing Brief at 14.

<sup>76</sup> *See, e.g.*, Ex. 37 (Kuleshova Direct) at 16-23.

analysis for future project proposals under two scenarios related to the REC value: (i) the Company's ICF REC price forecast and (ii) the statutory deficiency payment, and to provide both sets of economic analyses for review with its application.

Further, in future filings, as agreed, the Company shall provide an explanation as to why any project's design as proposed has a DC/AC ratio that is below the Virginia average. This information shall be provided with the Company's application.<sup>77</sup> Consistent with our direction in the 2020 RPS Final Order, Dominion shall continue to model the projected solar capacity factor in the economic analysis for its proposed projects using the actual capacity performance of Dominion's solar tracking fleet in Virginia based on an average of the most recent three-year period.<sup>78</sup> The Company shall also model the projected capacity factor based on the engineering design, as a sensitivity.<sup>79</sup>

*c. Public Interest*

The third enumerated criterion in Code § 56-580 D is that a project is "not otherwise contrary to the public interest." The Commission finds that this criterion is similarly satisfied based on the facts of this case and our other findings herein.

*d. Social Cost of Carbon*

Code § 56-585.1 A 6 directs that "[i]n any application to construct a new generating facility, the utility shall include, and the Commission shall consider, the social cost of carbon, as determined by the Commission, as a benefit or cost, whichever is appropriate." While there was

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<sup>77</sup> See, e.g., *id.* at 31-34; Ex. 43 (Avram Rebuttal) at 13-14.

<sup>78</sup> Similarly, for fixed tilt solar resources, the Company shall model the projected solar capacity factor in the economic analysis for its proposed projects using the actual capacity performance of Dominion's fixed tilt fleet, based on the average of the most recent three-year period.

<sup>79</sup> See 2020 RPS Final Order at 20.



criticism of certain aspects of the Company's calculation of the social cost of carbon benefit,<sup>80</sup> no one argued that the CE-2 Projects represent a net carbon cost. Further, the record clearly establishes that the CE-2 Projects do not produce carbon; this is a benefit.<sup>81</sup> As such, the record developed herein supports a finding that the CE-2 Projects result in a social cost of carbon benefit.

*e. Environmental Impact*

The Code directs that the Commission "shall give consideration to the effect of [a] facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact."<sup>82</sup>

As noted above, DEQ coordinated an environmental review of the proposed CE-2 Projects and submitted a DEQ Report that, among other things, set forth specific recommendations. The DEQ Report contains the following summary of recommendations:

- Follow DEQ recommendations including the avoidance and minimization of impacts to wetlands and streams;
- Take all reasonable precautions to limit emissions of oxides of nitrogen and volatile organic compounds, principally by controlling or limiting the burning of fossil fuels;
- Evaluate identified Pollution Complaint case and its potential to impact the proposed project;
- Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable, and follow DEQ's recommendations to manage waste, as applicable;

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<sup>80</sup> See, e.g., Ex. 14 (Compton Direct) at 14-15; Ex. 37 (Kuleshova Direct) at 44-47.

<sup>81</sup> See, e.g., Ex. 10 (Avram Direct) at 29 (establishing that the CE-2 Projects would be emissions-free, renewable power and new energy storage capacity).

<sup>82</sup> Code § 56-46.1 A. See also Code § 56-580 D (stating that "the Commission shall give consideration to the effect of the facility and associated facilities on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact as provided in § 56-46.1, . . .").

- Identify hazardous wastes contained in solar panels since Resource Conservation and Recovery Act 8 metals may be present;
- Coordinate with the Department of Conservation and Recreation ("DCR") on a diabase plant inventory at the Dulles Solar and Storage site and an oak toad and barking treefrog inventory at the Fountain Creek Solar site;
- Coordinate with the DCR on a plan to minimize the fragmentation of ecological cores at identified sites;
- Development of an invasive species management plan and the planting of native pollinator plants may be coordinated with the DCR;
- Coordinate with the DCR at final design stage for updates to the Biotics Data System database;
- Coordinate with the Department of Wildlife Resources ("DWR") on its site-specific recommendations for identified solar sites;
- Coordinate with the DWR on its construction-specific recommendations for all solar sites;
- Coordinate with the DWR on its recommendations for the protection of aquatic resources;
- Coordinate with the DWR on its general recommendations for the protection of wildlife resources;
- Coordinate with the Virginia Outdoors Foundation should projects change or if construction does not begin within 24 months of its response;
- Coordinate with the Department of Forestry ("DOF") on its recommendations for the protection of forest resources;
- Employ best management practices (BMPs) and Spill Prevention and Control Countermeasures as appropriate for the protection of water supply sources;
- Follow the principles and practices of pollution prevention to the extent practicable; and
- Limit the use of pesticides and herbicides to the extent practicable.<sup>83</sup>

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<sup>83</sup> Ex. 9 (DEQ Report) at 6-7.

Dominion expressed concern with respect to certain recommendations by DCR, DOF, and DWR. First, Dominion asserts the DCR's Division of Natural Heritage ("DCR-DNH") recommendation that the Company coordinate with the agency on a plan to minimize fragmentation of ecological cores at 10 of the 13 sites associated with the CE-2 Projects is unnecessary and unreasonable as the Company has already taken fragmentation into consideration.<sup>84</sup> We find that despite the Company's stated consideration of fragmentation, the DCR-DNH recommendation is not unreasonable and the Company should be required to adhere to it.

Although not included in the DEQ Report's summary of recommendations, the Company also takes issue with the DOF recommendation that the Company consider mitigation for impacts to forests via land protection or restoration of forest of equal or greater value than the forests that are impacted by the CE-2 Projects.<sup>85</sup> The Company asserts that it is not aware of any legal requirement to complete one-for-one mitigation and asserts that therefore this recommendation is unreasonable.<sup>86</sup> The Commission finds that the DOF's tree and forest mitigation recommendation is unwarranted given the lack of a legal requirement for one-for-one mitigation.

Although not included in the DEQ Report's summary of recommendations, the Company opposes the DWR recommendation that it conduct removal and ground-clearing activities outside of the primary songbird nesting season of March 15 through August 15.<sup>87</sup> Dominion

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<sup>84</sup> *Id.* at 22; Ex. 52 (Ericson Rebuttal) at 9.

<sup>85</sup> Ex. 52 (Ericson Rebuttal) at 10.

<sup>86</sup> *Id.*

<sup>87</sup> *Id.* at 11.

states that adherence to the time of year restrictions will result in significant delays to construction schedules and potential increases in project costs.<sup>88</sup> The Company has agreed to coordinate as needed with DWR if songbird nesting is observed within the CE-2 Project areas during construction.<sup>89</sup> We find that Dominion shall coordinate with the DWR should songbird nesting be observed in the project areas during construction.

With respect to DCR-DNH, Dominion takes issue with the agency's recommendation that the Company develop an invasive species plan for each of the CE-2 Projects.<sup>90</sup> The Company asserts that this recommendation is unnecessary because there is no reason to believe that development of solar facilities will result in the introduction of invasive species to the project sites and the Company's existing vegetation management plans can be expected to limit unchecked proliferation of nuisance vegetation.<sup>91</sup> We agree that the Company should not be required to develop and implement an invasive species management plan specific to the CE-2 Project sites that is different from the Company's existing comprehensive integrated vegetation management plan for controlling vegetation, including invasive species, throughout the Company's service territory.<sup>92</sup>

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<sup>88</sup> *Id.* at 12.

<sup>89</sup> *Id.*

<sup>90</sup> Ex. 9 (DEQ Report) at 22; Ex. 52 (Ericson Rebuttal) at 12-13.

<sup>91</sup> Ex. 52 (Ericson Rebuttal) at 12-13.

<sup>92</sup> The Company has requested, and the Commission has approved, rejection of a comparable DEQ recommendation in similar circumstances in prior proceedings. *See, e.g.,* 2020 RPS Final Order at 22-23; *Application of Virginia Electric and Power Company, For approval and certification of electric facilities: Loudoun-Ox 230 kV Transmission Line Partial Rebuild Projects*, Case No. PUR-2019-00128, 2020 S.C.C. Ann. Rept. 306, 309, Final Order (June 2, 2020); *Application of Virginia Electric and Power Company, For approval and certification of electric transmission facilities: Lockridge 230 kV Line Loop and Lockridge Substation*, Case No. PUR-2019-00215, 2020 S.C.C. Ann. Rept. 391, Final Order (Oct. 1, 2020).

Although not included in the DEQ Report's summary of recommendations, Dominion opposes the DCR-DNH recommendation that the Company plant Virginia native pollinator plant species that bloom throughout the spring and summer.<sup>93</sup> The Company asserts that this recommendation is potentially costly, inappropriate without further study, and unnecessary. The Company asserts that each site will be revegetated in a manner consistent with industry-accepted best practices and in accordance with the approved erosion and sediment control plan, and consistent with local requirements.<sup>94</sup> Based on the Company's representation that it will comply with any requirements adopted by localities addressing the planting of pollinators, we will not require the Company's compliance with this DCR recommendation.<sup>95</sup>

Dominion also opposes DCR-DNH's recommendation that the Company coordinate with the agency at the final design stage for updates to its Biotics Data System database.<sup>96</sup> The Company asserts that this recommendation is unnecessary and unreasonable as the study limits for the CE-2 Projects have been coordinated with DCR-DNH on more than one occasion. The Company does commit to resubmitting a project review request with the DNH should changes to the original study area for any of the CE-2 Projects occur.<sup>97</sup> We find that the recommendation to coordinate with DCR-DNH at the final design stage to be unnecessary. However, Dominion shall resubmit a project review request should changes occur to the original study area for any of the CE-2 Projects.

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<sup>93</sup> Ex. 9 (DEQ Report) at 22; Ex. 52 (Ericson Rebuttal) at 14-16.

<sup>94</sup> Ex. 52 (Ericson Rebuttal) at 16.

<sup>95</sup> The Company has requested, and the Commission has approved, rejection of a comparable DEQ recommendation in similar circumstances in prior proceedings. *See, e.g.*, 2020 RPS Final Order at 23.

<sup>96</sup> Ex. 9 (DEQ Report) at 22; Ex. 52 (Ericson Rebuttal) at 16-17.

<sup>97</sup> Ex. 52 (Ericson Rebuttal) at 17.

Although not included in the DEQ Report's summary of recommendations, Dominion takes issue with DWR's recommendation that the Company refer to DWR's Solar Energy Facility Guidance document for information on minimization of adverse impacts of solar energy facilities.<sup>98</sup> Dominion represents that it does not oppose coordinating with DWR on its construction-specific recommendations.<sup>99</sup> We find Dominion's willingness to coordinate with DWR sufficient. Dominion shall coordinate with the DWR on its construction-specific recommendations.<sup>100</sup>

With regard to the DCR-DNH recommendation that the Company conduct an inventory for diabase plants in the study area for the Dulles Solar + Storage Project, the Company asserts that this recommendation is unnecessary and unreasonable due to the low likelihood of diabase plants in the project area.<sup>101</sup> We find that the Company shall provide its construction team with information about the diabase plant species and coordinate with DCR-DNH if a species of concern is observed within the Dulles Solar + Storage project area.

With regard to the DCR-DNH recommendation that the Company conduct an inventory for oak toad and barking tree frog in the study area for the Fountain Creek Solar Project, the Company asserts this request is unreasonable as neither of these species are classified as threatened or endangered.<sup>102</sup> We find that the Company shall provide its construction team with

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<sup>98</sup> Ex. 9 (DEQ Report) at 26; Ex. 52 (Ericson Rebuttal) at 17-18.

<sup>99</sup> Ex. 52 (Ericson Rebuttal) at 18.

<sup>100</sup> See Ex. 9 (DEQ Report) at 26.

<sup>101</sup> *Id.* at 21; Ex. 52 (Ericson Rebuttal) at 18-20.

<sup>102</sup> *Id.* at 20.

information about the barking tree frog and oak toad and direct Dominion to coordinate with DWR if one of these species is observed within the project area.

With regard to the DWR recommendation that the Company conduct a habitat assessment for the loggerhead shrike throughout the project site at Fountain Creek Solar, the Company states that the single loggerhead shrike observation was recorded in 2009 and, since then, there have been no other sightings in the project vicinity.<sup>103</sup> The Company asserts that a habitat assessment would result in delays in the construction schedule and an increase in cost. The Company asserts this recommendation is unnecessary given the low likelihood of disturbance to the loggerhead shrike. We find that that the Company shall provide its construction team with information about the loggerhead shrike and direct Dominion to coordinate with DWR if the species is observed within the project area.

We find that as a condition of the CPCNs granted herein, the Company is required to comply with the recommendations in the DEQ Report and coordinate with DEQ to implement DEQ's recommendations, consistent with the requirements of this Order. Finally, as a further condition to the CPCNs granted herein, the Company shall obtain all environmental permits and approvals necessary to construct and operate the CE-2 Projects.

*f. Economic Development*

As required by Code § 56-46.1 A, the Commission has "consider[ed] the effect of the proposed facilit[ies] on economic development within the Commonwealth, including but not limited to furtherance of the economic and job creation objectives of the Commonwealth Energy Policy . . . ."<sup>104</sup>

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<sup>103</sup> Ex. 9 (DEQ Report) at 25; Ex. 52 (Ericson Rebuttal) at 21.

<sup>104</sup> See also Code §§ 56-596 A and 56-585.5 D.

We find that based on the record in this proceeding the CE-2 Projects would have a positive impact on economic development in Virginia through temporary jobs during construction, permanent jobs after the CE-2 Projects are completed, ancillary goods and services related to the CE-2 Projects, and expansion of the tax base in the counties where the CE-2 Projects will be constructed and in the Commonwealth.<sup>105</sup>

The Commission will consider relevant evidence regarding economic development impacts of a specific resource request on a case-by-case basis in future proceedings.<sup>106</sup>

*g. Environmental Justice and Impact on Historically Economically Disadvantaged Communities*

As previously recognized by the Commission, the Commonwealth's policy on environmental justice is broad, including "the fair treatment and meaningful involvement of every person, regardless of race, color, national origin, income, faith, or disability, regarding the development, implementation, or enforcement of any environmental law, regulation, or policy."<sup>107</sup> In addition, Code § 56-585.1 A 6 specifically directs that "[t]he Commission shall ensure that the development of new, or expansion of existing, energy resources or facilities does not have a disproportionate adverse impact on historically economically disadvantaged communities."

The record in this matter includes information concerning environmental justice associated with the proposed CE-2 Projects and the impact on historically economically

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<sup>105</sup> See, e.g., Ex. 10 (Avram Direct) at 29-30.

<sup>106</sup> We further find that, at this time, relevant evidence regarding economic development impacts associated with each annual RPS plan shall be considered on a case-by-case basis.

<sup>107</sup> Code § 2.2-234; See 2020 IRP Final Order at 14-15.



disadvantaged communities.<sup>108</sup> For the CE-2 Projects, the Company completed full environmental justice assessments for each project and states that it will complete community outreach as needed based on the project.<sup>109</sup> We have considered this evidence in approving the proposed CE-2 Projects.<sup>110</sup>

Dominion shall continue to evaluate and rank the potential environmental justice impacts of different renewable options and include the results of its evaluation in its next RPS Filing.<sup>111</sup>

(iii) Rider CE

The Company requests the approval of Rider CE for cost recovery associated with: (i) the CE-2 Projects and related distribution and transmission interconnection facilities; (ii) the costs of the CE-2 Distributed Solar Projects pursuant to Subsection A 6; and (iii) costs associated with the CE-1 Projects approved in the 2020 RPS Proceeding.<sup>112</sup>

Dominion calculates a revenue requirement for the rate year beginning May 1, 2022, and ending April 30, 2023, of \$71,953,000, which incorporates Staff's proposed revenue requirement, as well as the rate of return on common equity and other capital structure updates approved by the Commission in Case No. PUR-2021-00058.<sup>113</sup> Dominion acknowledges this updated revenue requirement exceeds the amount noticed to the public of \$71,025,000 and thereby states

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<sup>108</sup> See, e.g., Ex. 2 (Petition) at RPS Development Plan, Attachment 12; Ex. 8 (Ricketts Direct) at 4-19; Ex. 5 (Parker Rebuttal) at 2-7.

<sup>109</sup> See, e.g., Ex. 2 10 (Avram Direct) at 31.

<sup>110</sup> At this time, we will not require Dominion to implement any changes to its environmental justice review.

<sup>111</sup> 2020 RPS Final Order at 26.

<sup>112</sup> See, e.g., Ex. 2 (Petition) at 1. Costs related to the CE-2 PPAs will not be recovered in Rider CE but instead will be recovered in a separate RAC, Rider PPA.

<sup>113</sup> Ex. 53 (Lecky Rebuttal) at 2-3. Staff's proposed revenue requirement was materially identical to the revenue requirement proposed by the Company in the Petition. See Ex. 31 (Morgan Direct) at 4-5.

it will limit its requested recovery to the noticed amount.<sup>114</sup> Staff is in agreement with the Company's revenue requirement calculation.<sup>115</sup>

The Commission herein approves a revenue requirement of \$71,025,000. In approving this revenue requirement, the Commission finds it reasonable, for purposes of this proceeding, to allocate the costs of the CE-2 Projects using the average and excess allocation methodology (Factor 1) and to allocate the CE-2 Projects' energy revenues from the PJM wholesale market on an energy-only basis (Factor 3), which is consistent with how these respective costs and benefits have been historically allocated to Dominion's customers.<sup>116</sup> We have established a separate proceeding to consider cost allocation for RPS-related costs and benefits.<sup>117</sup> We direct the Company to incorporate any decisions from the cost allocation proceeding that affect Rider CE in future RPS Filings.<sup>118</sup>

(iv) CE-2 PPAs Prudence Determination

*Code of Virginia*

Code § 56-585.1:4 H states as follows:

A utility may elect to petition the Commission, outside of a triennial review proceeding conducted pursuant to § 56-585.1, at any time for a prudency determination with respect to the construction or purchase by the utility of one or more solar or wind generation facilities located in the Commonwealth or off the Commonwealth's Atlantic Shoreline or the purchase by the utility

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<sup>114</sup> Ex. 53 (Lecky Rebuttal) at 3.

<sup>115</sup> See Tr. 387.

<sup>116</sup> See, e.g., 2020 RPS Final Order at 28-29.

<sup>117</sup> See *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Establishing a proceeding concerning the allocation of RPS-related costs and the determination of certain proxy values for Virginia Electric and Power Company*, Case No. PUR-2021-00156, Doc. Con. Cen. No. 210820125, Order Establishing Proceeding (Aug. 11, 2021).

<sup>118</sup> See, e.g., Ex. 4 (Stuller Direct) at 3; Ex. 8 (Ricketts Direct) at 19-20.

of energy, capacity, and environmental attributes from solar or wind facilities owned by persons other than the utility. . . .

The CE-2 PPAs consist of (i) five PPAs for utility-scale solar generating facilities totaling approximately 137 MW ("CE-2 Solar PPAs"), (ii) two PPAs for utility-scale solar generating facilities paired with energy storage totaling approximately 26 MW of solar and 13 MW of storage ("CE-2 Solar and Storage PPAs"), (iii) one PPA for a stand-alone energy storage resource totaling approximately 20 MW ("CE-2 Storage PPA"), and (iv) 12 PPAs for 16 small-scale solar generating facilities totaling approximately 33 MW ("CE-2 Distributed Solar PPAs").<sup>119</sup> The name, size, locality, interconnection and projected COD for each of the CE-2 PPAs is provided below:<sup>120</sup>

Project Name	Size (MW)	Locality	Interconnection	COD
<b>CE-2 Solar PPAs</b>				
360 Solar 1	26.0	Chesterfield	Distribution	2023
360 Solar 2	26.0	Chesterfield	Distribution	2023
Stratford	15.0	Suffolk	Distribution	2021
Surry	20.0	Surry	Distribution	2023
Ho-Fel	50.0	Franklin	Transmission	2023
<b>CE-2 Storage PPAs</b>				
Three Sisters	20.0	Southampton	Distribution	2023
<b>CE-2 Solar and Storage PPAs</b>				
Cox	16.0 (solar) + 8.0 (storage)	Cumberland	Distribution	2023
Sinai	9.9 (solar) + 5.0 (storage)	Halifax	Distribution	2023
<b>CE-2 Distributed Solar PPAs</b>				
USS Boykins Solar LLC 3MW	3.0	Southampton	Distribution	2022
Knollwood Solar	3.0	Pittsylvania	Distribution	2022
USS Boykins Solar LLC 1MW	1.0	Southampton	Distribution	2022
Rockingham Scenic Farms	3.0	Rockingham	Distribution	2022
CPG Suffolk (Solenis)	3.0	Suffolk	Distribution	2022

<sup>119</sup> Ex. 47 (McMillian Rebuttal) at 2-3.

<sup>120</sup> Ex. 20 (McMillian Supp. Direct) at 4; Ex. 20 (McMillan Direct) at 10.

Elm Spring	3.0	Augusta	Distribution	2022
Shenvalee	3.0	Augusta	Distribution	2022
Sandale Solar	3.0	Lancaster	Distribution	2022
OYA Jack Drive	3.0	Dinwiddie	Distribution	2022
Nuby Run Solar	2.0	Isle of Wight	Distribution	2022
Spring Run Solar 1	1.0	Hanover	Distribution	2022
Spring Run Solar 2	1.0	Hanover	Distribution	2022
Spring Run Solar 3	1.0	Hanover	Distribution	2022
Wood Brother's Road 1	1.0	Middlesex	Distribution	2022
Wood Brother's Road 2	1.0	Middlesex	Distribution	2022
Wood Brother's Road 3	1.0	Middlesex	Distribution	2022

Dominion asserts that the CE-2 PPAs are needed to comply with the VCEA, to serve customers' capacity and energy needs, and to comply with carbon regulations.<sup>121</sup>

We find that the CE-2 PPAs are needed for the same reasons that the CE-2 Projects are needed. We also find the costs of the CE-2 PPAs to be reasonable and prudent for purposes of this case.<sup>122</sup> Like the CE-2 Solar Projects, the CE-2 PPAs were the product of the Company's 2020 Solar-Wind-Storage RFP, as well as a product of the 2020 Distributed Solar RFP, which are both competitive bidding processes.<sup>123</sup>

In sum, the Commission finds that the proposed CE-2 PPAs, consisting of the CE-2 Solar PPAs, CE-2 Solar and Storage PPAs, CE-2 Storage PPA, and CE-2 Distributed Solar PPAs, are prudent and should be approved.<sup>124</sup>

<sup>121</sup> See, e.g., Ex. 2 (Petition) at 14.

<sup>122</sup> In this regard, we further note that the CE-2 PPAs are structured in a way that the Company only pays a per MWh cost based on the actual output of the facilities, which shields customers from performance risk associated with CE-2 PPAs. See, e.g., Consumer Counsel's Post-Hearing Brief at 9-10.

<sup>123</sup> See, e.g., Ex. 20 (McMillan Direct) at 2, 4-13; Ex. 21 (Frost Direct) at 3-7.

<sup>124</sup> Our approval and findings herein are limited to the CE-2 PPAs. Exercise of a purchase option pursuant to any one of the approved CE-2 PPAs would, of course, necessitate separate CPCN approval from the Commission.

### Waiver Request

Dominion seeks an ongoing waiver to provide, in future cases, the estimated annual revenue requirement in a consolidated format rather than by project, and to provide the calculations supporting the estimated annual revenue requirement electronically rather than in hard copy.<sup>125</sup> We decline to grant the requested waiver at this time and direct Dominion to file this information in future RPS Filings in conformance with the directives provided to the Company in the present case.

Accordingly, IT IS ORDERED THAT:

- (1) The RPS Development Plan is approved as set forth herein.
- (2) Subject to the conditions and requirements set forth in this Final Order, Dominion is granted approval and Certificates of Public Convenience and Necessity as set forth below to construct and operate the following solar and/or storage facilities.

Project Name	CPCN No.
<b>CE-2 Solar Projects</b>	
Camellia	EG-DEV-GLO-2022-A
Fountain Creek	EG-DEV-GVL-2022-A
Otter Creek	EG-DEV-MEC-2022-A
Piney Creek	EG-DEV-HAL-2022-A
Quillwort	EG-DEV-POW-2022-A
Sebera	EG-DEV-PRG-2022-A
Solidago	EG-DEV-IOW-2022-A
Sweet Sue	EG-DEV-KWM-2022-A
Walnut	EG-DEV-KQN-2022-A
Winterberry	EG-DEV-GLO-2022-B
Winterpock	EG-DEV-CHE-2022-A
<b>CE-2 Solar and Storage Project</b>	

<sup>125</sup> Ex. 53 (Lecky Rebuttal) at 4. Dominion asserts that it would instead provide project-specific details as needed for review and audit through the discovery process. *Id.*

Dulles	EG-DEV-LDN-2022-A
<b>CE-2 Storage Project</b>	
Dry Bridge	ES-DEV-CHE-2022-A

Certificate No. ET-DEV-GVL-2022-A which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Greensville County, all as shown on the detailed map attached to the Certificate, and to construct and operate facilities as authorized in Case No. PUR-2021-00146; Certificate No. ET-DEV-GVL-2022-A cancels Certificate No. ET-DEV-GVL-2021-A issued to Virginia Electric and Power Company on July 27, 2021, in Case No. PUR-2020-00269.

(3) The CE-2 PPAs are found to be prudent as set forth herein.

(4) The Company forthwith shall file a revised Rider CE and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as is necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: [scc.virginia.gov/pages/Case-Information](http://scc.virginia.gov/pages/Case-Information).

(5) Rider CE, as approved herein, shall be effective for usage on and after May 1, 2022.

(6) On or after September 15, 2022, the Company shall file its next RPS Filing and its application to revise Rider CE.

(7) This case is dismissed.

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.