

**COMMONWEALTH OF VIRGINIA**  
**STATE CORPORATION COMMISSION**

SECRETARY'S OFFICE  
CONTROL CENTER  
2022 APR 12 A 11:40

**PREFILED STAFF TESTIMONY**

**VIRGINIA ELECTRIC AND POWER COMPANY**

**For approval of its 2021 DSM Update  
pursuant to § 56-585.1 A 5 of the Code of Virginia**

*Public Version*

**Volume I of II**

**PUR-2021-00247**

**April 12, 2022**

**TABLE OF CONTENTS**

**VOLUME I**

*Public and Confidential Versions*

**David J. Dalton**  
**Division of Public Utility Regulation**

**PART A**

**VOLUME II**

*Public and Extraordinarily Sensitive Versions*

**Justin M. Morgan**  
**Division of Utility Accounting and Finance**

**PART B**

**Donna T. Pippert**  
**Division of Utility Accounting and Finance**

**PART C**

**PART A**

## Summary of the Testimony of David J. Dalton

- 1 My testimony includes the following conclusions and recommendations:
- 2 - Staff's testimony endeavored to develop the record regarding the Company's  
3 statutorily-mandated stakeholder process. Staff's review of the stakeholder process  
4 found, among other things, that the Company does not take votes or attempt to  
5 reach agreement on its proposals in the stakeholder process. Staff notes that there  
6 is no statutory nor Commission-imposed requirement that such voting or  
7 agreement take place; however, should the Commission desire a more  
8 collaborative stakeholder process, Staff recommends that the Commission  
9 consider requiring the Company to take votes or attempt to reach agreement in its  
10 stakeholder process and report the results of such efforts in its annual demand-side  
11 management ("DSM") filings. Alternatively, if the Commission believes the  
12 current structure of the stakeholder process is sufficient, Staff is unopposed to the  
13 current format.
- 14 - Staff is not opposed to the Company's proposed budget increase for the Phase VII  
15 Residential Efficient Products Marketplace Program or the proposed extension of  
16 the Phase VII Non-Residential Lighting Systems and Controls Program.
- 17 - Staff is not opposed to the Company's proposed Phase X energy efficiency  
18 programs.
- 19 - Staff's review found that the Company did not present the proposed Phase X  
20 Program EM&V Plans in the stakeholder process due to the timing of the  
21 Commission's issuance of its Final Order in Case No. PUR-2020-00156 and the  
22 Company's filing of its Petition in the instant case. If the Commission does not  
23 take issue with the stakeholder process' lack of review of the EM&V Plans, Staff  
24 is not opposed to the Commission's approval of the EM&V Plans for the Phase X  
25 Programs.
- 26 - Staff is unopposed to the Company's proposal to close the Phase I Air Conditioner  
27 Cycling Program at a future date.
- 28 - Staff identified several areas of concern regarding the Company's long-term plan  
29 as proposed in the instant case, specifically related to the Company's proposals to  
30 restructure its DSM programs and portfolios, for approval of an administrative  
31 process by which to modify approved programs outside of the Company's annual  
32 DSM filings, and the request for approval of programs without explicit program  
33 closure dates.
- 34 - If approved as proposed, Riders C1A, C2A, C3A, and C4A will have a total bill  
35 impact for residential customers utilizing 1,000 kilowatt-hours per month of \$0.29  
36 per month.

**PRE-FILED TESTIMONY  
OF  
DAVID J. DALTON**

**PETITION OF VIRGINIA ELECTRIC AND POWER COMPANY, FOR APPROVAL  
OF ITS 2021 DSM UPDATE PURSUANT TO § 56-585.1 A 5  
OF THE CODE OF VIRGINIA**

**CASE NO. PUR-2021-00247**

1 **Q. PLEASE STATE YOUR NAME AND POSITION WITH THE VIRGINIA STATE**  
2 **CORPORATION COMMISSION ("COMMISSION").**

3 **A.** My name is David J. Dalton and I am a Principal Utilities Analyst with the Commission's  
4 Division of Public Utility Regulation ("PUR").

5 **Q. WHAT ARE YOUR PRESENT RESPONSIBILITIES?**

6 **A.** My primary functions as a Principal Utilities Analyst include analyzing demand-side  
7 management ("DSM") plans and programs proposed by public utilities regulated by the  
8 Commission, and analyzing public utility certificates and rate case applications with regard  
9 to cost of service, terms and conditions of service, and rate design. I am also responsible  
10 for presenting testimony as a Staff witness and making alternative recommendations and  
11 proposals to the Commission as appropriate.

12 **Q. PLEASE BRIEFLY SUMMARIZE THE PETITION FILED IN THIS**  
13 **PROCEEDING.**

14 **A.** On December 14, 2021, Virginia Electric and Power Company ("Dominion" or  
15 "Company") filed with the Commission a petition ("Petition") for approval to implement

1 eight new energy efficiency<sup>1</sup> ("EE") DSM programs, designated the Phase X Programs.

2 These Programs are:

- 3 - Residential Income and Age Qualifying Home Energy Report (EE);
- 4 - Residential Income and Age Qualifying Home Improvement Enhancement  
5 (EE);
- 6 - Non-Residential Income and Age Qualifying Health Care and Rental  
7 Property Owners (EE);
- 8 - Non-Residential Data Centers and Server Rooms (EE);
- 9 - Non-Residential Health Care (EE);
- 10 - Non-Residential Hotel and Lodging (EE);
- 11 - Small Business Behavioral (EE); and
- 12 - Voltage Optimization (EE).<sup>2</sup>

13 The Company's Petition also includes requests for approval to extend the Phase VII  
14 Non-Residential Lighting Systems and Controls Program,<sup>3</sup> approval of an increased budget  
15 for the Phase VII Residential Efficient Products Marketplace Program,<sup>4</sup> an increased  
16 budget for marketing and customer awareness,<sup>5</sup> and approval to close the Phase I Air

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<sup>1</sup> Section 56-576 of the Code of Virginia ("Code") provides the definition of "energy efficiency program" used by Staff in its analysis in the instant case.

<sup>2</sup> Petition at 9.

<sup>3</sup> *Id.* The Phase VII Non-Residential Lighting Systems and Controls Program was originally approved in Case No. PUR-2018-00168 and was amended in Case No. PUR-2020-00274. See *Petition of Virginia Electric and Power Company, For approval to implement demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUR-2018-00168, 2019 S.C.C. Ann. Rept. 285, Order Approving Programs and Rate Adjustment Clauses (May 2, 2019) ("2018 Final Order") and *Petition of Virginia Electric and Power Company, For approval of its 2020 DSM Update pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUR-2020-00274, Doc Con. Cen. No. 210820009, Final Order (Sep. 1, 2021) ("2020 DSM Final Order").

<sup>4</sup> Petition at 11-12. The Phase VII Residential Efficient Products Marketplace Program was originally approved in Case No. PUR-2018-00168. See 2018 Final Order.

<sup>5</sup> Petition at 12-13.

1 Conditioner ("AC") Cycling Program upon expiration in 2023.<sup>6</sup> The Petition also provides  
2 the going-forward cost/benefit test results for the Company's Phases I, II, IV, and VII  
3 Programs.<sup>7</sup>

4 The Company's Petition also proposes an administrative process by which the  
5 Company could modify or amend approved programs outside of annual update  
6 proceedings.<sup>8</sup>

7 The Company further requests that the Commission approve the use of only gross  
8 savings estimates for the determination of compliance with the energy savings  
9 requirements contained in Code § 56-596.2 B.<sup>9</sup>

10 The Company's Petition, in accordance with the Commission's Final Order in Case  
11 No. PUR-2020-00156,<sup>10</sup> includes the Company's 2020 evaluation, measurement, and

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<sup>6</sup> *Id.* at 12. The Phase I AC Cycling Program was originally approved in Case No. PUE-2009-00081, extended by the Commission's Order in Case No. PUE-2012-00100, again extended in the Commission's Final Order in Case No. PUE-2016-00111, and again extended in the Commission's Final Order in Case No. PUR-2019-00201. Staff notes that the costs associated with the Phase I AC Cycling Program are currently recovered through the Company's base rates. See *Application of Virginia Electric and Power Company, For approval to implement new demand-side management programs and for approval of two rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2009-00081, 2010 S.C.C. Ann. Rept. 362, Order Approving Demand Side Management Programs (Mar. 24, 2010); *Petition of Virginia Electric and Power Company, For approval to extend two demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2012-001000, 2013 S.C.C. Ann. Rept. 285, Order (Apr. 19, 2013); *Petition of Virginia Electric and Power Company, For approval to implement new demand-side management programs, for approval to continue a demand-side management program, and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2015-00089, 2016 S.C.C. Ann. Rept. 275, Final Order (Apr. 19, 2016); and *Petition of Virginia Electric and Power Company, For approval of its 2019 DSM Update pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUR-2019-00201, 2020 S.C.C. Ann. Rept. 368, Final Order (Jul. 30, 2020).

<sup>7</sup> Pre-filed Direct Testimony of Company witness Edmund J. Hall ("Hall Direct") at Schedule 7.

<sup>8</sup> Petition at 13.

<sup>9</sup> *Id.*

<sup>10</sup> *Commonwealth of Virginia, ex rel., State Corporation Commission Ex Parte: In the matter of baseline determination, methodologies for evaluation, measurement, and verification of existing demand-side management programs, and the consideration of a standardized presentation of summary data for Virginia Electric and Power Company*, Case No. PUR-2020-00156, Doc. Con. Cen. No. 211040204, Final Order (Oct. 27, 2021) ("2020 EM&V Final Order") at 5.

1 verification ("EM&V") report ("2021 EM&V Report")<sup>11</sup> and also contains an executive  
2 summary presented in a dashboard format ("EM&V Dashboard"),<sup>12</sup> which is a sample chart  
3 presenting verified persistent savings and projections for future years for existing and  
4 proposed programs.<sup>13</sup> Also in accordance with the Commission's 2020 EM&V Final  
5 Order, the Company states that its Petition: (1) contains a long-term plan to comply with  
6 the energy savings targets contained in Code § 56-596.2 B and the investment requirements  
7 of Code § 56-596.2 C;<sup>14</sup> (2) provides an exhibit measuring the Company's actual and  
8 projected compliance or non-compliance with the total energy savings requirements  
9 contained in Code § 56-596.2 B using both net and gross savings metrics;<sup>15</sup> (3) provides  
10 the current results of the Company's investigation and implementation of opportunities to  
11 streamline its audit programs in the future;<sup>16</sup> (4) provides information reflecting EM&V  
12 plan development in conjunction with DSM program design;<sup>17</sup> (5) includes a summary  
13 chart providing (i) total incentives; (ii) incentive cost per participant; (iii) non-incentive  
14 cost per participant; (iv) margin cost per participant; (v) total cost per participant; and (vi)  
15 percentage of margin and non-incentive costs in relation to total costs for all active

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<sup>11</sup> Pre-Filed Direct Testimony of Company witness Dan Feng ("Feng Direct") at Appendix C. The Company states that, in compliance with the 2020 EM&V Final Order, the Company posted an electronic copy of the 2021 EM&V Report in the eRoom designated for this proceeding.

<sup>12</sup> Pre-filed Direct Testimony of Company witness Nathan J. Frost ("Frost Direct") at Schedule 1.

<sup>13</sup> Pre-filed Direct Testimony of Company witness Michael T. Hubbard ("Hubbard Direct") at Schedule 8.

<sup>14</sup> The Company's long-term plan is presented in the Pre-filed Direct Testimony of Terry M. Fry ("Fry Direct") at Schedule 1.

<sup>15</sup> Frost Direct at Schedule 2.

<sup>16</sup> Fry Direct at Schedule 1.

<sup>17</sup> Feng Direct at 3.



1 programs through the end of the True-Up period,<sup>18</sup> (6) detailed supporting information for  
2 the costs of measures included in the Company's Income and Age Qualifying programs on  
3 a going-forward basis;<sup>19</sup> and (7) includes a calculation of the return on equity only for  
4 purposes of the True-Up period and excluding margin as part of the calculation for the  
5 Projected Cost Recovery Factor and excluding margin for the Company's operations and  
6 maintenance costs until a determination regarding whether the Company has met its annual  
7 energy efficiency standards consistent with Code § 56-585.1 A 5 c.<sup>20</sup>

8 Lastly, the Company's Petition requests approval of an annual update to continue  
9 four rate adjustment clauses, designated Riders C1A, C2A, C3A, and C4A for the  
10 September 1, 2022 through August 31, 2023 rate year ("Rate Year") for the recovery of:  
11 (i) projected costs associated with the programs previously approved by the Commission;  
12 and (ii) a true-up of costs and revenues from calendar year 2020.<sup>21</sup> Consistent with the  
13 Commission's 2020 DSM Final Order, the Company has included the recovery of a margin  
14 only for the True-Up period and has excluded a margin from the projected costs.<sup>22</sup> The  
15 proposed revenue requirement for Riders C1A, C2A, C3A, and C4A is cumulatively  
16 \$90,660,518.<sup>23</sup>

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<sup>18</sup> Pre-Filed Direct Testimony of Company witness Jarvis E. Bates ("Bates Direct") at 13.

<sup>19</sup> Hubbard Direct at Schedules 1 through 4.

<sup>20</sup> Pre-filed Direct Testimony of Company witness Justin A. Wooldridge ("Wooldridge Direct").

<sup>21</sup> Petition at 13-15.

<sup>22</sup> *Id.* at 14-15.

<sup>23</sup> *Id.* at 16.

Recent Commission Guidance

1 **Q. HAS THE COMMISSION PROVIDED ANY RECENT GUIDANCE RELEVANT**  
2 **TO DSM PROGRAMS?**

3 **A.** Yes. On October 27, 2021, the Commission issued its 2020 EM&V Final Order. The  
4 Commission also issued its 2020 DSM Final Order on September 1, 2021. Staff considered  
5 the guidance in both orders when evaluating the Company's Petition in the instant case.

6 **Q. WHAT GUIDANCE DID THE COMMISSION PROVIDE IN ITS 2020 EM&V**  
7 **FINAL ORDER THAT IS RELEVANT TO THE INSTANT CASE?**

8 **A.** The Commission's 2020 EM&V Final Order contained guidance on appropriate  
9 methodologies for conducting EM&V to meet the "measured and verified" standard  
10 contained in the Virginia Clean Economy Act<sup>24</sup> ("VCEA"),<sup>25</sup> as well as Staff's role in the  
11 Energy Efficiency Stakeholder Group ("Stakeholder Group").

12 **Q. WHAT GUIDANCE DID THE COMMISSION'S 2020 EM&V FINAL ORDER**  
13 **PROVIDE REGARDING APPROPRIATE EM&V METHODOLOGIES?**

14 **A.** Among other things, in its 2020 EM&V Final Order, the Commission found "that deemed  
15 input values meet the measured and verified standard for determining compliance with the  
16 energy savings requirements of the VCEA."<sup>26</sup> The Commission's 2020 EM&V Final Order  
17 also stated that the Commission "expects the Company and other stakeholders to discuss  
18 the appropriateness of using deemed savings versus other methods in their stakeholder

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<sup>24</sup> 2020 Va. Acts chs. 1193, 1194.

<sup>25</sup> See Code § 56-576 for the definition of "measured and verified." See Code § 56-596.2 B for the energy savings targets to which the measured and verified savings will be applied.

<sup>26</sup> 2020 EM&V Final Order at 12.

1 meetings and present any recommendations on the preferred methodology for each  
2 program or for a portfolio of programs as part of the Company's annual DSM Update  
3 filings."<sup>27</sup>

4 **Q. WHAT GUIDANCE DID THE COMMISSION'S 2020 EM&V FINAL ORDER**  
5 **PROVIDE REGARDING STAFF'S ROLE IN THE STAKEHOLDER GROUP?**

6 **A.** The Commission stated, on page 18 of the 2020 EM&V Final Order, "Upon consideration,  
7 we adopt this finding of the Chief Hearing Examiner and will require Staff to participate  
8 'as a stakeholder' in the stakeholder process."

9 **Q. HOW HAS THIS GUIDANCE BEEN ADDRESSED BY THE STAKEHOLDER**  
10 **GROUP AND STAFF?**

11 **A.** It is my understanding that the Stakeholder Group's EM&V subgroup ("EM&V  
12 Subgroup")<sup>28</sup> did not have any formal meetings subsequent to the 2020 EM&V Final Order  
13 and prior to the filing of the instant case to address the Commission's guidance in the 2020  
14 EM&V Final Order. The broader Stakeholder Group convened a meeting on November

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<sup>27</sup> *Id.* at 12-13. The Commission specifically cited to the Chief Hearing Examiner's Report, which stated, "[T]he EM&V process will continue to be a detailed, complex process best suited to a stakeholder process." 2020 EM&V Final Order at n.31.

<sup>28</sup> Staff notes that there are 34 registered "members" (the designation used on the web service used for hosting the Stakeholder Group documents) of the EM&V Subgroup, representing various parties. The notes from the Independent Monitor for the February 14, 2022 EM&V Subgroup meeting indicate that participants in the meeting included Commission Staff, the Company, the Company's EM&V vendor DNV, Community Housing Partners, Viridian, Energy Focus Group, the Southern Environmental Law Center, Cadmus, the Virginia Energy Efficiency Council, and the American Council for an Energy Efficient Economy. See the February 14, 2022 meeting notes of the Independent Monitor, attached hereto as part of Appendix A. Staff further notes that there are several other subgroups to the main Stakeholder Group, including the Income Qualifying Programs Subgroup, the Non-Residential Programs Subgroup, the Gap Analysis Subgroup, the Innovative Approaches Subgroup, the Policy Subgroup, the Agenda and Process Subgroup, and the Program Implementation Subgroup. It is my understanding that these subgroups focus on specific areas and meet in addition to the Company's main Stakeholder Group.

1 17, 2021.<sup>29</sup> It is my further understanding that there have not yet been any definitive  
2 conclusions reached regarding the Commission's guidance pertaining to the use of deemed  
3 values or other methods of EM&V or the EM&V methodologies of any specific program  
4 or measure as of the time of this writing. Staff expects the EM&V Subgroup to have  
5 subsequent meetings on how best to address the Commission's guidance.<sup>30</sup> It is also my  
6 understanding that Staff will continue to participate in all EM&V Subgroup meetings.

7 **Q. WHICH STAFF PARTICIPATED IN THE NOVEMBER 17, 2021**  
8 **STAKEHOLDER GROUP MEETING?**

9 **A.** The Director of the Division of Public Utility Regulation, a PUR Deputy Director, and a  
10 PUR Manager attended the November 17, 2021 Stakeholder Group meeting. They have  
11 also attended and participated in all recent meetings of the broader Stakeholder Group and  
12 EM&V Subgroup.

13 **Q. HOW DOES YOUR TESTIMONY ADDRESS THE RECENT GUIDANCE**  
14 **PROVIDED BY THE COMMISSION REGARDING THE STAKEHOLDER**  
15 **GROUP AND STAFF'S PARTICIPATION THEREIN?**

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<sup>29</sup> The Company's presentation documents associated with this meeting are provided in Company witness Hubbard's Filing Schedule 46.c.1.iii, Statement 1. Due to their voluminous nature, Staff is not attaching the Independent Monitor's notes from this meeting. Staff has maintained an electronic copy of the Independent Monitor's notes and will provide them upon request.

<sup>30</sup> Staff notes that the EM&V Subgroup convened a meeting on February 14, 2022, to discuss the EM&V process. It is my understanding that the EM&V Subgroup also convened a meeting on March 15, 2022, to discuss the EM&V plans proposed for the Phase X Programs. At the time of this filing, the Independent Monitor's notes from the meeting are not yet uploaded to the Trello site. Staff is including the Company's presentation documents from the March 15, 2022, meeting as well as the presentation slides and Independent Monitor's notes from the February 14, 2022, meeting as part of Appendix A. Staff notes that the February 14, 2022 and March 15, 2022 meetings of the EM&V Subgroup also discussed copies of Company witness Feng's direct testimony as well as her Appendices A and B, which Staff is not attaching to this testimony.

- 1 A. My testimony seeks to develop the record on the Stakeholder Group and Staff's  
2 participation therein for the Commission's consideration.

**Stakeholder Group**

- 3 **Q. PLEASE PROVIDE A BRIEF OVERVIEW OF THE CODE SECTIONS**  
4 **RELEVANT TO THE STAKEHOLDER GROUP.**

- 5 A. Code § 56-596.2 C requires, in part, that:

6 In developing such portfolio of energy efficiency programs and portfolios  
7 of programs, each utility shall utilize a stakeholder process, to be facilitated  
8 by an independent monitor...to provide input and feedback on (i) the  
9 development of such energy efficiency programs and portfolios of  
10 programs; (ii) compliance with the total annual energy savings set forth in  
11 this subsection and how such savings affect utility integrated resource plans;  
12 (iii) recommended policy reforms by which the General Assembly or the  
13 Commission can ensure maximum and cost-effective deployment of energy  
14 efficiency technology across the Commonwealth; and (iv) best practices for  
15 evaluation, measurement, and verification for the purposes of assessing  
16 compliance with the total annual energy savings set forth in subsection B.  
17 Utilities shall utilize the services of a third party to perform evaluation,  
18 measurement and verification services to determine a utility's total annual  
19 savings as required by this subsection, as well as the annual and lifecycle  
20 net and gross energy and capacity savings, related emissions reductions, and  
21 other quantifiable benefits of each program; total customer bill savings that  
22 the programs and portfolios produce; and utility spending on each program,  
23 including any associated administrative costs. The third-party evaluator  
24 shall include and review each utility's avoided costs and cost-benefit  
25 analyses. The findings and reports of such third parties shall be  
26 concurrently provided to both the Commission and the utility, and the  
27 Commission shall make each such final annual report easily and publicly  
28 accessible online. Such stakeholder process shall include the participation  
29 of representatives from each utility, relevant directors, deputy directors, and  
30 staff members of the Commission who participate in approval and oversight  
31 of utility efficiency programs, the office of Consumer Counsel of the  
32 Attorney General, the Department of Energy, energy efficiency program  
33 implementers, energy efficiency providers, residential and small business  
34 customers, and any other interested stakeholder whom the independent  
35 monitor deems appropriate for inclusion in such process.

1 Code § 56-596.2 C also requires the independent monitor ("Independent Monitor")  
 2 to convene meetings not less frequently than biannually beginning July 1, 2019, through  
 3 July 1, 2028. The Independent Monitor is also required to report on the status of the  
 4 stakeholder process, including objectives established by the Stakeholder Group during this  
 5 process related to programs to be proposed, recommendations related to programs to be  
 6 proposed that result from the stakeholder process, and the status of those recommendations,  
 7 in addition to the petitions filed and the determinations thereon, to the Governor, the  
 8 Commission, and the Chairmen of the House Committee on Labor and Commerce and the  
 9 Senate Committee on Commerce and Labor on July 1, 2019, and annually thereafter  
 10 through July 1, 2028.<sup>31</sup>

11 **Q. HAS STAFF ATTENDED AND PARTICIPATED IN THE STAKEHOLDER**  
 12 **GROUP?**

13 **A.** Yes. Staff who have participated in the Stakeholder Group include the Director, Deputy  
 14 Directors, and a Manager of the Division of Public Utility Regulation.<sup>32</sup>

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<sup>31</sup> Code § 56-596.2 C.

<sup>32</sup> Staff has propounded substantial amounts of discovery regarding the Stakeholder Group and its meetings as well as the stakeholder process more generally. Appendix A contains the Company's responses to Staff Interrogatory Nos. 1-2, 1-3, 1-4, 1-5, 1-6, 1-7, 2-10, 2-18, 2-20, 2-21, 2-22, 2-23, 2-24, 2-25, 2-26, 2-27, 2-28, 2-29, 2-30, 2-31, 2-32, 2-33, 2-36, 4-41, 4-42, 4-45, 4-46, and the Company's Confidential response to Staff Interrogatory No. 2-19. Due to the voluminous nature of the attachments referenced in these interrogatory responses, Attachments Staff Set 01-06 (a), 01-06(b), 01-07(a) (TF), 02-10(a)(1) (DF), 02-10(a)(2) (DF), 02-22 (NF), 04-41 (1) (NF), 04-41 (2) (NF), 04-41 (3) (NF), 04-41 (5) (NF), 04-41 (6) (NF), 04-41 (7) (NF), and 04-42 (NF) are not attached to this testimony. Staff has maintained electronic copies of these attachments and will provide them upon request. Staff notes that the Company's response to Staff Interrogatory No. 1-4 states that the presentation materials and the Stakeholder Group Independent Monitor's notes were available through a website, Trello. Staff notes that the Company's presentation documents associated with each of these meetings, as well as the Independent Monitor's notes from the February 8, 2021 Stakeholder Group meeting are included in Company witness Hubbard's Filing Schedule 46.c.1.iii, Statement 1. Due to the voluminous nature of the Independent Monitor's notes from the June 14, 2021, August 31, 2021, and November 17, 2021 Stakeholder Group meetings, Staff is not attaching them to this testimony. Staff has maintained electronic copies of these materials and will provide them upon request. Staff is including the relevant presentations and documentation, including the Independent Monitor's notes, from the 2022 EM&V Subgroup meetings, as available through the Trello website, in Appendix A.

1 **Q. PLEASE PROVIDE A HIGH-LEVEL OVERVIEW OF THE STAKEHOLDER**  
 2 **GROUP.**

3 **A.** During calendar year 2021, the Stakeholder Group convened four meetings, occurring on  
 4 February 8, 2021, June 14, 2021, August 31, 2021, and November 17, 2021.<sup>33</sup> As  
 5 mentioned previously, the EM&V Subgroup also convened meetings on February 14,  
 6 2022, and March 15, 2022.<sup>34</sup> The Company's response to Staff Interrogatory No. 1-2 states,  
 7 in part, that, at the time of the response,

8           The Company has participated thus far in 13 stakeholder group meetings  
 9 since early 2019, which are all led by the Commission-appointed  
 10 independent moderator. In addition to the Company being an active  
 11 participant in the stakeholder meetings, the Company has continued to be  
 12 actively involved in and continues to meet with stakeholders in sub-group  
 13 meetings (*i.e.*, the EM&V, policy, and low-income subgroups), which take  
 14 place outside of and in addition to the larger stakeholder meetings.<sup>35</sup>

15           The Company states that it then uses its expertise in DSM to incorporate  
 16 stakeholder ideas and recommendations into a request for proposal ("RFP") to solicit  
 17 proposals for program designs based on the concepts developed at the stakeholder  
 18 meetings. The Company then issues RFPs for EE and demand response programs;  
 19 proposals must include the development of specific program measures, incentives,  
 20 parameters and assumptions, projected participation, projected costs, load profiles,  
 21 projected energy and demand savings, and eligibility requirements. The RFP process and

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<sup>33</sup> The Company's presentation materials from each of these Stakeholder Group meetings and the Independent Monitor's notes from the February 8, 2021 Stakeholder Group meeting are provided in Company witness Hubbard's Filing Schedule 46.c.1.iii, Statement 1. Due to the voluminous nature of the Independent Monitor's notes from the June 14, 2021, August 31, 2021, and November 17, 2021 Stakeholder Group meetings, Staff is not attaching them to this testimony. Staff has maintained electronic copies of these materials and will provide them upon request.

<sup>34</sup> *Id.*

<sup>35</sup> See the Company's response to Staff Interrogatory No. 1-2, attached hereto as part of Appendix A.

1 subsequent evaluation of received proposals resulted in the proposals presented in the  
2 instant case.<sup>36</sup>

3 Company witness Hubbard's Direct Testimony also contains a high-level  
4 description of the Stakeholder Group at pages 21 through 23.

5 **Q. HOW ARE PROGRAMS AND PROPOSALS DISCUSSED AT THE**  
6 **STAKEHOLDER GROUP MEETINGS?**

7 **A.** The Company's responses to Staff Interrogatory Nos. 1-2, 1-4, 1-5, 1-6, 2-17, 4-42,  
8 Attachment Staff Set 04-42 (NF), and 7-89 state that the Company has presented the  
9 proposed program ideas and other proposals and provided updates, as appropriate, to the  
10 Stakeholder Group at the meetings conducted thus far.<sup>37</sup>

11 **Q. ARE PROGRAMS OR PROPOSALS VOTED ON OR OTHERWISE AGREED**  
12 **UPON IN THE STAKEHOLDER GROUP PRIOR TO THEIR PROPOSAL IN**  
13 **FORMAL CASES?**

14 **A.** No. The Company's responses to Staff Interrogatory Nos. 1-2, 1-3, 2-10, 2-17, 4-45, 7-74,  
15 and 7-79 state that, currently, no votes are taken on and that no other agreement is reached  
16 regarding the presented programs and proposals as there is currently no requirement that  
17 votes be taken or agreement be formally be reached by the Stakeholder Group process.<sup>38</sup>

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<sup>36</sup> *Id.*

<sup>37</sup> The Company's responses to Staff Interrogatory Nos. 1-2, 1-4, 1-5, 1-6, 4-42, and 7-89 are attached hereto as part of Appendix A. Due to its voluminous nature, Attachment Staff Set 04-42 (NF) is not attached to this testimony. Staff has maintained an electronic copy of the referenced attachment and will provide it upon request.

<sup>38</sup> See the Company's responses to Staff Interrogatory Nos. 1-2, 1-3, 2-10, 2-17, 4-45, 7-74, and 7-79, attached hereto as part of Appendix A.



1 **Q. DOES STAFF HAVE ANY GENERAL COMMENTS REGARDING THE LACK**  
2 **OF VOTING ON OR AGREEMENT ON PROGRAMS OR PROPOSALS IN THE**  
3 **STAKEHOLDER GROUP?**

4 **A.** Staff notes that, while there are no statutory or Commission-imposed requirements that the  
5 Stakeholder Group take votes on or agree upon program designs presented in stakeholder  
6 meetings, Staff is unaware of any prohibition against such actions, either. Staff takes no  
7 position on the appropriateness of voting or the seeking of agreement on program designs  
8 in the Stakeholder Group; however, should the Commission desire such an agreement in  
9 the collaborative process of the Stakeholder Group, the Commission may wish to consider  
10 requiring a vote for approval of the programs presented in the Stakeholder Group. The  
11 records of this voting, or other agreement process, could then be filed in the Company's  
12 subsequent DSM Update filing to further develop the record on the proposed programs in  
13 future cases. Alternatively, should the Commission determine that the current level of  
14 stakeholder engagement and feedback is sufficient, Staff is unopposed to the current  
15 construction of the Stakeholder Group.

16 **Q. CONSIDERING THE COMMISSION'S GUIDANCE ON EM&V, DOES STAFF**  
17 **HAVE ANY COMMENTS REGARDING THE LACK OF VOTING ON OR**  
18 **AGREEMENT ON PROGRAMS IN THE EM&V SUBGROUP?**

19 **A.** Yes. Given the guidance provided in the Commission's 2020 EM&V Order, it is unclear  
20 to Staff how, absent such a process, the company can demonstrate that the EM&V  
21 Subgroup is in agreement with the Company's proposals for meeting the EM&V standard  
22 on any given program or measure. As previously stated, it is my further understanding that  
23 the appropriate processes and methodologies for the EM&V of the Company's measures

1 and programs, including topics such as the use of deemed savings estimates versus other  
2 methods, will be considered and determined in future meetings of the EM&V Subgroup.  
3 While it is unclear to Staff whether the recommendations of the EM&V Subgroup are  
4 necessarily binding on the Company, Staff believes that the recommendations of the  
5 EM&V Subgroup may assist the Commission in resolving any disputes on EM&V in future  
6 proceedings.

7 **Q. HOW WERE THE PROPOSED PHASE X PROGRAMS DEVELOPED FOR**  
8 **PROPOSAL TO THE STAKEHOLDER GROUP AND THE COMMISSION?**

9 **A.** The Company's response to Staff Interrogatory No. 1-4 states that the proposed Phase X  
10 Small Business Behavioral Program was suggested by Stakeholder Group participant and  
11 program design vendor Bidgely. The response continues that the members of the Low-  
12 Income Subgroup suggested enhancements to the Company's low-income programs, which  
13 were incorporated into the proposed Phase X Residential Income and Age Qualifying  
14 Home Energy Report (EE), Residential Income and Age Qualifying Home Improvement  
15 Enhancement (EE), and the Non-Residential Income and Age Qualifying Health Care and  
16 Rental Property Owners (EE) Programs.<sup>39</sup>

17 Staff notes that the Company's response to Staff Interrogatory No. 1-4 also includes  
18 several program concepts or related feedback provided by the Stakeholder Group that the  
19 Company did not incorporate into this filing. These specific points of feedback and the

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<sup>39</sup> See the Company's response to Staff Interrogatory No. 1-4, attached hereto as part of Appendix A. See also the Company's response to Staff Interrogatory No. 7-89, which provides further information regarding input received and incorporated into the Company's low-income programs. The Company's response to Staff Interrogatory No. 7-89 is attached hereto as part of Attachment No. DJD-1.

1 Company's explanations for why these were not incorporated into the instant case, are  
2 included as part of Appendix A.

3 The Company's Confidential response to Staff Interrogatory No. 7-75 states that the  
4 remaining Phase X Programs were sourced, generally, from the 2021 Market Potential  
5 Study, the 2019-2020 SRP discussion,<sup>40</sup> and the 2021 SRP discussion.<sup>41</sup> The Company's  
6 response also states that the "source" of the proposed Phase X Voltage Optimization  
7 Program was the 2021 SRP discussion and Case No. PUR-2021-00127.<sup>42</sup> The Company's  
8 Confidential response also includes the program design vendors responsible for the  
9 program proposal.

10 **Q. DID THE COMPANY PROVIDE THE PROPOSED EM&V PLANS FOR THE**  
11 **PROPOSED PHASE X PROGRAMS?**

12 **A.** Yes. The Company's proposed EM&V Plans for the proposed Phase X Programs are  
13 presented in Appendix B of Company witness Feng's Pre-Filed Direct Testimony.

14 **Q. WERE THE COMPANY'S PROPOSED EM&V PLANS FOR THE PHASE X**  
15 **PROGRAMS PRESENTED TO THE STAKEHOLDER GROUP?**

16 **A.** Not prior to the filing of the Company's Petition. The Company's response to Staff  
17 Interrogatory No. 1-5 states that, due to the timing of the Commission's 2020 EM&V Final

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<sup>40</sup> Staff understands the Company's use of "SRP discussion" to mean "Stakeholder Review Process."

<sup>41</sup> See the Company's Confidential response to Staff Interrogatory No. 7-75, attached hereto as part of Appendix A. Staff notes that the information referenced here is not marked as Confidential in the Company's response.

<sup>42</sup> See *Petition of Virginia Electric and Power Company, For approval of a plan for electric distribution grid transformation projects pursuant to § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2021-00127, Doc. Con. Cen. No. 220110126, Final Order (Jan. 7, 2022).

1 Order,<sup>43</sup> there was not sufficient time to develop the proposed EM&V plans for the Phase  
2 X programs by the time of the Company's filing in the instant case.<sup>44</sup> Staff notes that the  
3 proposed EM&V plans for the Phase X Programs were, however, presented at a March 15,  
4 2022 meeting of the EM&V Subgroup. The Company uploaded presentation files from  
5 that EM&V Subgroup meeting to the "Trello" collaborative website used by the EE  
6 Stakeholder Group, and Staff has included those presentation files as part of Appendix A.

7 **Q. WERE THE COMPANY'S PROPOSED EM&V PLANS FOR THE PHASE X**  
8 **PROGRAMS VOTED ON, AGREED UPON, OR OTHERWISE "VETTED" BY**  
9 **THE STAKEHOLDER GROUP?**

10 **A.** The Company's response to Staff Interrogatory No. 1-5 states that, due to the timing of the  
11 Commission's 2020 EM&V Final Order, the Company "did not have the opportunity to vet  
12 its EM&V Plans with the stakeholders prior to filing."<sup>45</sup>

13 **Q. WHAT IS STAFF'S POSITION REGARDING THE PROPOSED PHASE X**  
14 **PROGRAM EM&V PLANS?**

15 **A.** After Staff's review of the Company's proposed Phase X EM&V Plans, Staff's position is  
16 that if the Commission does not take issue with the proposed Phase X EM&V Plans not  
17 having been reviewed by the Stakeholder Group and/or EM&V Subgroup prior to the  
18 Company's filing of its Petition, then Staff is unopposed to the proposed EM&V Plans.

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<sup>43</sup> Staff notes that the Commission's 2020 EM&V Final Order was issued on October 27, 2021; the Company's Petition was filed December 14, 2021.

<sup>44</sup> See the Company's response to Staff Interrogatory No. 1-5, attached hereto as part of Appendix A.

<sup>45</sup> *Id.*

**Proposed Programs**

1 **Q. IS THE COMPANY PROPOSING AN EXTENSION OF ANY EXISTING**  
2 **PROGRAMS IN ITS PETITION?**

3 **A.** Yes. Company witness Hubbard states that the Company seeks an extension of the Phase  
4 VII Non-Residential Lighting Systems and Controls Program.<sup>46</sup> More thorough  
5 explanations of the program are provided in Schedules 1 and 3 of Mr. Hubbard's Direct  
6 Testimony.

7 **Q. WHAT IS STAFF'S POSITION REGARDING THE PROPOSED EXTENSION OF**  
8 **THE PHASE VII NON-RESIDENTIAL LIGHTING SYSTEMS AND CONTROLS**  
9 **PROGRAM?**

10 **A.** Staff is not opposed to the proposed extension of the program.

11 **Q. IS THE COMPANY REQUESTING AN INCREASE TO THE BUDGETS OF ANY**  
12 **EXISTING PROGRAMS IN ITS PETITION?**

13 **A.** Yes. Company witness Hubbard states that the Company has spent approximately 53%,  
14 of the Phase VII Residential Efficient Products Marketplace Program's previously-  
15 approved \$39.9 million budget.<sup>47</sup> More detail on this program and its measures is provided  
16 in Company witness Hubbard's Schedule 1.

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<sup>46</sup> Hubbard Direct at 18.

<sup>47</sup> *Id.* at 8.

1           Company witness Bates states that the Company is requesting an increase of  
2           approximately \$5.5 million to the program's cost cap<sup>48</sup> for a total cost cap of approximately  
3           \$45.4 million.<sup>49</sup>

4   **Q.   WHAT IS STAFF'S POSITION REGARDING THE PROPOSED BUDGET**  
5   **INCREASE FOR THE PHASE VII RESIDENTIAL EFFICIENT PRODUCTS**  
6   **MARKETPLACE PROGRAM?**

7   **A.**   Staff is not opposed to the proposed budget increase for the Phase VII Residential Efficient  
8       Products Marketplace Program.

9   **Q.   TURNING TO THE PROPOSED PHASE X PROGRAMS, PLEASE PROVIDE A**  
10   **BRIEF DESCRIPTION OF THE PROPOSED RESIDENTIAL INCOME AND AGE**  
11   **QUALIFYING HOME ENERGY REPORT (EE).**

12   **A.**   Company witness Hubbard states that the proposed program intends to target qualifying  
13       customers and incent them to reduce energy usage during the period of June through  
14       September annually.<sup>50</sup> More details regarding the proposed program are provided in  
15       Company witness Hubbard's Direct Testimony at page 17 and in his Schedules 3 and 6.  
16       The Company's response to Staff Interrogatory No. 4-47 also provides further details  
17       regarding the program, and is attached hereto as part of Attachment No. DJD-1.

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<sup>48</sup> Bates Direct at 10.

<sup>49</sup> See the Company's response to Staff Interrogatory No. 4-44, attached hereto as part of Attachment No. DJD-1.

<sup>50</sup> Hubbard Direct at 17.

1 **Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF THE PROPOSED PHASE X**  
2 **RESIDENTIAL INCOME AND AGE QUALIFYING HOME IMPROVEMENT**  
3 **ENHANCEMENT (EE) PROGRAM.**

4 **A.** The Company states that the proposed Phase X Residential Income and Age Qualifying  
5 Home Improvement Enhancement (EE) Program was developed in response to Staff's  
6 recommendations that the Company attempt to achieve greater energy savings per  
7 participant and attempt to achieve participation beyond multi-family urban housing.<sup>51</sup> To  
8 address Staff's recommendation, the Company proposes a distinct program, offering  
9 incentives for measures outside of the Company's current Phase IX Residential Income and  
10 Age Qualifying Home Improvement Program,<sup>52</sup> including Energy Star clothes washers and  
11 dryers, Energy Star dishwashers, Energy Star windows, replacement of heat pump water  
12 heaters, installation of window film, LED bulb replacements, and door replacements.<sup>53</sup>  
13 The Company's response to Staff Interrogatory No. 4-47 clarifies that the LEDs offered in  
14 the proposed Phase X Residential Income and Age Qualifying Home Improvement  
15 Enhancement (EE) Program are not the same as those offered in the active Phase IX  
16 Residential Income and Age Qualifying Home Improvement Program.<sup>54</sup> Pages 15 and 16  
17 of Company witness Hubbard's Direct Testimony, as well as pages 2 and 3 of his Schedule  
18 3, provide more details regarding the proposed Phase X Residential Income and Age  
19 Qualifying Home Improvement Enhanced (EE) Program.

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<sup>51</sup> Hubbard Direct at 16.

<sup>52</sup> The Company's Phase IX Residential Income and Age Qualified Home Improvement Program was approved in Case No. PUR-2020-00274.

<sup>53</sup> Hubbard Direct at 16.

<sup>54</sup> See the Company's response to Staff Interrogatory No. 4-47, attached hereto as part of Attachment No. DJD-1.

1 **Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF THE PROPOSED PHASE X**  
2 **NON-RESIDENTIAL INCOME AND AGE QUALIFYING HEALTH CARE AND**  
3 **RENTAL PROPERTY OWNERS (EE) PROGRAM.**

4 **A.** The Company states that this program is intended to provide incentives for the installation  
5 of qualifying measures to non-residential customers whose facilities provide housing for  
6 low-income and elderly residents, possibly including housing authorities and master-  
7 metered properties, assisted living residences, and nursing homes.<sup>55</sup> On March 2, 2022,  
8 the Company filed with the Commission an errata filing which, among other things,  
9 corrected the eligibility requirements for the proposed Phase X Non-Residential Income  
10 and Age Qualifying Health Care and Rental Property Owners (EE) Program.<sup>56</sup> Pages 3  
11 and 4 of Company witness Hubbard's Schedule 3 provides further information regarding  
12 the proposed Phase X Non-Residential Income and Age Qualifying Health Care and Rental  
13 Property Owners (EE) Program.

14 **Q. PLEASE PROVIDE A BRIEF SUMMARY OF THE PROPOSED PHASE X NON-**  
15 **RESIDENTIAL DATA CENTERS AND SERVER ROOMS (EE) PROGRAM.**

16 **A.** Company witness Hubbard states that the proposed program would provide qualifying non-  
17 residential customers with incentives to install energy efficient measures related to  
18 equipment in and the operation of data centers and server rooms. Those measures include  
19 high-efficiency uninterruptible power supplies, high efficiency lighting occupancy sensors,

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<sup>55</sup> Hubbard Direct at 17.

<sup>56</sup> See *Application of Virginia Electric and Power Company for approval of its 2021 DSM Update pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUR-2021-00247, Doc. Con. Cen. No. 220310057, Errata Filing (Mar. 2, 2022) ("Errata Filing").



1 LED lighting replacements, customer airflow measures, and an energy audit.<sup>57</sup> Additional  
2 information, including a list of all types of measures proposed to be incented by this  
3 program, can be found on page 8 of Company witness Hubbard's Schedule 3.

4 **Q. PLEASE BRIEFLY DESCRIBE THE PROPOSED PHASE X NON-RESIDENTIAL**  
5 **HEALTH CARE (EE) PROGRAM.**

6 **A.** The Company states that this program targets health care customers and provides  
7 qualifying non-residential customers with incentives to install a number of energy  
8 efficiency measures as well as providing technical assistance and incentives for customer  
9 projects to encourage the installation of additional energy efficient equipment.<sup>58</sup> The  
10 Company's response to Staff Interrogatory No. 4-50 provides the types of custom projects  
11 envisioned by the Company as qualifying for installation under the program.<sup>59</sup>

12 A more thorough description of the proposed Phase X Non-Residential Healthcare  
13 (EE) Program can be found in Company witness Hubbard's Direct Testimony at pages 18  
14 and 19 and page 10 of his Schedule 3.

15 **Q. PLEASE BRIEFLY DESCRIBE THE PROPOSED PHASE X NON-RESIDENTIAL**  
16 **HOTEL AND LODGING (EE) PROGRAM.**

17 **A.** The Company states that the proposed program targets the Company's non-residential hotel  
18 and lodging customers and provides incentives to install energy efficiency measures and  
19 custom projects to install additional energy efficient equipment.<sup>60</sup> The Company's

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<sup>57</sup> Hubbard Direct at 18.

<sup>58</sup> *Id.*

<sup>59</sup> See the Company's response to Staff Interrogatory No. 4-50, attached hereto as part of Attachment No. DJD-1.

<sup>60</sup> Hubbard Direct at 19.

1 response to Staff Interrogatory No. 4-53 provides the types of custom projects that the  
2 Company envisions as qualifying for installation under the program.<sup>61</sup> Page 19 of  
3 Company witness Hubbard's Direct Testimony and pages 12 and 13 of his Schedule 3  
4 provide more detailed information on the proposed Phase X Non-Residential Hotel and  
5 Lodging Program.

6 **Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF THE PROPOSED PHASE X**  
7 **SMALL BUSINESS BEHAVIORAL (EE) PROGRAM.**

8 **A.** Company witness Hubbard states that the program will identify a sample of the Company's  
9 small business customers and deliver business energy reports,<sup>62</sup> either through the mail or  
10 digitally, with energy saving tips, energy saving forecasting,<sup>63</sup> and energy savings  
11 opportunities and recommendations.<sup>64</sup> A more thorough description of the proposed Phase  
12 X Small Business Behavioral (EE) Program is presented on page 18 of Company witness  
13 Hubbard's Direct Testimony and on page 7 of his Schedule 3.

14 **Q. PLEASE BRIEFLY DESCRIBE THE PROPOSED PHASE X VOLTAGE**  
15 **OPTIMIZATION (EE) PROGRAM.**

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<sup>61</sup> See the Company's response to Staff Interrogatory No. 4-53, attached hereto as part of Attachment No. DJD-1.

<sup>62</sup> The Company also refers to these reports as "BERs." Hubbard Direct at 18.

<sup>63</sup> The Company's response to Staff Interrogatory No. 4-54 states, in part that "[t]he Company's program design vendor...has indicated that the energy savings forecasts are approximations based on published technical information," and would include historical data from the participants' facilities. The Company's response to Staff Interrogatory No. 4-54 is attached hereto as part of Attachment No. DJD-1.

<sup>64</sup> Hubbard Direct at 18.

1 A. As explained by the Company, the principle of voltage optimization ("VO") is that most  
2 types of customer load use less energy when supplied with a lower input voltage.<sup>65</sup>  
3 Specifically, Company witness Hubbard describes VO as reductions in energy usage by  
4 customers as a result of the Company providing energy at a lower voltage.<sup>66</sup> Company  
5 witness Wright provides a more detailed explanation of VO on pages 2 and 3 of his  
6 testimony. Company witness Wright states that the Company is proposing the Phase X  
7 Voltage Optimization (EE) Program as an EE program because it will reduce energy  
8 consumption for most customers behind the meter.<sup>67</sup> Company witness Wright also asserts  
9 that the proposed Phase X Voltage Optimization (EE) Program is an EE program under  
10 Code § 56-576.<sup>68</sup>

11 More thorough descriptions of the proposed Phase X Voltage Optimization (EE)  
12 Program are contained in Company witness Hubbard's Schedule 3 at pages 14 and 15 and  
13 in Company witness Wright's Schedule 1.

14 **Q. HOW DID STAFF EVALUATE THE COST-EFFECTIVENESS OF THE**  
15 **PROPOSED PROGRAMS?**

16 A. Staff evaluated the proposed Phase X Programs according to the definition of "in the public  
17 interest" as set forth in Code § 56-576, which states:

18 "In the public interest," for purposes of assessing energy efficiency  
19 programs, describes an energy efficiency program if the  
20 Commission determines that the net present value of the benefits  
21 exceeds the net present value of the costs as determined by not less

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<sup>65</sup> *Id.* at 19.

<sup>66</sup> *Id.*

<sup>67</sup> See the Pre-filed Direct Testimony of Company witness Robert S. Wright ("Wright Direct") at 4.

<sup>68</sup> *Id.*

1 than any three of the following four tests: (i) the Total Resource Cost  
 2 Test; (ii) the Utility Cost Test (also referred to as the Program  
 3 Administrator Test); (iii) the Participant Test; and (iv) the Ratepayer  
 4 Impact Measure Test. Such determination shall include an analysis  
 5 of all four tests, and a program or portfolio of programs shall be  
 6 approved if the net present value of the benefits exceeds the net  
 7 present value of the costs as determined by not less than any three  
 8 of the four tests. If the Commission determines that an energy  
 9 efficiency program or portfolio of programs is not in the public  
 10 interest, its final order shall include all work product and analysis  
 11 conducted by the Commission's staff in relation to that program,  
 12 including testimony relied upon by the Commission's staff, that has  
 13 bearing upon the Commission's decision. If the Commission  
 14 reduces the proposed budget for a program or portfolio of programs,  
 15 its final order shall include an analysis of the impact such budget  
 16 reduction has upon the cost-effectiveness of such program or  
 17 portfolio of programs. An order by the Commission (a) finding that  
 18 a program or portfolio of programs is not in the public interest or (b)  
 19 reducing the proposed budget for any program or portfolio of  
 20 programs shall adhere to existing protocols for extraordinarily  
 21 sensitive information. In addition, an energy efficiency program  
 22 may be deemed to be "in the public interest" if the program (1)  
 23 provides measurable and verifiable savings to low-income  
 24 customers or elderly customers or (2) is a pilot program of limited  
 25 scope, cost, and duration, that is intended to determine whether a  
 26 new or substantially revised program or technology would be cost-  
 27 effective.

28 A brief description and the associated formulae of each cost/benefit test can be  
 29 found in my Attachment No. DJD-2.

30 **Q. HOW MAY THE COST/BENEFIT TEST RESULTS BE EXPRESSED?**

31 **A.** The cost/benefit test results may be expressed directly in terms of net present values  
 32 ("NPVs") or as ratios. If the test is to be expressed as a ratio, the total NPV benefits are  
 33 divided by the total NPV costs. If the ratio is greater than one, it indicates that the NPV  
 34 benefits exceed the NPV costs. While test ratios are a convenient means of summarizing  
 35 the cost/benefit test results, reliance on the ratios alone may be misleading. The NPVs are  
 36 more useful for summarizing and comparing programs.

1 Q. DID THE COMPANY PROVIDE THE RESULTS OF ITS COST/BENEFIT  
2 ANALYSIS FOR EACH OF THE PROPOSED PHASE X PROGRAMS,  
3 PROPOSED EXTENSION OF THE PHASE VII NON-RESIDENTIAL LIGHTING  
4 SYSTEMS AND CONTROLS PROGRAM, AND THE PROPOSED PHASE VII  
5 RESIDENTIAL EFFICIENT PRODUCTS MARKETPLACE BUDGET  
6 INCREASE?

7 A. Yes. Consistent with the Commission's Rules Governing Cost/Benefit Measures Required  
8 for Demand-Side Management Programs, 20 VAC 5-304-10 *et seq.*, Dominion evaluated  
9 the Phase X Programs and extension of the Phase VII Non-Residential Lighting Systems  
10 and Controls Program on both an individual program and portfolio basis.<sup>69</sup> The individual  
11 program analysis assesses the costs and benefits of a program when that program is  
12 considered individually against the Company's generation expansion plan; the portfolio  
13 program analysis assesses the costs and benefits of a program when all programs, proposed  
14 and current, are run against the generation expansion plan simultaneously.

15 The cost/benefit test results calculated on an individual basis for the proposed Phase  
16 X Programs, proposed extension of the Phase VII Non-Residential Lighting Systems and  
17 Controls Program, and the proposed budget increase for the Phase VII Residential Efficient  
18 Products Marketplace Program are presented in Schedule 4 of Company witness Hall's  
19 Direct Testimony.<sup>70</sup>

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<sup>69</sup> Hall Direct at 13.

<sup>70</sup> Staff notes that the Company's Errata Filing corrected the title of Company witness Hall's Schedule 4 to reflect the Phase X Programs rather than the previously-filed Schedule 4 which incorrectly referenced the previously-approved Phase VIII Programs.

1           Company witness Hall's Schedule 4 shows that, based on the program design  
2           assumptions, all of the proposed Phase X programs pass at least three of the four  
3           cost/benefit tests, except for the Residential Income and Age Qualifying Home  
4           Improvement Enhancement (EE), Residential Income and Age Qualifying Home Energy  
5           Report (EE), and the Non-Residential Income and Age Qualifying Health Care and Rental  
6           Property Owners (EE) Programs.<sup>71</sup> The proposed extension of the Phase VII Non-  
7           Residential Lighting Systems and Controls Program and the proposed budget increase for  
8           the Phase VII Residential Efficient Products Marketplace also pass at least three of the four  
9           cost/benefit tests, based on Dominion's program design assumptions.

10 **Q. DOES STAFF HAVE ANY COMMENTS REGARDING THE COMPANY'S**  
11 **PROGRAM DESIGN ASSUMPTIONS USED IN ANALYZING THE PROPOSED**  
12 **PHASE X PROGRAMS?**

13 **A.** Yes. Staff notes that, should the actual implementation of the Company's programs differ  
14 substantially from the Company's program design assumptions, then the actual results  
15 achieved by the Company's proposed Phase X Programs may differ from the expected  
16 results. Staff notes that this may occur in either a positive or negative direction. Staff  
17 further notes that, historically, the most volatile program design assumption affecting the  
18 Company's programs is customer participation. At a high level, if the Company achieves  
19 lower expectation than anticipated, or high levels of participation in measures within  
20 programs that are lower in energy savings potential and low levels of participation in

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<sup>71</sup> Staff notes that, under the definition of "in the public interest" provided in Code § 56-576, energy efficiency programs that provide measurable and verifiable energy savings to low-income or elderly customers may be deemed to be in the public interest.

1 measures within programs that are higher in energy savings potential, it is likely that the  
2 Company will achieve lower-than-expected energy savings. Similarly, if the Company  
3 achieves higher participation than expected, then it is possible that the Company will  
4 achieve higher-than-expected energy savings.

5 **Q. DO YOU HAVE ANY COMMENTS ON THE COMPANY'S ASSUMPTIONS**  
6 **REGARDING PROJECTED PARTICIPATION FOR THE PROPOSED**  
7 **PROGRAMS?**

8 **A.** Yes. Generally speaking, the Company has a history of overestimating participation in its  
9 DSM programs.<sup>72</sup> Lack of adequate participation can impact the results of the cost/benefit  
10 tests and could impede the Company's ability to achieve its energy savings goals. Although  
11 this is a general concern, Staff does not take issue with the Company's assumed  
12 participation levels for the proposed programs in the instant case.

13 **Q. WHAT IS STAFF'S POSITION ON THE COMPANY'S COST/BENEFIT TEST**  
14 **RESULTS FOR ITS PROPOSED PHASE X PROGRAMS?**

15 **A.** Staff takes no position regarding the Company's cost/benefit results, but, again, notes that,  
16 based on the Company's planning-level assumptions, the Phase X Programs have at least  
17 three of four cost/benefit tests with ratio results at or above 1.00, representing NPV costs  
18 that exceed NPV benefits, as required by Code § 56-576, with the exceptions of the  
19 proposed Phase X Residential Income and Age Qualifying Home Improvement  
20 Enhancement (EE), Residential Income and Age Qualifying Home Energy Report (EE),

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<sup>72</sup> See Appendix B of this testimony for a summary of the percentage of planned participation for the Company's previously- and currently-offered programs as reported in Appendix C of Company witness Feng's Direct Testimony.

1 and the Phase X Non-Residential Income and Age Qualifying Health Care and Rental  
2 Property Owners (EE) Programs. Staff again notes that these latter three programs may be  
3 deemed to be in the public interest under Code § 56-576 if they are found to provide  
4 measurable and verifiable energy savings to low-income customers or elderly customers.

5 **Q. WHAT IS STAFF'S POSITION ON THE APPROVAL OF THE PROPOSED**  
6 **PHASE X PROGRAMS?**

7 **A.** Staff is not opposed to the approval of any of the proposed Phase X Programs. Staff notes  
8 that, based on the Company's assumption and analysis, the proposed Phase X Programs  
9 pass at least three of the four cost/benefit tests as required by Code § 56-576, with the  
10 exceptions of the proposed Phase X Residential Income and Age Qualifying Home  
11 Improvement Enhancement (EE), Residential Income and Age Qualifying Home Energy  
12 Report (EE), and the Non-Residential Income and Age Qualifying Health Care and Rental  
13 Property Owners (EE) Programs. Staff notes that these specific programs appear to be  
14 designed to serve the Company's low-income customer segment, and as such, Staff is  
15 unopposed to their approval in accordance with the definition of "in the public interest" as  
16 provided in Code § 56-576.

17 **Q. DOES STAFF HAVE ANY OBSERVATIONS REGARDING THE**  
18 **PERFORMANCE OF THE PHASE VII RESIDENTIAL EFFICIENT PRODUCTS**  
19 **MARKETPLACE?**

20 **A.** Yes. The Company's 2021 EM&V Report indicates that, through 2020, the Company had  
21 spent approximately 94% percent of planned expenditures and had incentivized



1 approximately 94% of planned units.<sup>73</sup> The Company states, however, that it has only  
2 achieved approximately 77% of planned energy savings.<sup>74</sup> Staff also notes that, for the  
3 program year 2020, the Company's total expenditure was approximately 120% of the  
4 planned expenditure, or slightly more than \$8 million; program participation was  
5 approximately 108% of planned participation, or approximately 2.3 million participants;  
6 however, the program only achieved approximately 45% of its planned energy savings on  
7 a net basis.<sup>75</sup>

8 **Q. DOES STAFF HAVE ANY COMMENTS REGARDING THE PROPOSED PHASE**  
9 **X VOLTAGE OPTIMIZATION (EE) PROGRAM?**

10 **A.** Yes. As previously noted, Company witness Wright states that the proposed Phase X  
11 Voltage Optimization (EE) Program qualifies as an EE program under Code § 56-576.<sup>76</sup>  
12 Staff agrees that the Voltage Optimization (EE) Program could be considered as an energy  
13 efficiency program under Code § 56-576. However, Staff notes that the Voltage  
14 Optimization (EE) Program may also be understood to be an electric distribution grid  
15 transformation ("Electric Distribution Grid Transformation") project, also defined in Code

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<sup>73</sup> 2021 EM&V Report at 89.

<sup>74</sup> *Id.*

<sup>75</sup> *Id.* at 97.

<sup>76</sup> *Id.*

1 § 56-576,<sup>77</sup> and considered to be a part of the Company's Electric Distribution Grid  
2 Transformation efforts.

3 **Q. WHY MIGHT THE PROPOSED PHASE X VOLTAGE OPTIMIZATION (EE)**  
4 **PROGRAM BE CONSIDERED A SUPPLY-SIDE MANAGEMENT PROGRAM**  
5 **RATHER THAN AN EE PROGRAM?**

6 **A.** There are several factors which may contribute to this possible understanding of the  
7 proposed Phase X Voltage Optimization (EE) Program. First, the Company states that  
8 control of the program will be implemented on Dominion equipment and will largely utilize  
9 a centralized control system.<sup>78</sup> Second, the Company's response to Staff Interrogatory No.  
10 7-90 states that the Voltage Optimization (EE) Program neither requires, nor does the  
11 Company anticipate seeing, customer behavioral changes as a result of the program.<sup>79</sup>

12 Notwithstanding the above, the Voltage Optimization (EE) Program is designed to  
13 lower metered sales, and, as such, the Company is seeking approval of the proposed  
14 program as an EE program.

15 **Q. IS THERE OTHER INFORMATION THAT THE COMMISSION MAY WISH TO**  
16 **CONSIDER REGARDING WHETHER THE PROPOSED PHASE X VOLTAGE**

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<sup>77</sup> Specifically, Code § 56-576 defines an "electric distribution grid transformation project" as "a project associated with electric distribution infrastructure, including related data analytics equipment, that is designed to accommodate or facilitate the integration of utility-owned or customer-owned renewable electric generation resources with the utility's electric distribution grid or to otherwise enhance electric distribution grid reliability, electric distribution grid security, customer service, or energy efficiency and conservation, including...intelligent grid devices for real time system and asset information; automated control systems for distribution circuits and substations;...intelligent grid devices and other distribution equipment;..."

<sup>78</sup> Wright Direct at Schedule 1, page 1.

<sup>79</sup> See the Company's response to Staff Interrogatory No. 7-90, attached hereto as part of Attachment No. DJD-1.

1           **OPTIMIZATION (EE) PROGRAM MAY BE MORE APPROPRIATELY**  
2           **CONSIDERED AS AN EE PROGRAM OR AS AN ELECTRIC DISTRIBUTION**  
3           **GRID TRANSFORMATION PROJECT?**

4   **A.**    Yes. Certain Large General Service customers, as defined by Code § 56-585.1 A 5 c, are  
5           eligible for exemption from participating in or cost responsibility for Dominion's DSM  
6           programs under Code § 56-585.1 A 5.<sup>80</sup> No such exemption exists for Electric Distribution  
7           Grid Transformation projects. All customers on each circuit with voltage optimization,  
8           including exempt or potentially exempt Large General Service customers, will receive the  
9           EE benefits of the voltage optimization. Further, Company witness Wright states that the  
10          program will also benefit non-jurisdictional customers served by circuits treated with  
11          voltage optimization equipment as a part of the proposed program. Unlike other EE  
12          programs where exempt customers are precluded from participating in and directly  
13          benefiting from such programs, it is not possible to prevent exempt customers on these  
14          circuits from receiving the benefits of voltage optimization. If the Commission determines  
15          that all customers that directly benefit from the program share in the responsibility for its  
16          costs, then Staff believes the proposed Phase X Voltage Optimization (EE) Program may  
17          be more appropriately considered as an Electric Distribution Grid Transformation project.

18   **Q.**    **HAS THE COMPANY QUANTIFIED HOW MANY EXEMPT CUSTOMERS**  
19           **WILL BE SERVED BY CIRCUITS TREATED UNDER THE PROPOSED PHASE**  
20           **X VOLTAGE OPTIMIZATION (EE) PROGRAM?**

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<sup>80</sup> Code § 56-585.1 A 5 c defines "large general service customer" as a customer with "a verifiable history of having used more than one megawatt of demand from a single site."

1 A. No. The Company's response to Staff Interrogatory No. 7-76 states that the Company has  
2 not yet determined which circuits serve Large General Service customers or which circuits  
3 will be treated as part of the proposed Phase X Voltage Optimization Program.<sup>81</sup> The  
4 response notes, however, that Large General Service customers served at the transmission  
5 level will not be on circuits controlled by the proposed Phase X Voltage Optimization  
6 Program.

7 **Q. HAS DOMINION QUANTIFIED HOW MANY POTENTIALLY EXEMPT**  
8 **CUSTOMERS WILL BE SERVED BY CIRCUITS TREATED UNDER THE**  
9 **PROPOSED PHASE X VOLTAGE OPTIMIZATION (EE) PROGRAM?**

10 A. No.<sup>82</sup> The Company's response to Staff Interrogatory No. 7-78 identifies 948 customer  
11 accounts in 2021 which had demand greater than the statutory minimum of 1 megawatt,  
12 but states that this is not an accurate reflection of potentially exempt customers because a  
13 single customer may have several accounts which may not be limited to a single site.<sup>83</sup>

**Proposed Closure of the Phase I AC Cycling Program**

14 **Q. WHAT IS THE COMPANY PROPOSING REGARDING THE PHASE I AC**  
15 **CYCLING PROGRAM?**

16 A. Company witness Hubbard states that, after evaluation of the Phase I AC Cycling Program,  
17 the Company believes and is proposing that the program should be closed. Specifically,  
18 the Company proposes to close the program upon its previously-approved expiration date

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<sup>81</sup> See the Company's response to Staff Interrogatory No. 7-76, attached hereto as part of Attachment No. DJD-1.

<sup>82</sup> See the Company's response to Staff Interrogatory No. 4-43, attached hereto as part of Attachment No. DJD-1.

<sup>83</sup> See the Company's response to Staff Interrogatory No. 7-78, attached hereto as part of Attachment No. DJD-1.

1 of March 31, 2023.<sup>84</sup> Company witness Hubbard provides the rationale for the Company's  
2 proposal on pages 5 through 7 of his Direct Testimony.

3 **Q. HOW ARE THE COSTS ASSOCIATED WITH THE PHASE I AC CYCLING**  
4 **PROGRAM CURRENTLY RECOVERED BY THE COMPANY?**

5 **A.** The costs associated with the Phase I AC Cycling Program are recovered through the  
6 Company's base rates.

7 **Q. DOES STAFF HAVE ANY COMMENTS REGARDING THE PROPOSED**  
8 **CLOSURE OF THE PHASE I AC CYCLING PROGRAM?**

9 **A.** Staff is unopposed to the proposed closure of the Phase I AC Cycling Program. Staff notes  
10 that, as reported in Company witness Hall's Schedule 7, the Phase I AC Cycling Program  
11 passes none of the four statutorily-required cost/benefit tests.

#### **Long-Term Plan**

12 **Q. WHAT IS THE IMPETUS FOR THE COMPANY'S FILING OF ITS LONG-TERM**  
13 **PLAN IN THE INSTANT CASE?**

14 **A.** As previously mentioned, the Commission's 2020 DSM Final Order, among other things,  
15 directed the Company to present a long-term plan for DSM to comply with the total energy  
16 savings targets contained in Code § 56-596.2 B and the investment requirements of Code  
17 § 56-596.2 C.<sup>85</sup> The Commission directed that the long-term plan should include: (i)  
18 proposed program savings and budgets for the five-year period beginning January 1, 2022,

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<sup>84</sup> Hubbard Direct at 6.

<sup>85</sup> 2020 DSM Final Order at 11-12.

1 sufficient to comply with the total energy savings targets in the VCEA and investment  
2 levels in the Grid Transformation and Security Act ("GTSA")<sup>86</sup> required to achieve the  
3 VCEA energy savings targets; (ii) a proposed plan and framework for consolidating,  
4 streamlining, and marketing the public-facing aspects of Dominion's approved and  
5 proposed DSM programs to facilitate participation at levels required to achieve the VCEA  
6 energy savings targets; and (iii) a detailed project management plan and risk management  
7 strategy demonstrating that Dominion has identified and planned for the deployment of  
8 resources required to implement its revised DSM programs.<sup>87</sup>

9 **Q. HOW DID THE COMPANY DEVELOP ITS LONG-TERM PLAN?**

10 **A.** According to Company witness Frost, in 2020, Dominion issued an RFP for bids to, among  
11 other things, develop a long-term plan for Dominion's DSM portfolio.<sup>88</sup> Company witness  
12 Frost states that, after completion of the RFP, Dominion selected Cadmus to develop and  
13 prepare the Company's long-term plan.<sup>89</sup>

14 **Q. PLEASE PROVIDE A HIGH-LEVEL OVERVIEW OF THE COMPANY'S LONG-**  
15 **TERM PLAN AS PRESENTED IN THE INSTANT CASE.**

16 **A.** Company witness Frost states that the long-term plan addresses the following topics:

- 17 - Dominion's strategic vision;
- 18 - The achievability of the VCEA energy savings targets and GTSA-
- 19 required Company expenditures on EE;

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<sup>86</sup> 2018 Va. Acts. ch. 296.

<sup>87</sup> 2020 DSM Final Order at 11-12.

<sup>88</sup> Frost Direct at 10.

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

- 1 - Risks, challenges, and opportunities stemming from legislative and  
2 regulatory changes;
- 3 - Sector profiles, program design recommendations, and  
4 implementation pathways aligned with the goals and high-level  
5 timelines;
- 6 - Approaches for adapting to an evolving customer market and  
7 advancements in technology; and
- 8  
9 - High-level forecasts of energy and demand impacts, program costs,  
10 and cost-effectiveness.<sup>90</sup>

11 Company witness Frost provides further commentary on the Company's long-term  
12 plan, and the full plan is presented as Schedule 1 of Company witness Fry.

13 **Q. PLEASE PROVIDE A HIGH-LEVEL SUMMARY OF THE LONG-TERM PLAN'S**  
14 **CONCLUSIONS AND RECOMMENDATIONS.**

15 **A.** The long-term plan includes numerous recommendations and conclusions broken down,  
16 generally, into short-, mid-, and long-term "next steps."<sup>91</sup> These are presented on pages  
17 110 through 116 of Company witness Fry's Schedule 1. My testimony will focus on the  
18 following recommendations from the long-term plan: the proposal of an administrative  
19 process for the approval of program modifications and budget flexibility; the proposed  
20 future restructuring of Dominion's DSM portfolio; the proposed discontinuation of explicit  
21 program closure dates; the proposal to use gross energy savings estimates for compliance  
22 with the VCEA energy savings targets rather than net energy savings estimates; and the  
23 proposed increase of the budget for customer awareness of the Company's program  
24 offerings.

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<sup>90</sup> *Id.* at 11.

<sup>91</sup> Fry Direct, Schedule 1 at 110. Staff notes that this page is also labelled as page 112 of 151.

1 **Q. HAS DOMINION'S LONG-TERM PLAN BEEN PRESENTED TO THE**  
2 **STAKEHOLDER GROUP?**

3 **A.** The Company's response to Staff Interrogatory No. 1-7 states that Cadmus presented the  
4 findings from the research conducted while developing the long-term plan, progress on the  
5 long-term plan, and presented status updates to stakeholders on November 9, 2020,  
6 February 8, 2021, June 14, 2021, August 31, 2021, and November 17, 2021, at the  
7 Stakeholder Group meetings.<sup>92</sup> The response continues that each presentation included an  
8 opportunity for stakeholder discussion. The response also states that, while the long-term  
9 plan was developed with extensive input from stakeholders, "it is not required to be  
10 'presented to, discussed by, and agreed upon by the stakeholder process' before filing with  
11 the Commission. The Commission process allowed through this proceeding allows  
12 stakeholders additional opportunities to provide feedback on the Long Term Plan."<sup>93</sup>

13 The Company's response to Staff Interrogatory No. 1-7 (b) also states that while  
14 Cadmus sought input from stakeholders throughout the development of the long-term plan,  
15 the Company did not seek feedback or suggestions for modification of the completed long-  
16 term plan "as no such requirement for the Company to seek feedback or suggested  
17 *modifications* exists." [Emphasis in the original] The Company anticipates that  
18 stakeholders will provide additional feedback on the long-term plan in this proceeding.<sup>94</sup>

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<sup>92</sup> See the Company's response to Interrogatory No. 1-7, attached hereto as part of Attachment No. DJD-1.

<sup>93</sup> *Id.*

<sup>94</sup> *Id.*



1           The Company's response to Staff Interrogatory No. 1-7 includes an extensive  
2 explanation of the processes by which the Company sought and received input from  
3 stakeholders in the development of the long-term plan.

4 **Q.   WHAT IS THE COMPANY'S PROPOSED ADMINISTRATIVE PROCESS FOR**  
5 **THE APPROVAL OF PROGRAM MODIFICATIONS AND BUDGET**  
6 **FLEXIBILITY?**

7 **A.**   The long-term plan includes the recommendation that would allow for "mid-phase filings,"  
8 after program approval, to request approval of the addition of new technologies to  
9 programs or address other program modifications as necessary.<sup>95</sup> Company witness Frost's  
10 Schedule 3 provides Dominion's proposed administrative process in support of this  
11 recommendation.

12 **Q.   PLEASE SUMMARIZE THE COMPANY'S PROPOSED ADMINISTRATIVE**  
13 **PROCESS.**

14 **A.**   At a high-level, the Company would be free to seek administrative approval from the  
15 Commission's Division of Public Utility Regulation of "certain limited modifications" to  
16 approved programs, including modification of program measures, incentive amounts, and  
17 program budgets.<sup>96</sup> The Company would file its request and supporting documentation  
18 with the Director of the Commission's Division of Public Utility Regulation and

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<sup>95</sup> Fry Direct at Schedule 1, page 40. Staff notes that this page is also labelled page 42 of 151. The Company's response to Staff Interrogatory No. 7-86 reiterates these points. The Company's response to Staff Interrogatory No. 7-87 provides further explanation and an example of the types of modifications that the Company would and would not consider to be appropriate under the proposed administrative process. The Company's responses to Staff Interrogatory Nos. 7-86 and 7-87 are attached hereto as part of Attachment No. DJD-1.

<sup>96</sup> Frost Direct at Schedule 3, pages 1-2.

1 simultaneously serve copies of the request on all parties to the case in which the program  
2 was approved.<sup>97</sup> Dominion proposes that Staff and the Company would exchange  
3 information informally, as needed, to facilitate Staff's review of the request.<sup>98</sup> The  
4 Company's proposal continues that parties wishing to comment on the Company's  
5 requested modification of programs or budgets would have 30 days from the date of filing  
6 to submit comments to the Commission's Division of Public Utility Regulation with a copy  
7 provided to the Company. Staff would have 60 days from the date of the Company's filing  
8 to notify the Company and all parties of Staff's decision.<sup>99</sup>

9 **Q. HAS THE PROPOSED ADMINISTRATIVE PROCESS BEEN PRESENTED TO**  
10 **THE STAKEHOLDER GROUP?**

11 **A.** No, not in its final, as-filed version in the instant case. The Company's response to Staff  
12 Interrogatory No. 7-91 and 1-7 state that the Company's long-term plan, as a whole, has  
13 not been presented to the Stakeholder Group, but that "findings from research conducted  
14 to inform the plan" as well as progress updates were presented to Stakeholders five times  
15 throughout the development of the long-term plan.<sup>100</sup>

16 **Q. HAS THE PROPOSED ADMINISTRATIVE PROCESS BEEN AGREED UPON BY**  
17 **THE STAKEHOLDER GROUP?**

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<sup>97</sup> *Id.* at Schedule 3, page 1.

<sup>98</sup> *Id.* at Schedule 3, page 2.

<sup>99</sup> *Id.* at Schedule 3, page 3.

<sup>100</sup> *See* the Company's response to Staff Interrogatory No. 7-91, attached hereto as part of Attachment No. DJD-1.

1 A. No. The Company's response to Staff Interrogatory No. 7-92, in part, states that "there is  
2 no legal requirement for the stakeholder group to agree to, vote on, or otherwise vet the  
3 Company's proposal of the Administrative Approval Process."<sup>101</sup>

4 **Q. DOES STAFF HAVE ANY COMMENTS REGARDING THE COMPANY'S**  
5 **PROPOSED ADMINISTRATIVE PROCESS FOR THE MODIFICATION OF**  
6 **APPROVED PROGRAMS AND BUDGETS?**

7 A. Yes, Staff has several comments regarding the Company's proposed administrative  
8 process. First, Staff believes the proposed administrative process for program modification  
9 is a substantial departure from the traditional means of program development, proposal,  
10 review, and *approval*. Staff believes the proposal that Staff be responsible for the approval  
11 of proposed modifications to Commission-approved programs may not comply with Code  
12 § 56-576. It is unclear to Staff that it has the authority to approve modifications to approved  
13 programs given the definition of "in the public interest" contained in Code § 56-576. The  
14 definition of "in the public interest" refers to the *Commission's* determination regarding  
15 whether DSM programs are in the public interest and cost-effective. Traditionally, Staff  
16 develops a detailed record to assist the *Commission* in reaching a judgment on whether a  
17 given program is in the public interest.

18 **Q. WHAT IS STAFF'S SECOND COMMENT?**

19 A. Staff notes that, in support of the Company's requests for program or measure modification,  
20 the Company proposes that it would submit only the results of the Total Resource Cost  
21 Test cost/benefit analysis of the proposed modifications. Staff notes that Code § 56-576

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<sup>101</sup> See the Company's response to Staff Interrogatory No. 7-92, attached hereto as part of Attachment No. DJD-1.

1 specifically identifies the previously-discussed four cost/benefit tests – the Resource Cost  
2 Test, the Participant Test, the Total Resource Cost Test, and the Ratepayer Impact Measure  
3 Test – as the means of analysis for proposed EE or DSM programs. It is not clear to Staff  
4 that the proposal to analyze program modifications based on a single test sufficiently  
5 complies with the provisions of Code § 56-576.

6 Further, it is possible that the changes to a single program may result in changes to  
7 the cost-effectiveness of other programs due to interactive effects within portfolios. As  
8 such, if the Commission approves the proposed administrative process in the instant case,  
9 the Commission may wish to consider requiring the Company to report the cost/benefit test  
10 results for all programs at the portfolio level in its administrative filings. Additionally, the  
11 Commission may wish to require the Company to file the results of the cost/benefit  
12 analyses of ongoing programs both with and without the proposed modifications contained  
13 in its administrative filings.

14 **Q. WHAT IS STAFF'S THIRD COMMENT REGARDING THE PROPOSED**  
15 **ADMINISTRATIVE PROCESS FOR PROGRAM MODIFICATION?**

16 **A.** Although the Company's proposal allows for the notification of and receipt of comments  
17 from parties involved in the original case, it is possible that a proposed modification may  
18 create a scenario in which a party who was not involved in the original case would have  
19 interest or wish to comment on the proposal. Under the Company's proposal, a party that  
20 did not participate in the case in which the program was originally approved would not  
21 necessarily be notified of the proposed modification and, as a result, may not have an  
22 opportunity to review or comment on the Company's proposed modification. Staff believes  
23 this is a flaw in the Company's proposed administrative process.

1 **Q. WHAT IS STAFF'S FOURTH COMMENT REGARDING THE PROPOSED**  
2 **ADMINISTRATIVE PROCESS FOR PROGRAM MODIFICATION?**

3 **A.** Staff believes there are substantial areas of the Company's proposal that lack clarity. First,  
4 it is unclear to Staff how frequently the Company would be permitted to file requests for  
5 program or budget modification. The Company's response to Staff Interrogatory No. 7-88  
6 states that, if approved as proposed, the Company anticipates utilizing the proposed  
7 administrative process "as needed."<sup>102</sup> The response continues that the Company is unable  
8 to quantify the number of programs that the Company may submit for administrative  
9 modification or predict the timing of such submissions.

10 Second, it is unclear to Staff what would constitute "modification" to programs or  
11 measures rather than a substantive program redesign. The Company's response to Staff  
12 Interrogatory No. 7-87 states that the Company would not use the proposed administrative  
13 process to introduce unrelated measures into an existing program but would use filed  
14 program descriptions and designs as a guide to determine the appropriateness of  
15 modifications for proposal.<sup>103</sup> Staff notes, as will be discussed more thoroughly later in  
16 this testimony, that the Company is also proposing to substantially alter its programs and  
17 portfolio in an attempt to streamline the customer experience. Generally, this restructuring  
18 of the Company's portfolios and programs is expected to more broadly define programs,  
19 resulting in discontinuing distinct programs as currently constructed, and instead grouping  
20 them in like categories.

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<sup>102</sup> See the Company's response to Staff Interrogatory No. 7-88, attached hereto as part of Attachment No. DJD-1.

<sup>103</sup> See the Company's response to Staff Interrogatory No. 7-87, attached hereto as part of Attachment No. DJD-1.

1 Third, the Company's proposal states that Staff would communicate its findings –  
2 either approval or denial of the proposed modification(s) – within 60 days of the filing. It  
3 is unclear to Staff on what basis proposed modifications could be denied. Staff notes that  
4 the proposed administrative process would not be as thorough as a formal DSM Update  
5 filing. The Company goes so far as to propose that information be shared informally rather  
6 than through formal discovery as would be the case in a formal proceeding. Staff is not  
7 supportive of such an approach.

8 **Q. WHAT IS STAFF'S POSITION REGARDING THE PROPOSED**  
9 **ADMINISTRATIVE PROCESS?**

10 **A.** As currently structured in the Company's proposal, Staff does not support the approval of  
11 the Company's proposed administrative process. Should the Commission find that  
12 increased flexibility for program administration and implementation is desirable, however,  
13 then Staff has several recommendations for the Commission's consideration.

14 **Q. WHAT ARE STAFF'S RECOMMENDATIONS REGARDING THE PROPOSED**  
15 **ADMINISTRATIVE PROCESS?**

16 **A.** Should the Commission approve such an administrative process, Staff first recommends  
17 that, at a minimum, the Commission require the Company to submit the results of all four  
18 cost/benefit tests with the supporting documentation submitted at the time of the request  
19 for program modification. Staff believes this may sufficiently address the previously raised  
20 concern regarding the requirements of Code § 56-576 that, to be "in the public interest,"  
21 proposed programs pass three of four of the identified tests therein.

1           Second, should the Commission find that an administrative process for the  
2           modification of programs, measures, and program budgets is appropriate, Staff  
3           recommends that the Commission require that the Company present the desired or planned  
4           modifications to the Stakeholder Group prior to submission to the Commission. Staff  
5           believes this would allow interested parties to provide feedback and input on the proposals  
6           and may mitigate Staff's aforementioned comments regarding participation from interested  
7           stakeholders who may not have been a party to the case in which the program was  
8           approved. Additionally, presentation of the Company's proposed modifications to the  
9           Stakeholder Group would increase transparency regarding the Company's proposals for  
10          stakeholders. Staff notes that the Stakeholder Group is an already-established framework  
11          for soliciting and receiving the feedback of interested parties.

12           Lastly, should the Commission desire a more collaborative process in the  
13          Stakeholder Group, Staff submits the alternative that, in addition to the Commission  
14          requiring the Company to present the proposed modification(s) to programs, measures, or  
15          program budgets, the Commission may find it appropriate to require the Stakeholder Group  
16          to reach agreement, through voting or some alternative method, on the proposed program  
17          modifications.

18   **Q.   HOW DOES THE LONG-TERM PLAN PROPOSE TO RECONSIDER THE**  
19   **COMPANY'S PROGRAMS AND PORTFOLIOS?**

20   **A.**   The Company's long-term plan includes a proposal to restructure the Company's existing  
21          37 programs into three sectors composed of seven broad categories.<sup>104</sup> Specifically, Table

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<sup>104</sup> Fry Direct at Schedule 1, page 11. Staff notes that this page is also marked as Page 13 of 151.

1 ES-3<sup>105</sup> on page 18 of Company witness Frost's Direct Testimony provides a visual  
 2 presentation of the proposed restructuring of the Company's portfolios. For convenience,  
 3 Table ES-3 is reproduced, below:

**Table ES-3. Proposed Demand-Side Management Portfolio Structure**

Sectors	Programs	Components	Pathways
Residential	Residential Efficient Products program	Efficient Products  Energy Efficient Kits	<ul style="list-style-type: none"> <li>• Upstream/Marketplace</li> <li>• Midstream Incentives</li> <li>• Downstream Rebates</li> </ul>
	Residential Energy Services program	Home Assessments and Direct Install  Appliance Recycling Customer Engagement	<ul style="list-style-type: none"> <li>• Online Assessment</li> <li>• Walk-through Assessment</li> <li>• Diagnostic Audit</li> </ul>
	Residential New Construction program	Home Assessments and Direct Install Customer Engagement Nonresidential Facilities Audit, Direct Install, and Enhanced Rebates	
Income and Age Qualified	Income and Age Qualified program	Home Assessments and Direct Install Customer Engagement Nonresidential Facilities Audit, Direct Install, and Enhanced Rebates	
	Small Business Solutions program	Prescriptive Rebates  Building Optimization Customer Engagement	<ul style="list-style-type: none"> <li>• Downstream Rebates</li> <li>• Midstream Rebates</li> </ul>
Nonresidential	Large Business Solutions program	Custom Rebates	<ul style="list-style-type: none"> <li>• Feasibility Assessment</li> <li>• Custom Projects</li> <li>• Strategic Energy Management</li> <li>• Building Optimization</li> </ul>
		Facility Audit	
	Nonresidential New Construction program	Prescriptive Rebates	<ul style="list-style-type: none"> <li>• Downstream Rebates</li> <li>• Midstream Rebates</li> </ul>

Note: In addition to the customer-facing programs outlined, Dominion Energy will propose a Voltage Optimization program in its Phase X DSM filing as part of its strategy to achieve VCEA goals.

4 The Company's response to Staff Interrogatory No. 9-97 provided how the  
 5 Company anticipates the proposed Phase X Programs would be assigned under the  
 6 proposed restructuring of the Company's DSM portfolios.<sup>106</sup>

7 Company witness Hubbard's Tables B-1, B-2, and B-3 identify under which  
 8 Pathway, as used in Company witness Frost's Table ES-3, the Company's existing and

<sup>105</sup> It is Staff's understanding that the designation "ES" in Table ES-3 refer to "Executive Summary," as the table is a reproduction of the same table from the long-term plan's Executive Summary section, rather than "Extraordinarily Sensitive."

<sup>106</sup> See the Company's response to Staff Interrogatory No. 9-97, attached hereto as part of Attachment No. DJD-1.



1 active programs would fall. For convenience, Company witness Hubbard's Tables B-1, B-  
 2 2, and B-3 are reproduced below.

**Table B-1. Residential Sector Program Bundles**

<b>Plan Program</b>	<b>Plan Component</b>	<b>Existing Programs</b>
<b>Residential Energy Services Program</b>	Home assessment and Direct Install	Home Energy Assessment Home Retrofit Residential Virtual Audit Manufactured Housing Multifamily
	Customer Engagement Appliance Recycling	Customer Engagement Appliance Recycling Energy Efficient Products Efficient Products Marketplace
<b>Residential Efficient Products Program</b>	Efficient Products	Electric Vehicles Water Savings Smart Thermostat Purchase and Optimization
	Energy Efficient Kits	Smart Home Energy Efficient Welcome Kits
<b>Residential New Construction Program</b>	NA	Residential New Construction

**Table B-2. Income and Age Qualified Sector Program Bundles**

<b>Plan Program</b>	<b>Plan Component</b>	<b>Existing Programs</b>
<b>Income and Age Qualified Program</b>	Home assessment and Direct Install	Income and Age Qualifying Home Improvements
		Residential IAQ Enhancements
		HH2789 (Heating and Cooling/Health and Safety) HH2789 (Solar)
	Non-residential Facilities	Nonresidential IAQ Healthcare and Rental Property Owners
Customer Engagement	Residential IAQ Home Energy Report	

**Table B-3. Non-residential Sector Program Bundles**

Plan Program	Plan Component	Existing Programs
Large Business Solutions Program	Custom Rebates	Building Optimization
		Office Management System Efficiency
	Facility Audit	Non-residential Engagement
		Building Optimization
		Office Management System Efficiency
		Manufacturing and Air System Efficiency
		Lighting Systems and Controls
		Heating and Cooling Efficiency
	Prescriptive Rebates	Agriculture
		Data Center
Hotel and Lodging		
Healthcare		
Multifamily		
Window Film		
Building Automation		
Manufacturing and Air System Efficiency		
Small Business Solutions Program	Prescriptive Rebates	Lighting Systems and Controls
		Heating and Cooling Efficiency
		Agriculture
	Audit, Direct Install and Enhanced Rebates	Multifamily
		Window Film
		Building Automation
		Small Manufacturing and Air System Efficiency
Non-residential New Construction Program	Small Business Improvement Enhanced	
	Building Optimization	
	Office Management System Efficiency	
	Customer Engagement	Building Optimization
NA	Small Business Behavioral	
		Non-residential New Construction

1 **Q. HOW DOES THE COMPANY'S PROPOSED RESTRUCTURING OF ITS DSM**  
 2 **PORTFOLIOS AFFECT PROGRAM BUDGETS?**

3 **A.** The Company's long-term plan states that the Company's proposal would allow the pooling  
 4 of budgets that would provide the Company flexibility in program administration and  
 5 would allow the Company to direct program budgets toward measures that garner the most  
 6 customer interest.<sup>107</sup>

<sup>107</sup> Fry Direct at Schedule 1, page 49; this page is also marked as page 51 of 151.

1 **Q. HOW DOES THE COMPANY PROPOSE TO PERFORM EM&V OF ITS**  
 2 **PROGRAMS UNDER THE PROPOSED RESTRUCTURING OF ITS DSM**  
 3 **PORTFOLIOS?**

4 **A.** The Company's responses to Staff Interrogatory No. 9-97, which asked about the EM&V  
 5 of the proposed Phase X and future programs, states, in part:

6 DNV and the Company are open to discussions regarding the  
 7 presentation of the EM&V results in the future under the proposed  
 8 restructuring of the seven "programs." DNV anticipates that the actual  
 9 EM&V will be at a variety of levels (*i.e.*, program, component, or  
 10 measure), depending on the unique study objectives. The EM&V may  
 11 often be conducted at the measure level to allow the Company, Staff,  
 12 and stakeholders to review the pathways and measures with the highest  
 13 or lowest savings impacts, but certain evaluation activities also may take  
 14 place at other levels (*i.e.*, "program," "component," or "pathway") if the  
 15 impacts are affected by factors such as delivery mechanism or other  
 16 factors (*e.g.*, net-to-gross ratio).<sup>108</sup>

17 The Company's response to Staff Interrogatory No. 9-99, which asked specifically  
 18 about the EM&V of the Company's existing programs, referred to Staff Interrogatory No.  
 19 9-97. The response also states:

20 If the existing and active program structures remains [sic] the same  
 21 within the new framework, DNV will continue to evaluate the programs  
 22 at the same levels as described in the pre-filed EM&V plans for each  
 23 program and report the results at the program level. However, DNV  
 24 remains open to adjusting the EM&V methodologies if the program  
 25 design and implementation of these existing and active programs  
 26 evolve.<sup>109</sup>

27 **Q. DOES THE PROPOSED RESTRUCTURING OF THE COMPANY'S DSM**  
 28 **PORTFOLIOS HAVE ANY IMPLICATIONS FOR RATE DESIGN?**

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<sup>108</sup> See the Company's response to Staff Interrogatory No. 9-97, attached hereto as part of Attachment No. DJD-1.

<sup>109</sup> See the Company's response to Staff Interrogatory No. 9-99, attached hereto as part of Attachment No. DJD-1.

1 A. Yes. As previously mentioned, Code § 56-585.1 A 5, among other things, permits Large  
2 General Service customers to apply for an exemption from participation in and cost  
3 responsibility for the Company's EE programs. The Code still requires these Large General  
4 Service customers to share in cost responsibility for the Company's demand response and  
5 peak shaving programs. The Company's responses to Staff Interrogatory Nos. 9-98 and 9-  
6 100 state, in part, "Under the proposed restructuring of the DSM portfolio, the Company  
7 would continue to track the measure/program costs for demand response and peak shaving  
8 programs separately from energy efficiency program costs."<sup>110</sup>

9 **Q. DOES STAFF HAVE ANY OBSERVATIONS REGARDING THE PROPOSED**  
10 **RESTRUCTURING OF THE COMPANY'S PROGRAMS AND PORTFOLIOS?**

11 A. Yes. Staff notes that this is a substantial shift in the manner in which the Company's  
12 programs would operate. Under the current paradigm, the Company's programs are,  
13 generally, distinct offerings with unique measures.<sup>111</sup> The Company's proposal would, in  
14 the future, allow the Company to more broadly define its programs, as shown in Company  
15 witness Frost's Table ES-3, above. This would allow the Company to combine the types  
16 of measures currently offered under these distinct programs into substantially larger

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<sup>110</sup> See the Company's responses to Staff Interrogatory Nos. 9-98 and 9-100, attached hereto as part of Attachment No. DJD-1.

<sup>111</sup> Staff notes, that there are programs which offer similar measures or services. For example, the Phase VII Residential Home Energy Assessment, Phase VII Residential Manufactured Homes, Phase VIII Residential Home Retrofit, and Phase IX Residential Virtual Home Audit Programs include substantial overlap in the measures offered.

1 programs with significantly greater quantities of measures<sup>112</sup> offered therein. While Staff  
2 is unopposed to the Company's proposed restructuring of its programs and portfolios, Staff  
3 intends to highlight some potential interactions with various other proposals in the  
4 Company's long-term plan later in this testimony for the Commission's consideration.

5 **Q. WHAT IS THE COMPANY'S PROPOSAL REGARDING THE CLOSURE OF**  
6 **PROGRAMS CONTAINED IN THE LONG-TERM PLAN?**

7 **A.** Company witness Frost states that the Company is proposing the elimination of explicit  
8 program expiration or closure dates.<sup>113</sup>

9 **Q. DOES STAFF HAVE ANY COMMENTS REGARDING THE PROPOSAL TO**  
10 **DISCONTINUE HAVING PRE-DETERMINED OR EXPLICIT PROGRAM**  
11 **CLOSURE DATES?**

12 **A.** Yes. Staff believes that the proposal to discontinue having explicit program closure dates,  
13 when combined with the two previously-discussed Company proposals, may have  
14 potentially negative impacts on the ability of interested parties, including Stakeholders, to  
15 analyze program performance or measure efficacy.

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<sup>112</sup> Staff notes that, through Phase VIII, the Company reported 136 unique measures within its programs. Staff notes that this number likely increased with the approval of the Company's Phase IX programs. *See Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: In the matter of baseline determination, methodologies for evaluation, measurement, and verification of existing demand-side management programs, and the consideration of a standardized presentation of summary data for Virginia Electric and Power Company*, Doc. Con. Cen. No. 210420031, Pre-Filed Direct Testimony of David J. Dalton (Apr. 13, 2021) at 34.

<sup>113</sup> Frost Direct at 22-23.

1 **Q. WHAT ARE STAFF'S COMMENTS REGARDING THE ABILITY TO ANALYZE**  
2 **PROGRAMS OR MEASURE EFFICACY POTENTIALLY CAUSED BY THESE**  
3 **THREE PROPOSALS?**

4 **A.** Staff believes there could be a potential interplay involving the Company's separate  
5 proposals to (i) restructure its portfolios and programs, (ii) implement an administrative  
6 process for program modification, and (iii) discontinue having explicit program closure or  
7 expiration dates. Specifically, when considered together, these three Company proposals,  
8 if approved in this case, would permit the Company to potentially propose a broadly-  
9 defined program consisting of a large number of measures; such program could then be  
10 operated until such time as the program's budget (initial or supplemented) was exhausted,  
11 which could be years into the future; and over that period the Company would be permitted  
12 to administratively change the measures contained within these broad programs and adjust  
13 their budgets provided, as stated in Company witness Frost's Schedule 3, "the changes do  
14 not change the target customer groups or reassign costs or benefits from one customer class  
15 to another."<sup>114</sup> Staff believes the multiple factors at play under this scenario could create  
16 difficulty in properly assessing a program's performance or measure efficacy over the  
17 course of its lifespan, in addition to potentially diminishing the Commission's oversight of  
18 these programs.

19 **Q. WHAT IS STAFF'S POSITION REGARDING THE PROPOSED**  
20 **RESTRUCTURING OF THE COMPANY'S PORTFOLIOS AND PROGRAMS**

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<sup>114</sup> Frost Direct, Schedule 3 at 2.

1           **AND THE PROPOSED DISCONTINUATION OF EXPLICIT PROGRAM**  
2           **EXPIRATION OR CLOSURE DATES?**

3   **A.**     Staff takes no position regarding the Commission's approval of the proposed restructuring  
4           of the Company's programs and portfolios and the proposed discontinuation of explicit  
5           program closure dates. Should the Commission wish to give more consideration to Staff's  
6           above comments, the Commission may wish to require the Company to more fully develop  
7           these proposals and, at the Company's discretion, resubmit them in a future DSM  
8           proceeding. Should the Commission desire a more collaborative effort in the Stakeholder  
9           Group, Staff recommends that these proposals be presented to the Stakeholder Group for  
10          further discussion. Additionally, if the Commission wishes to have more oversight over  
11          the development of these proposals, the Commission may wish to consider requiring the  
12          Company to take votes on or attempt to reach agreement in the Stakeholder Group  
13          regarding these proposals and present the results of such efforts to the Commission in its  
14          next DSM Update filing.

15   **Q.**     **PLEASE SUMMARIZE THE LONG-TERM PLAN'S RECOMMENDATION, AND**  
16           **THE COMPANY'S REQUEST, TO USE GROSS SAVINGS TO MEASURE THE**  
17           **COMPANY'S COMPLIANCE WITH THE ENERGY SAVINGS TARGETS**  
18           **CONTAINED IN CODE § 56-596.2.**

19   **A.**     In preparing the long-term plan, Cadmus modeled scenarios for compliance using both  
20          gross energy savings estimates and net energy savings estimates.<sup>115</sup> The long-term plan

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<sup>115</sup> Fry Direct at Schedule 1, pages 6-7. These pages are also labelled pages 8 and 9 of 151. Staff notes that the gross energy savings estimates are referred to as "Track A" while net energy savings estimates are referred to as "Track B" in the long-term plan.

1 also reports that gross savings estimates result in higher reported savings and, thus, require  
 2 less expenditure on DSM programs.<sup>116</sup> Cadmus recommends that the Commission find  
 3 that the use of gross savings estimates be used for compliance with the energy savings  
 4 targets contained in the Code or that the Commission provide guidance on an alternative  
 5 path "as soon as possible to enable the Company to develop a workable compliance strategy  
 6 with sufficient time to adjust its programs to achieve it."<sup>117</sup> Based on this guidance, the  
 7 Company's Petition requests that the Commission approve the use of gross energy savings  
 8 estimates for compliance with the energy savings targets contained in Code § 56-596.2.<sup>118</sup>

9 **Q. DOES STAFF HAVE ANY COMMENTS REGARDING THE USE OF GROSS**  
 10 **ENERGY SAVINGS ESTIMATES FOR COMPLIANCE WITH THE ENERGY**  
 11 **SAVINGS TARGETS CONTAINED IN CODE § 56-596.2?**

12 **A.** Yes. Staff notes that the Uniform Methods Project defines "net savings" as "changes in  
 13 energy use that are attributable to a particular EE program. These changes may  
 14 implicitly or explicitly include the effects of free ridership, spillover, and induced market  
 15 effects."<sup>119</sup> [Emphasis added] "Gross savings," on the other hand, are defined as "changes  
 16 in energy consumption that result directly from program-related actions taken by  
 17 participants of an EE program, regardless of why they participated."<sup>120</sup> Put another way,

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<sup>116</sup> *Id.* at Schedule 1, pages 42-43. Staff notes that these pages are also labelled pages 44 and 45 of 151.

<sup>117</sup> *Id.* at Schedule 1, page 43. Staff notes that this page is also labelled page 45 of 151.

<sup>118</sup> Petition at 13.

<sup>119</sup> Violette, Daniel M. and Pamela Rathbun, *Chapter 17: Estimating Net Savings: Common Practices, The Uniform Methods Project: Methods for Determining Energy Efficiency Savings for Specific Measures*, National Renewable Energy Laboratory, September 2014, at 3. Due to the voluminous nature of the referenced document, Staff is including only the referenced excerpts as part of Appendix C.

<sup>120</sup> *Id.*



1 "net savings" are induced by the program and/or its incentives, while at least some amount  
2 of "gross savings" are expected to have occurred independent of the program's  
3 implementation.<sup>121</sup>

4 Staff also notes that, in its National Survey of State Policies and Practices for  
5 Energy Efficiency Program Evaluation,<sup>122</sup> the ACEEE found that, of the 44 respondents,<sup>123</sup>  
6 approximately 38%, or approximately 17 respondents, reported exclusively using net  
7 energy savings in program evaluation, while approximately 19%, or approximately 8  
8 respondents, reported exclusively using gross energy savings in program evaluation. The  
9 remaining 43% of respondents, or approximately 19 respondents, reported using both net  
10 and gross savings, depending on the purpose.<sup>124</sup>

11 Finally, Staff notes that the Company's response to Staff Interrogatory No. 8-93  
12 notes that the Company utilizes net energy and capacity benefits in the performance of its  
13 cost/benefit analyses.<sup>125</sup>

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<sup>121</sup> Staff further notes that, in the Company's 2020 DSM Case, the Hearing Examiner's Report stated, in part, "...[S]hould the Commission find it appropriate to approve a particular savings metric in this case, I view the Environmental Respondent's interpretation of the statutory target provisions and use of net savings to be persuasive. As reflected above, 'net savings' are directly caused by a DSM Program but 'gross savings' are generated for Program participants without consideration of why they occurred. See Tr. at 106. Because the relevant statutory provisions focus on the development of DSM Programs 'to achieve' energy savings and the level of savings 'achieved' by EE and [demand response] Programs, it would appear appropriate for the Commission to adopt the Environmental Respondent's recommendation regarding the use of the net savings metric. See §§ 56-576 and 56-596.2 of the Code." See 2020 DSM Hearing Examiner's Report at 67, n.584.

<sup>122</sup> York, Dan, Charlotte Cohn, and Martin Kushler, "National Survey of State Policies and Practices for Energy Efficiency Program Evaluation," ("ACEEE EM&V Survey") American Council for an Energy-Efficient Economy ("ACEEE"), October 2012. Due to its voluminous nature, Staff is attaching only the referenced pages of the ACEEE EM&V Survey to this testimony as Appendix C.

<sup>123</sup> The ACEEE EM&V Survey reports receiving responses from 44 respondents. See ACEEE EM&V Survey at 6-7.

<sup>124</sup> See ACEEE EM&V Survey at 37.

<sup>125</sup> See the Company's response to Staff Interrogatory No. 8-93, attached hereto as part of Attachment No. DJD-1.

1           For these reasons, Staff believes the use of net savings estimates is preferable to  
2 gross savings estimates as the metric by which to measure the Company's compliance with  
3 the energy savings targets.

4 **Q. DOES STAFF HAVE ANY OTHER OBSERVATIONS REGARDING THE**  
5 **APPROPRIATE METRIC FOR MEASURING THE COMPANY'S COMPLIANCE**  
6 **WITH THE ENERGY SAVINGS TARGETS CONTAINED IN CODE § 56-596.2?**

7 **A.** Yes. Staff notes that, because the energy savings targets contained in Code § 56-596.2 do  
8 not begin until calendar year 2022, and because the nature of EM&V is backward-looking,  
9 the determination of whether the Company has complied with the energy savings targets  
10 of 2022 will not be able to be made until 2023, when the Company files its EM&V report  
11 for program year 2022. As such, the Commission may wish to defer a finding on the issue  
12 of whether to use net energy savings or gross energy savings to determine the Company's  
13 compliance with the energy savings targets. If the Commission believes that a  
14 determination regarding the appropriate metric for measuring the Company's compliance  
15 with the energy savings targets contained in Code § 56-596.2 is appropriate in the instant  
16 case, Staff recommends that the Commission approve the use of net savings estimates as  
17 the metric by which to measure the Company's compliance with the energy savings targets,  
18 for the reasons previously stated.

19 **Q. HAS THE COMPANY PRESENTED ITS PROPOSAL TO USE GROSS SAVINGS**  
20 **FOR COMPLIANCE WITH THE VCEA ENERGY SAVINGS TARGETS TO THE**  
21 **STAKEHOLDER GROUP?**

1    **A.**    The Company's response to Staff Interrogatory No. 7-73 states that Cadmus presented both  
2           the net and gross paths to compliance with the VCEA energy savings targets to the  
3           Stakeholder Group on November 17, 2021.<sup>126</sup> The response also notes that, during the  
4           February 22, 2022, Stakeholder Group meeting, the Company provided stakeholders an  
5           opportunity to comment on and ask questions about aspects of the long-term plan as a  
6           whole.

7    **Q.**    **WAS THE COMPANY'S PROPOSAL TO USE GROSS SAVINGS TO COMPLY**  
8           **WITH THE VCEA ENERGY SAVINGS TARGETS VOTED ON, APPROVED BY,**  
9           **OR OTHERWISE VETTED BY THE STAKEHOLDER GROUP?**

10   **A.**    The Company's response to Staff Interrogatory No. 7-74 states that Code § 56-596.2 C does  
11           not require a voting process and no such process has been implemented by the independent  
12           monitor.<sup>127</sup>

13   **Q.**    **TURNING TO A DIFFERENT TOPIC OF DOMINION'S LONG-TERM PLAN,**  
14           **PLEASE PROVIDE A HIGH-LEVEL OVERVIEW OF THE PROPOSED**  
15           **INCREASED BUDGET FOR CUSTOMER AWARENESS AND MARKETING.**

16   **A.**    Based on the findings of the long-term plan,<sup>128</sup> the Company requests approval of a \$2.5  
17           million budget for increasing customer awareness of DSM programs and marketing the  
18           programs to the general public.<sup>129</sup> Staff notes that this is generally consistent with Staff

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<sup>126</sup> See the Company's response to Staff Interrogatory No. 7-73, attached hereto as part of Attachment No. DJD-1.

<sup>127</sup> See the Company's response to Staff Interrogatory No. 7-74, attached hereto as part of Attachment No. DJD-1.

<sup>128</sup> Fry Direct at Schedule 1, pages 99 through 104.

<sup>129</sup> Petition at 12-13.

1 recommendations in Case No. PUR-2020-00274,<sup>130</sup> and is pleased to see the Company's  
2 responsiveness to such feedback.

3 **Q. WHAT IS STAFF'S POSITION REGARDING THE PROPOSED BUDGET**  
4 **INCREASE FOR MARKETING THE COMPANY'S DSM PROGRAMS?**

5 **A.** Staff is unopposed to the requested budget increase for marketing and increasing customer  
6 awareness of Dominion's DSM programs. Staff believes the Company's requested budget  
7 increase for marketing and customer awareness is consistent with Staff's recommendations  
8 in Case No. PUR-2020-00274 and may result in the stated desired outcome of increasing  
9 customer participation.

**EM&V of Existing Programs**

10 **Q. DID THE COMPANY PROVIDE AN UPDATE ON THE EM&V ACTIVITIES**  
11 **AND RESULTS OF THE EXISTING AND ACTIVE PROGRAMS?**

12 **A.** Yes. Appendix C of Company witness Feng's Pre-Filed Direct Testimony provides the  
13 Company's EM&V report for calendar year 2020, also filed May 14, 2021 in Case No.  
14 PUR-2019-00201.

15 **Q. PLEASE DESCRIBE THE EM&V METHODOLOGIES EMPLOYED FOR THE**  
16 **COMPANY'S EXISTING AND ACTIVE PROGRAMS.**

17 **A.** The Company's response to Staff Interrogatory Nos. 6-72 and 8-94 provide the current  
18 methodologies, either the "Deemed Savings Approach" or "Evaluated Savings Approach,"

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<sup>130</sup> See *Petition of Virginia Electric and Power Company, For approval of its 2020 DSM Update pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUR-2020-00274, Doc. Con. Cen. No. 210510135, Pre-Filed Direct Testimony of Staff witness Andrew T. Boehnlein (May 7, 2021) at 43-45.

1 employed for each of the existing and active programs. The Company's response to Staff  
2 Interrogatory No. 6-72 provides a general overview of the use of the Deemed Savings and  
3 Evaluated Savings Approaches and when, generally, the Company intends to employ  
4 which method.<sup>131</sup> The Company's response to Staff Interrogatory No. 8-94 identifies which  
5 active programs are being evaluated under the Deemed Savings Approach and which are  
6 being evaluated under the Evaluated Savings Approach.<sup>132</sup>

7 **Q DOES STAFF HAVE ANY COMMENTS REGARDING THE COMPANY'S**  
8 **EM&V AS REPORTED IN THE INSTANT CASE?**

9 **A.** Based on the Company's response to Staff Interrogatory No. 8-94, it appears that, at  
10 present, the majority of the Company's active programs are evaluated using the Deemed  
11 Savings Approach. In its 2020 EM&V Final Order, the Commission found, among other  
12 things, that "deemed input values meet the measured and verified standard for determining  
13 compliance with the energy saving requirements of the VCEA."<sup>133</sup> As such, Staff is  
14 unopposed to the Company's reported EM&V activities and results.

15 Staff also notes that the Commission's 2020 EM&V Final Order stated:

16 The Commission expects the Company and other stakeholders to  
17 discuss the appropriateness of using deemed savings versus other  
18 methods in their stakeholder meetings and present any  
19 recommendations on the preferred methodology for each program  
20 or for a portfolio of programs as part of the Company's annual DSM  
21 Update filings.<sup>134</sup> [Footnote omitted]

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<sup>131</sup> See the Company's response to Staff Interrogatory No. 6-72, attached hereto as part of Attachment No. DJD-1.

<sup>132</sup> See the Company's response to Staff Interrogatory No. 8-94, attached hereto as part of Attachment No. DJD-1.

<sup>133</sup> 2020 EM&V Final Order at 12.

<sup>134</sup> *Id.* at 12-13.

1 Staff again notes that, as of this filing, the EM&V Subgroup of the Stakeholder Group has  
2 not yet reached any definitive conclusions with regard to the Commission's guidance  
3 pertaining to any specific program or measure as of the time of this writing. Staff expects  
4 the EM&V Subgroup to have subsequent meetings on how best to address the  
5 Commission's guidance.

#### **EM&V Dashboard**

6 **Q. DID THE COMPANY PROVIDE AN EM&V DASHBOARD SUMMARIZING THE**  
7 **2020 DSM PROGRAM PERFORMANCE IN COMPLIANCE WITH THE**  
8 **COMMISSION'S 2020 EM&V FINAL ORDER?**

9 **A.** Yes. Company witness Frost's Schedule 1 provides the EM&V Dashboard, as directed in  
10 the 2020 EM&V Final Order.

#### **VCEA and GTSA Compliance**

11 **Q. WHAT DOES THE CODE § 56-596.2 C REQUIRE RELATIVE TO THE**  
12 **COMPANY'S ENERGY EFFICIENCY PROGRAMS?**

13 **A.** Code § 56-596.2 C requires Dominion to propose energy efficiency programs with an  
14 aggregate cost of at least \$870 million between July 1, 2018 and July 1, 2028.<sup>135</sup>

15 **Q. WHAT IS THE COMPANY'S PROGRESS TOWARDS MEETING THIS**  
16 **REQUIREMENT?**

17 **A.** Company witness Bates states that the Company has, including the instant Petition,  
18 proposed approximately \$605 million.<sup>136</sup>

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<sup>135</sup> Code § 56-596.2 C.

<sup>136</sup> Bates Direct at 10.

1 **Q. ARE THE CODE REQUIREMENTS RELATED TO SAVINGS TARGETS TO BE**  
 2 **ACHIEVED BY THE COMPANY'S ENERGY EFFICIENCY PROGRAMS?**

3 **A.** Yes. Code § 56-596.2, in part, establishes savings targets as a percentage of the Company's  
 4 2020 jurisdictional retail sales from 2022 through 2025.<sup>137</sup> The Company's savings targets  
 5 are shown in Table 1, below:

<b>Year</b>	<b>Energy Savings Target (% of 2019 Sales)</b>
2022	1.25%
2023	2.5%
2024	3.75%
2025	5%

6 The Code directs the Commission to establish new energy efficiency savings targets  
 7 for Dominion for the period 2026 through 2028 and each successive three-year period.<sup>138</sup>

8 **Q. DOES THE COMPANY ANTICIPATE COMPLYING WITH THE ENERGY**  
 9 **SAVINGS TARGETS REQUIRED BY THE CODE?**

10 **A.** Company witness Frost provides the Company's projected progress towards these goals  
 11 using both net and gross energy savings in his Schedule 2. Staff notes that, because the  
 12 energy savings targets do not begin until 2022 and because of the backward-looking nature  
 13 of EM&V, the determination of whether the Company has complied with the energy  
 14 savings targets of 2022 will not be able to be made until 2023, when the Company files its  
 15 EM&V report for program year 2022. A summary of the Company's projected progress  
 16 towards the energy savings targets contained within Code § 56-596.2 is shown in Table 2,  
 17 below. Staff notes that the projections below include anticipated savings associated with

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<sup>137</sup> Code § 56-596.2 B 2.

<sup>138</sup> Code § 56-596.2 B 3.

1 the proposed Phase X Programs as well as future proposals which the Company labels  
2 "DSM11" and "DSM12" in Company witness Frost's Schedule 2.

<b>Year</b>	<b>Code-Required % of 2019 Juris. Sales</b>	<b>Projected Net Energy Savings % of 2019 Juris. Sales</b>	<b>Projected Gross Energy Savings % of 2019 Juris. Sales</b>
2022	1.25%	1.6%	2.1%
2023	2.5%	2.2%	2.9%
2024	3.75%	2.8%	3.6%
2025	5%	3.3%	4.2%

3 Staff notes that the future, hypothetical DSM11 and DSM12 programs are not  
4 projected to begin producing energy savings until 2024 and 2025, respectively. Excluding  
5 savings associated with these hypothetical programs, the use of net energy savings as the  
6 metric for compliance with the energy savings targets contained in Code § 56-596.2 results  
7 in a decrease in projected savings as a percentage of 2019 jurisdictional retail sales to 2.7%  
8 and 3.1% in years 2024 and 2025, respectively. If gross energy savings are used as the  
9 metric for compliance with the energy savings targets contained in Code § 56-596.2,  
10 excluding DSM11 and DSM12 programs results in decreases to 3.5% and 4.0% of 2019  
11 jurisdictional retail sales in 2024 and 2025, respectively.

12 **Q. DOES STAFF HAVE ANY COMMENTS REGARDING THE PROJECTED**  
13 **ENERGY SAVINGS PRESENTED IN TABLE 2, ABOVE?**

14 **A.** Staff notes that the Company anticipates meeting the 2022 energy savings target using  
15 either net or gross energy savings. Beginning in 2023 and through 2025, the Company  
16 anticipates failing to achieve the energy savings targets on a net energy savings basis. On  
17 a gross energy savings basis, the Company anticipates meeting the 2023 energy savings  
18 target, and failing to meet the 2024 and 2025 energy savings targets. Staff reiterates its



1 recommendation that the Commission require the Company to use the net energy savings  
2 estimates for purposes of determining compliance with the energy savings targets.

**Allocation of the Revenue Requirement**

3 **Q. PLEASE DISCUSS THE COMPANY'S METHODOLOGY FOR ALLOCATING**  
4 **THE REVENUE REQUIREMENTS TO ITS JURISDICTIONAL RATE CLASSES.**

5 **A.** Company witness Hewett provides the proposed methodology for the allocation of the  
6 proposed Revenue Requirements to the Company's jurisdictional rate classes. Company  
7 witness Hewett states that the methodology for allocating the Revenue Requirements to  
8 Dominion's Virginia Jurisdiction is the same as was approved in the Company's 2020 DSM  
9 case, Case No. PUR-2020-00274.<sup>139</sup> This includes the direct assignment of program costs  
10 to the jurisdiction based on participation in the programs and the allocation of indirect, or  
11 common, costs to the jurisdiction based on the jurisdictional program costs compared to  
12 total program costs for the system. The allocation factors and their development used to  
13 allocate the common costs for each program are shown in Company witness Hewett's  
14 Schedule 2.

15 **Q. HOW ARE THE ASSIGNED AND ALLOCATED JURISDICTIONAL COSTS**  
16 **THEN ALLOCATED TO THE COMPANY'S CUSTOMER CLASSES?**

17 **A.** Company witness Hewett states that the Rider C1A jurisdictional Revenue Requirement is  
18 allocated to all customer classes using the Company's Factor 1 allocation factor.<sup>140</sup>

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<sup>139</sup> Pre-Filed Direct Testimony of Company witness Christopher C. Hewett ("Hewett Direct") at 3.

<sup>140</sup> Hewett Direct at 3.

1 Rider C2A is allocated to customers utilizing Adjusted Factor 1 to remove large  
2 general service customers, as defined by the VCEA, that have opted out from participation  
3 in the Company's energy efficiency programs. This is consistent with the Commission's  
4 Final Order in Case No. PUR-2020-00172<sup>141</sup> and the allocation methodology approved by  
5 the Commission in Case No. PUR-2021-00274.

6 Rider C3A consists only of True-Up Costs due to the transition to Rider C4A. The  
7 revenue requirement of Rider C3A is allocated to customers using Adjusted Factor 1 to  
8 exclude large general service customers that were exempt under the GTSA.<sup>142</sup>

9 Rider C4A will be allocated to all customer classes based on Adjusted Factor 1 to  
10 exclude large general service customers that opt-out as provided for in the VCEA and as  
11 approved in the Commission's Final Order in Case No. PUR-2020-00172.<sup>143</sup>

#### Riders C1A, C2A, C3A, and C4A

12 **Q. WHAT ARE THE COMPANY'S REQUESTED REVENUE REQUIREMENTS**  
13 **FOR THE PROPOSED RIDERS C1A, C2A, C3A, AND C4A?**

14 **A.** The Company requests approval of a total Rider C1A revenue requirement is \$2,269,723.  
15 The total revenue requirement proposed for Rider C2A is (\$3,329,892). The total revenue  
16 requirement proposed for Rider C3A is (\$16,513,612). The total revenue requirement  
17 proposed for Rider C4A is \$108,234,299. Cumulatively, the proposed revenue requirement

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<sup>141</sup> *Id.* at 3-4.

<sup>142</sup> *Id.* at 4.

<sup>143</sup> *Id.*

1 for which the Company seeks approval is \$90,660,518.<sup>144</sup> The Company's proposed  
2 revenue requirements are discussed in more detail by Staff witness Morgan.

3 **Q. PLEASE DESCRIBE THE PROPOSED SURCHARGES TO BECOME**  
4 **EFFECTIVE SEPTEMBER 1, 2022.**

5 **A.** The Company's proposed Riders C1A, C2A, C3A, and C4A are displayed in Company  
6 witness Catron's Pre-Filed Direct Testimony at Schedule2. The jurisdictional revenue  
7 requirement assigned to each customer class for Riders C1A, C2A, C3A, and C4A,  
8 calculated and allocated as described by Company witnesses Hewett and Wooldridge, and  
9 then divided by that class' respective projected kilowatt-hour ("kWh") sales for the 12  
10 months ending August 31, 2023.<sup>145</sup> The customer class rates are then used to develop  
11 charges applicable to each individual rate schedule.

12 **Q. PLEASE DISCUSS THE IMPACT OF THE COMPANY'S PROPOSED**  
13 **SURCHARGES ON TYPICAL CUSTOMER BILLS.**

14 **A.** The typical bill impacts for the Residential Schedule 1, General Service Schedules GS-1,  
15 GS-2, GS-3, and GS-4, and Church Schedule 5C are shown in Schedule 3 of Company  
16 witness Catron's Schedule 3. Company witness Catron states that the total cumulative  
17 impact of proposed Riders C1A C2A, C3A, and C4A would be an increase of \$0.29 per  
18 month, from \$132.83 to \$133.12, for a residential customer using 1,000 kWh per month.<sup>146</sup>

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<sup>144</sup> *Id.* at 9.

<sup>145</sup> Pre-Filed Direct Testimony of Company witness Emelia L. Catron ("Catron Direct") at 3.

<sup>146</sup> Catron Direct at 6.

1 **Q. DOES STAFF HAVE ANY ADDITIONAL COMMENTS REGARDING RIDERS**  
2 **C1A, C2A, C3A, AND C4A SURCHARGES PROPOSED IN THIS CASE?**

3 **A.** Yes. Should the Commission approve an individual revenue requirement or multiple  
4 revenue requirements that differ from the Company's requested revenue requirements in  
5 the instant case, Staff recommends that Riders C1A, C2A, C3A, and C4A surcharges  
6 should be adjusted proportionately. Consequently, if the revenue requirements are lower  
7 than proposed, the Riders C1A, C2A, C3A, and C4A surcharges should be proportionately  
8 lower. This recommendation is intended to maintain the revenue apportionment and rate  
9 design proposed by the Company in this case.

#### **Conclusions and Recommendations**

10 **Q. WHAT ARE STAFF'S CONCLUSIONS AND RECOMMENDATIONS**  
11 **REGARDING THE ENERGY EFFICIENCY STAKEHOLDER GROUP AND ITS**  
12 **SUBGROUPS?**

13 **A.** As will be discussed in more detail below, the Company presented the proposed Phase X  
14 Programs to the Stakeholder Group and received feedback on these programs. Staff notes,  
15 however, that the Stakeholder Group did not arrive at explicit consensus or vote on the  
16 Stakeholder Group's disposition regarding the proposed programs. Staff takes no position  
17 on the appropriateness of voting or the seeking of agreement on program designs in the  
18 Stakeholder Group; however, should the Commission desire such an agreement be reached  
19 in the Stakeholder Process, the Commission may wish to consider requiring voting,  
20 possibly non-binding on the Company, or some other process to reach agreement, the  
21 results of which could be presented to the Commission in subsequent DSM Update filings  
22 to further develop the record on the proposed programs in future cases.

1 **Q. PLEASE SUMMARIZE YOUR CONCLUSIONS AND RECOMMENDATIONS**  
2 **REGARDING THE PROPOSED PHASE VII RESIDENTIAL EFFICIENT**  
3 **PRODUCTS MARKETPLACE AND PHASE VII NON-RESIDENTIAL**  
4 **LIGHTING SYSTEMS AND CONTROLS PROGRAMS.**

5 **A.** The proposed budget increase of the Phase VII Residential Efficient Products Marketplace  
6 Program and proposed extension of the Phase VII Non-Residential Lighting Systems and  
7 Controls Program were presented to the Stakeholder Group. Staff's review of the results  
8 of the Company's Cost/Benefit analyses of these proposals found that, based on the  
9 Company's assumptions, the proposed programs pass at least three of the four Cost/Benefit  
10 tests required by Code § 56-576. As such, Staff is not opposed to the proposed extension  
11 of the Phase VII Non-Residential Lighting Systems and Controls Program or the proposed  
12 budget increase to the Phase VII Residential Efficient Products Marketplace Program.

13 **Q. PLEASE SUMMARIZE YOUR GENERAL CONCLUSIONS AND**  
14 **RECOMMENDATIONS REGARDING THE PROPOSED PHASE X PROGRAMS**  
15 **IN THE INSTANT CASE.**

16 **A.** Staff is not opposed to the Commission's approval of the proposed Phase X Programs, but  
17 offers an alternative for the Commission's consideration regarding the proposed Phase X  
18 Voltage Optimization (EE) Program. As noted above, the Proposed Phase X Programs  
19 were presented to the Stakeholder Group and the Company received feedback regarding  
20 the programs. Staff's review of the Company's Cost/Benefit analyses of the proposed Phase  
21 X Programs found that, based on the Company's planning assumptions, each of the  
22 proposed Phase X Programs passes at least three of the four Cost/Benefit tests, with the  
23 exception of the proposed Phase X Non-Residential Income and Age Qualifying

1 Healthcare and Rental Property Owners, Residential Income and Age Qualifying  
2 Enhancement, and Residential Income and Age Qualifying Home Energy Report  
3 Programs. Staff notes that, under the definition of "in the public interest" provided in Code  
4 § 56-576, the Commission may deem these programs to be in the public interest if the  
5 Commission determines that they "provide[] measurable and verifiable savings to low-  
6 income customers or elderly customers..."<sup>147</sup> As such, Staff is unopposed to the  
7 Company's proposed Phase X Programs.

8 Staff notes that, while the Company has included the proposed Phase X Voltage  
9 Optimization (EE) Program as part of its energy efficiency programs, the program may  
10 also be appropriately considered an "electric distribution grid transformation project" under  
11 Code § 56-576. The Company states that, under the proposed program, the program neither  
12 requires nor does the Company anticipate customer behavioral changes as a result of the  
13 program.

14 Staff also notes that, under Code § 56-585.1 A 5 c, Large General Service  
15 customers with demands of 1 MW or greater may petition the Company to be exempt from  
16 participation in and cost responsibility for the Company's energy efficiency programs. No  
17 such exemption exists for Electric Distribution Grid Transformation projects. The  
18 Company, as of this filing, has not developed an estimate of how many Large General  
19 Service customers that are or may become exempt under Code § 56-585.1 A 5 c may be  
20 served by circuits treated under the proposed Phase X Voltage Optimization (EE) Program.  
21 All customers served by a circuit that is treated under the proposed program, including  
22 exempt or potentially exempt Large General Service customers, will receive the benefits

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<sup>147</sup> Code § 56-576.

1 of voltage optimization. Unlike other energy efficiency programs, it is not possible to  
2 prevent exempt customers on these circuits from receiving the benefits of voltage  
3 optimization. If the Commission determines that all customers that directly benefit from  
4 the program share in the responsibility for its costs, then Staff believes the proposed Phase  
5 X Voltage Optimization (EE) Program may be more appropriately considered as an  
6 Electric Distribution Grid Transformation project.

7 **Q. PLEASE SUMMARIZE YOUR CONCLUSIONS AND RECOMMENDATIONS**  
8 **REGARDING THE COMPANY'S PROPOSED EM&V PLANS FOR THE**  
9 **PROPOSED PROGRAMS.**

10 **A.** Company witness Feng's Appendix B provides the proposed EM&V Plans for the proposed  
11 Phase X Programs. The Commission's 2020 EM&V Final Order, among other things,  
12 directed the Company and stakeholders to "discuss the appropriateness of using deemed  
13 savings versus other methods in their stakeholder meetings and present any  
14 recommendations on the preferred methodology for each program or portfolio of programs  
15 as part of the Company's annual DSM Update filings." Staff notes that, due to the timing  
16 of the Commission's 2020 EM&V Final Order and the Company's filing in the instant case,  
17 the Company did not develop the proposed EM&V Plans with sufficient time for the  
18 Stakeholder Group to review or provide input on them.<sup>148</sup> If the Commission does not take  
19 issue with the EM&V Plans not being reviewed by the Stakeholder Group or EM&V  
20 Subgroup prior to the Company's filing of its Petition, then Staff is not opposed to the  
21 Commission's approval of the EM&V Plans.

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<sup>148</sup> See the Company's response to Staff Interrogatory No. 1-5, attached hereto as part of Appendix A.

1 Q. WHAT ARE STAFF'S CONCLUSIONS AND RECOMMENDATIONS  
2 REGARDING THE PROPOSED FUTURE CLOSURE OF THE PHASE I AC  
3 CYCLING PROGRAM?

4 A. Staff's review found that, based on the Company's assumptions, the Phase I AC Cycling  
5 Program passes none of the four Cost/Benefit tests required by Code § 56-576. Staff is  
6 unopposed to the proposed future closure of the Phase I AC Cycling Program.

7 Q. PLEASE SUMMARIZE YOUR CONCLUSIONS AND RECOMMENDATIONS  
8 REGARDING THE COMPANY'S PROPOSED LONG-TERM PLAN IN THE  
9 INSTANT CASE.

10 A. Staff's conclusions and recommendations regarding the proposed long-term plan in the  
11 instant case are as follows:

12 - Staff does not support the Company's administrative process to modify  
13 programs, measures, and budgets as it is proposed. Staff identified  
14 several issues related to the administrative process for the Commission's  
15 consideration, including:

16 ○ It is unclear to Staff that, under Code § 56-576, Staff would have  
17 the authority to approve modifications to approved programs  
18 given that Code § 56-576 specifically refers to the *Commission's*  
19 determination regarding whether DSM programs are in the  
20 public interest and cost-effective.

21 ○ The Company proposes only to submit the Total Resource Cost  
22 Test results for analysis of the proposed modifications. Staff  
23 notes that Code § 56-576 specifically identifies four cost benefit  
24 tests and states that, to be found in the public interest, programs  
25 other than low-income or age-qualifying programs must pass  
26 three of the four tests.

27 ○ Staff is also concerned that the proposed administrative process  
28 may limit transparency as well as participation and input from  
29 interested parties in its proposed form.  
30



- 1 - Staff recommends that, should the Commission approve the Company's  
2 proposed administrative process, at a minimum the Commission require  
3 the Company to submit the results of all four cost/benefit tests identified  
4 in Code § 56-576 with requests for program modification.
- 5 - Staff also recommends that, should the Commission approve the  
6 Company's proposed administrative process, the Commission require  
7 the Company to present desired or planned modifications to the  
8 Stakeholder Group prior to seeking approval for the modifications to  
9 allow interested parties to provide feedback and input on the proposals.
- 10  
11 - Further, should the Commission desire a more collaborative process in  
12 the Stakeholder Group, in addition to the Commission requiring the  
13 Company to present the proposed modification(s) to programs,  
14 measures, or budgets, the Commission may wish to require the  
15 Stakeholder Group to vote on or otherwise reach agreement on the  
16 Company's proposed modifications.
- 17 - Staff is unopposed to the Company's request for an increase to its budget  
18 for marketing and increasing customer awareness of its DSM programs.
- 19 - If the Commission believes that a determination as to the use of net  
20 savings estimates or gross savings estimates as the metric for measuring  
21 the Company's compliance with the energy savings targets contained in  
22 Code § 56-596.2 is appropriate in the instant case, Staff recommends  
23 that the Commission require the Company to use net energy savings  
24 estimates as the metric for measuring such compliance.
- 25 - The Company's long-term plan includes the request to restructure the  
26 Company's programs and portfolios into seven more broadly defined  
27 categories of programs. Staff is not opposed to the Company's proposed  
28 restructuring; however, Staff has identified several possible concerns  
29 for the Commission's consideration regarding the interplay between the  
30 proposal to restructure the programs and portfolios, the proposed  
31 administrative process, and the proposal to discontinue explicit program  
32 closure dates, which is discussed below.
- 33 - The Company's long-term plan includes the proposal to discontinue  
34 explicit program closure dates. Considered with the Company's above-  
35 discussed proposals to restructure the programs and portfolios and to  
36 permit the Company to administratively modify programs after the  
37 Commission has approved them, Staff believes that there could be a  
38 potential interplay involving these separate proposals. The Company's  
39 proposals, considered together, would permit the Company to receive  
40 approval for a broadly-defined program composed of numerous  
41 measures, for an indeterminate period of time, and would permit the

1 Company to modify the programs with only administrative review by  
2 Staff. Staff believes that multiple factors at play under this scenario  
3 could create difficulty in properly assessing a program's performance or  
4 measure efficacy over the course of its lifespan as well as potentially  
5 diminishing the Commission's oversight of these programs.

6 **Q. PLEASE SUMMARIZE STAFF'S CONCLUSIONS AND**  
7 **RECOMMENDATIONS REGARDING THE EM&V ACTIVITIES AND**  
8 **RESULTS OF THE COMPANY'S EXISTING AND ACTIVE PROGRAMS.**

9 **A.** Staff notes that, at present, the majority of the Company's existing programs are  
10 evaluated using the Deemed Savings Approaches included in Company witness  
11 Feng's Appendix C.<sup>149</sup> Based on the guidance provided in the Commission's 2020  
12 EM&V Final Order that deemed savings were sufficient for compliance with the  
13 VCEA energy savings targets, Staff unopposed to the Company's EM&V activities  
14 and results as reported.

15 **Q. PLEASE SUMMARIZE STAFF'S CONCLUSIONS AND**  
16 **RECOMMENDATIONS REGARDING THE COMPANY'S PROGRESS**  
17 **TOWARDS THE REQUIREMENT THAT THE COMPANY PROPOSE**  
18 **\$870 MILLION IN ENERGY EFFICIENCY PROGRAMS BY JULY 1, 2028,**  
19 **AS CONTAINED IN THE GTSA.**

20 **A.** Staff's review found that the Company reports having proposed approximately \$605  
21 million in energy efficiency programs, including the proposed Phase X Programs  
22 in the instant Petition, since July 1, 2018.

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<sup>149</sup> See the Company's response to Staff Interrogatory No. 8-94, attached hereto as part of Attachment No. DJD-1.

1 **Q. PLEASE SUMMARIZE STAFF'S CONCLUSIONS AND**  
2 **RECOMMENDATIONS REGARDING THE COMPANY'S PROGRESS**  
3 **TOWARDS THE VCEA SAVINGS TARGETS.**

4 **A.** Staff's review of Company witness Frost's Schedule 2 found that, under a scenario  
5 in which net energy savings are used as the metric for compliance with the VCEA's  
6 energy savings targets, the company anticipates achieving the target in 2022, but  
7 failing to achieve the targets of 2023, 2024, and 2025. Company witness Frost  
8 projects that, using gross energy savings for compliance with the VCEA's energy  
9 savings targets, the Company anticipates achieving the targets in 2022 and 2023  
10 but failing to achieve the targets in 2024 and 2025.

11 Staff notes that, due to the backward-looking nature of EM&V, the  
12 determination of the Company's compliance with the 2022 targets will not be able  
13 to be made until 2023 with the Company's filing of its EM&V Report for program  
14 year 2022.

15 **Q. WHAT ARE STAFF'S CONCLUSIONS AND RECOMMENDATIONS**  
16 **REGARDING THE PROPOSED RATES FOR RIDERS C1A, C2A, C3A,**  
17 **AND C4A?**

18 **A.** Staff does not oppose the Company's proposed rate design or allocation methodologies for  
19 Riders C1A, C2A, C3A, or C4A. The total bill impact for a residential customer using  
20 1,000 kWh per month would increase by \$0.29 month, from \$132.83 to \$133.12 for the  
21 Rate Year. Staff recommends that, should the Commission approve a revenue requirement  
22 that differs from the Company's requested revenue requirements in the instant case, Staff  
23 recommends that Riders C1A, C2A, C3A, and C4A surcharges should be adjusted

1 proportionately. Consequently, if the revenue requirements are lower than proposed, the  
2 Riders C1A, C2A, C3A, and C4A surcharges should be proportionately lower. This  
3 recommendation is intended to maintain the revenue apportionment and rate design  
4 proposed by the Company in this case.

5 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

6 **A.** Yes, it does.