



PROGRAMS
 ADMINISTRATION
 GAS AND OIL
 GEOLOGY AND MINERAL RESOURCES
 MINED LAND REPURPOSING
 MINERAL MINING
 MINES
 OFFSHORE WIND
 RENEWABLE ENERGY & ENERGY EFFICIENCY

22053009

COMMONWEALTH OF VIRGINIA

Virginia Department of Energy

Washington Building / 8th Floor
 1100 Bank Street
 Richmond, Virginia 23219-3638
 (804) 692-3200 FAX (804) 692-3237
www.energy.virginia.gov

2022 MAY 17 A 8:15
 SCC-CLERK'S OFFICE
 DOCUMENT CONTROL CENTER

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

May 16, 2022

RE: Virginia Department of Energy Comments on Dominion Energy's Offshore Wind Facility in Case PUR-2021-00142 (Virginia Electric and Power Company - For approval and certification of the Coastal Virginia Offshore Wind Commercial Project and Rider Offshore Wind)

Dear Mr. Peck,

On November 5, 2022, Virginia Electric and Power Company ("Dominion" or the "Company") filed an application for a 2,587 MW offshore wind facility in the Virginia Wind Energy Area (WEA) per § 56-585.1:11 of the Code of Virginia. The Virginia Department of Energy (Virginia Energy) is submitting the following comments for the Commission's consideration.

Offshore wind presents an opportunity to introduce a new industrial sector to Virginia's economic future. As an emerging industry in the US, activity associated with hosting large sections of the offshore wind supply chain during the development of this project can validate Virginia's potential to host a U.S. East Coast supply chain hub. Investment to establish the offshore wind industry in Virginia should be viewed within the wider context of the overall benefit the industry offers. States that can rapidly advance their local offshore wind industry are likely to have a "first-mover" advantage in capturing the jobs and economic activity associated with the supply chain required to support the 30 GW of offshore wind expected to be developed along the East Coast by 2030. Virginia Energy also strongly supports the need to protect the interests of ratepayers. To that end, Virginia Energy recommends the Commission's order in this proceeding include additional reporting requirements and a performance guarantee in the event that it approves the project.

If approved, this project will provide valuable data on the realities of developing large-scale offshore wind facilities and attaining cost improvement. Virginia Energy recommends the Commission establish a mechanism beyond the currently mandated annual rider filing that would ensure that data regarding project development, project costs, economic impact and other key factors would be made available. The lack of history on cost and associated impact on ratepayers makes it vital that key data points are captured and shared. This has particular relevance given that an additional project of equivalent scale has been deemed in the public interest if constructed or purchased prior to 2035. Cost prudence on any further development must include the historical evidence from this project. The agency agrees with the company's proposal for a biannual update and would recommend that some key metrics for economic development, such as jobs created and the value of supplier contracts with Virginia-located businesses, be included.¹

The public interest declaration contained in § 56-585.1:11 C requires that the projected levelized cost of energy (LCOE) of the project does not exceed 1.4 times the comparable cost of a conventional simple cycle combustion turbine generating facility as estimated by the U.S. Energy Information Administration in its Annual Energy Outlook 2019. The company has calculated a capacity factor of 42% for the facility and this figure is a key component of the

¹ Virginia Electric and Power Company Rebuttal Testimony (Bennett), 15-16

calculation that results in the LCOE meeting the statutory requirement. As the company's LCOE projection is premised on capacity factor, Virginia Energy supports Commission Staff's suggestion of a performance guarantee.²

Sincerely,

John Warren
Director, Virginia Energy

22053009
600E50Z

² Staff Witness (Kuleshova), 82-85