

Commonwealth of Virginia
2022 SEP -8 P 3: 14
STATE CORPORATION COMMISSION
DIVISION OF PUBLIC UTILITY REGULATION

MEMORANDUM

Date: 9/8/2022

To: Document Control

From: Michelle Brown-White, Division of Public Utility Regulation

RE: Virginia Electric and Power Company - For approval and certification of the Coastal Virginia Offshore Wind Commercial Project and Rider Offshore Wind

Attached is a comment submitted to the Commission for consideration.
Please enter in the case jacket for Case No. **PUR-2021-00142**.

Thank you.

Suburban Virginia Republican Coalition

NOT FOR DISTRIBUTION

Date: Aug. 31, 2022

From: Suburban Virginia Republican Coalition (SUVGOP)
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To: Mr. Bernard Logan, Clerk
Virginia State Corporation Commission
Attention Document Control Center
P.O.Box 2118
Richmond, VA 23219

Re: PUR - 2021-00142
Petition of Virginia Electric Power Company
for Limited Reconsideration

COMMENTS OF THE SUBURBAN VIRGINIA
REPUBLICAN COALITION

Sir:

Where Dominion Energy has deliberately chosen to accept uncontrollable risk, the State Corporation Commission has inherent authority, under Virginia's Constitution, to order protection for consumers.

In its Petition for Reconsideration, the Virginia Electric Power Company ("Dominion") requests that the Commission remove the "performance guarantee" adopted by the Commission in its Final Order dated Aug 5, 2022. Dominion states that "the Commission's unprecedented imposition of an involuntary performance guarantee condition on its approvals is untenable", and that if the performance guarantee is ordered,"it will prevent the Project from moving foward and the Company will be forced to terminate all development and construction activities".

Dominion further argues that the Commission "lacks authority" to impose such a condition, because the enabling legislation authorizing the Project - the Virginia Clean Economy Act -

directed that "costs can be disallowed from recovery *only* if they have been unreasonably and imprudently incurred."

In its original Order, the Commission rightly notes that this Project is unique, and brings with it enormous and unquantifiable risk in terms of "cost, size, technology, complexity, ownership, and risk". It also rightly notes that "the Company *has chosen* (emphasis added) to construct, own, and operate the Project" (the "Self-Build" model) even though "*every other state* (emphasis added) that is pursuing large-scale offshore wind is utilizing power purchase (PPA) agreements ... *which limit the risks to customers by shifting construction, operational, and market risks from customers to the project's owner*" (emphasis added).

Given that the PPA model offloads these risks from consumers to an owner - the very risks that Dominion asserts are open-ended and beyond its control - and also the fact that every other US utility pursuing an offshore wind project has chosen this model, the question must be asked: "Why has Dominion chosen the Self-Build model in this case?"

The answer is obvious. In addition to normal ratepayer revenue, Dominion wishes also to earn a statutory rate of return on the \$10 Billion which it will invest in Project infrastructure, which could result in an additional \$450 million per year in electricity costs for ratepayers.

While Dominion has the right to exercise that choice, then it has also *chosen*, not been forced, to assume the risks which it otherwise would have avoided by choosing the PPA model. These risks include the "open-ended" risks which it claims are one which the Commission is now requiring it to assume and the very ones that would be covered by the performance guaranty.

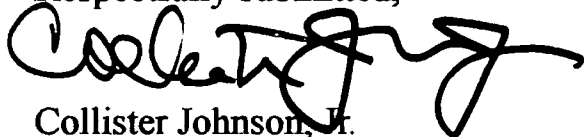
Thus, Dominion Energy attempts to have it both ways: to obtain the revenue associated with ownership of the project assets in its rate base, and at the same time burden consumers with the costs of the risks associated with that ownership, including diminished electricity production when the wind doesn't blow, or blows too hard.

It can't have it both ways. It would be unconscionable for the Commission to allow such double-dipping to exist without exercising its inherent Constitutional authority to protect consumer interests.

In enacting the VCEA, the Legislature could not possibly have intended such an irrational outcome. If the VA Supreme Court, in reviewing the statutory meaning of the VCEA, ruled that such a double-dipping scenario is exactly what the Legislature intended, it would effectively be rendering the Commission a nullity, unable to protect consumer interests under *any* legislative circumstances, even where the risk to consumer interests are so palpable, obvious, and indeed even explicitly recognized by Dominion Energy.

For these reasons, SUVGOP contends that the Commission's ruling is lawful and respectfully urges the Commission to exercise its inherent authority - even duty - under the Virginia Constitution to protect consumer interests and to affirm its ruling and uphold the performance guaranty as written.

Respectfully submitted,



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CERTIFICATE OF SERVICE

2nd SEPTEMBER

I hereby certify that on this ~~20th~~ day of ~~August~~ 2022, a true and accurate copy of the foregoing filed in Case No. PUR-2021-00142 was hand delivered, electronically mailed, and/or mailed first class postage pre-paid to the following:

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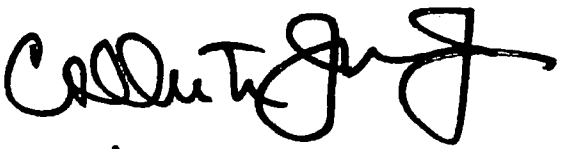
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