

Virginia State Corporation Commission eFiling CASE Document Cover Sheet

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May 10, 2023

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Bernard Logan, Clerk
c/o Document Control Center
State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219

RE: *Application of Virginia Electric and Power Company, For approval to establish an experimental rate schedule, designated Time-Of-Use Rate Schedule 1 G (Experimental)*
Case No. PUR-2019-00214

Dear Mr. Logan:

Enclosed please find the Response of Office of the Attorney General's Division of Consumer Counsel.

Yours truly,

/s/ C. Mitch Burton Jr.

C. Mitch Burton Jr.
Assistant Attorney General

Enclosure

cc: SCC Document Control Center (electronic filing)
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COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUR-2019-00214

For approval to establish an
experimental rate schedule, designated
Time-Of-Use Rate Schedule 1 G (Experimental)

**OFFICE OF ATTORNEY GENERAL,
DIVISION OF CONSUMER COUNSEL
RESPONSE**

On December 12, 2019, Virginia Electric and Power Company d/b/a Dominion Energy Virginia (“Company” or “Dominion”) filed an application for approval to establish a new experimental and voluntary residential time-of-use (“TOU”) rate schedule, designated Time-Of-Use Rate Schedule 1G (Experimental). On May 20, 2020, the State Corporation Commission (“Commission”) issued a Final Order approving TOU Schedule 1G for implementation on an experimental basis for up to 10,000 customers on and after January 1, 2021. As part of its approval, the Commission found that “as information regarding the actual implementation of this experiment becomes available, the Company shall file proposed modifications thereto designed to strengthen the robustness and efficacy of TOU Schedule 1G.”¹ Since approval, Dominion has filed two annual reports regarding implementation of TOU Rate Schedule 1G.

In March of 2023, Dominion made a filing with the Commission seeking approval to increase the participation cap on TOU Rate Schedule 1G from 10,000 to 20,000 customers. The

¹ Order Inviting Responses and Reply at 1-2.

Office of the Attorney General, Division of Consumer Counsel (“Consumer Counsel”) submits the foregoing in response to the Commission’s Order Inviting Responses and Reply.

Consumer Counsel was an active participant in the proceeding approving TOU Rate Schedule 1G. In addition, Consumer Counsel was an active participant in the proceedings whereby the Company sought approval of TOU rate enabling hardware and software (primarily Advanced Meter Infrastructure (“AMI”) and a new customer information platform (“CIP”). The Company has sought and received approval for billions of dollars of capital expenditures associated with AMI and the CIP, and the economic justification for these investments rests upon robust and successful TOU rates.

The Company implemented its TOU Rate Schedule 1G experimental tariff in January of 2021. And the Company has since filed two annual reports completed by DNV Energy Insights discussing various data gathered from the experimental tariff. Consumer Counsel highlights two key findings from the most recent annual report.²

- The Off-Peak Plan delivered 9.4% summer on-peak period load reduction and 2.9% winter on-peak period load reduction for Plan participants.
- Despite substantial on-peak load reduction in both seasons, the average high baseline customer faced an increased bill over the year on average.

A 9.4% reduction to residential on-peak load is “substantial,” according to the report.³ It reasons that if a similar reduction can be achieved at full scale, this would result in substantial peak-load reductions in terms of megawatts of capacity. Reducing peak-load, and in turn, reducing the amount of new generation that needs to be built to meet peak-load reliably, is the

² 2022 Off-Peak Plan Report (2022 Load and Bill Impact Evaluation) at p. 22, <https://www.scc.virginia.gov/docketsearch/DOCS/7prc01!.PDF>.

³ 2022 Off-Peak Plan Report (2022 Load and Bill Impact Evaluation) at p. 22, <https://www.scc.virginia.gov/docketsearch/DOCS/7prc01!.PDF>.

key linchpin in the economic case behind the Company’s billion-dollar investment in AMI and the CIP. And the sooner these benefits can be tapped into, the better. Consumer Counsel is not currently aware of a committed timetable for when TOU rates will be available to all residential customers (either as a default rate schedule or elected). The Commission may wish to have a transparent timetable established to ensure the customer benefits of AMI are unlocked as soon as possible. Moreover, such a timetable would serve to better inform peak load forecasts that would undoubtedly be impacted by such substantial peak load reductions among the residential system.

Finally, as noted by the Commission, the Application to modify TOU Rate Schedule 1G proposes to expand the participation cap from 10,000 to 20,000 customers, but no other modifications are proposed. Consumer Counsel understands the Company’s most recent annual report to mean that the average high baseline customer (the type of customer that is not predestined to save money as a structural winner⁴) sees increased electric bills in the TOU Rate Schedule 1G experiment as compared to the standard tariff.⁵ And DNV Energy Insights found it to be “[c]ontrary to expectation[s]” that “customers with high baseline peak period consumption [are] contribut[ing]” less to on-peak reductions as compared to structural winners.⁶ Neither the 2022 report nor the current proposal offer an explanation for this unexpected finding, nor any suggestions for how it could be addressed through rate design modifications.

⁴ 2022 Off-Peak Plan Report (2022 Load and Bill Impact Evaluation) at p. 16 (“[P]articipants were flagged as structural winners if their bill charges, based on pre-participation consumption, would decrease simply by moving to the Off Peak Plan rates without any consumption shifts.”), <https://www.scc.virginia.gov/docketsearch/DOCS/7prc01!.PDF>.

⁵ 2022 Off-Peak Plan Report (2022 Load and Bill Impact Evaluation) at p. 21. (“High baseline customers’ bills increase by just under 5%, representing an increase of \$3.31 per monthly bill on average. In contrast, structural winners decrease their bills by just over 7%, representing a decrease of \$3.32 per monthly bill on average.”), <https://www.scc.virginia.gov/docketsearch/DOCS/7prc01!.PDF>.

⁶ 2022 Off-Peak Plan Report (2022 Load and Bill Impact Evaluation) at p. 22, <https://www.scc.virginia.gov/docketsearch/DOCS/7prc01!.PDF>.

The 2021 report offers reasons to be concerned with the unexpected results for high-baseline customers, those customers that have the most to offer in terms of load shifting potential. The key findings from the 2021 report included:⁷

- Customer satisfaction in the rate is directly tied to whether it met their expectations. Customers enrolled to gain greater control over their bills (37%), and most of them (53%) expected to save money on the rate.
- Dissatisfaction with the rate was strongly connected to expectations not being met. Unenrollees who reported not saving as much as expected (54%) were much more likely to be dissatisfied than customers who unenrolled for other reasons (17%).
- Customers want to know how much they are saving on the rate. Considering the link between dissatisfaction and unrealized savings expectations, providing customers accurate, accessible, readily understandable cost savings information is important for customer retention. While most enrollees (77%) reported using the online bill comparison tool, much fewer (16%) of the unenrollees whose expectations were not met reported using it. Instead, the unenrollees tended to use their bill statements (42%).

It is unlikely that high-baseline customers would sign up for, or continue participation in, a TOU rate offering that results in higher bills for that particular type of customer. That may prove to be an unsustainable feature whereby only structural winners overwhelmingly participate in a TOU rate offering, while those customers with the greatest potential for load shifting abstain. Consumer Counsel recommends that the Commission order the Company to further study this issue and offer potential rate design modifications to achieve better savings for the average high-baseline customer.

Respectfully submitted,

DIVISION OF CONSUMER COUNSEL
OFFICE OF THE ATTORNEY GENERAL

/s/ C. Mitch Burton Jr.

Jason S. Miyares
Attorney General of Virginia

⁷ 2021 Off-Peak Plan Annual Report at p.1, <https://www.scc.virginia.gov/docketsearch/DOCS/68d1011.PDF>.

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CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing was served on May 10, 2023, by electronic service, to:

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