

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, MAY 6, 2024

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CASE NO. PUR-2024-00047

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

Ex Parte: Future net energy meeting proceedings
of Appalachian Power Company and Virginia Electric
and Power Company pursuant to Code § 56-594

ORDER

Code § 56-594 requires the Commission to conduct net energy metering proceedings for Appalachian Power Company ("APCo") and Virginia Electric and Power Company ("Dominion") in 2024 and 2025, respectively.¹ Specifically, Code § 56-594 E provides in part that:

On and after the earlier of (i) 2024 for a Phase I Utility or 2025 for a Phase II Utility or (ii) when the aggregate rated generating capacity owned and operated by eligible customer-generators, eligible agricultural customer-generators, and small agricultural generators in the Commonwealth reaches three percent of a Phase I or Phase II Utility's adjusted Virginia peak-load forecast for the previous year, the Commission shall conduct a net energy metering proceeding.

In any net energy metering proceeding, the Commission shall, after notice and opportunity for hearing, evaluate and establish (a) an amount customers shall pay on their utility bills each month for the costs of using the utility's infrastructure; (b) an amount the utility shall pay to appropriately compensate the customer, as determined by the Commission, for the total benefits such facilities provide; (c) the direct and indirect economic impact of net metering to the Commonwealth; and (d) any other information the Commission deems relevant. The Commission shall establish an appropriate rate structure related thereto, which shall govern compensation related to all eligible customer-generators, eligible agricultural customer-generators, and small agricultural generators, except low-income utility customers, that interconnect after the effective

¹ Consistent with Code § 56-585.1 A 1, APCo is a Phase I Utility and Dominion is a Phase II Utility.

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date established in the Commission's final order. Nothing in the Commission's final order shall affect any eligible customer-generators, eligible agricultural customer-generators, and small agricultural generators who interconnect before the effective date of such final order. As part of the net energy metering proceeding, the Commission shall evaluate the six percent aggregate net metering cap and may, if appropriate, raise or remove such cap. The Commission shall enter its final order in such a proceeding no later than 12 months after it commences such proceeding, and such final order shall establish a date by which the new terms and conditions shall apply for interconnection and shall also provide that, if the terms and conditions of compensation in the final order differ from the terms and conditions available to customers before the proceeding, low-income utility customers may interconnect under whichever terms are most favorable to them.

Code § 56-594 further provides that:

- I. When the Commission conducts a net energy metering proceeding, it shall:
 - 1. Investigate and determine the costs and benefits of the current net energy metering program;
 - 2. Establish an appropriate netting measurement interval for a successor tariff that is just and reasonable in light of the costs and benefits of the net metering program in aggregate, and applicable to new requests for net energy metering service;
 - 3. Determine a specific avoided cost for customer-generators, the different type of customer-generator technologies where the Commission deems it appropriate, and establish the methodology for determining the compensation rate for any net excess generation determined according to the applicable net measurement interval for any new tariff; and
 - 4. Make all reasonable efforts to ensure that the net energy metering program does not result in unreasonable cost-shifting to nonparticipating electric utility customers.²
- J. In evaluating the costs and benefits of the net energy metering program, the Commission shall consider:
 - 1. The aggregate impact of customer-generators on the electric utility's long-run marginal costs of generation, distribution, and transmission;
 - 2. The cost of service implications of customer-generators on other customers within the same class, including an evaluation of whether customer-generators provide an adequate rate of return to

² Subsection 4 will become effective July 1, 2024. 2024 Va. Acts ch. 827, 783.

the electrical utility compared to the otherwise applicable rate class when, for analytical purposes only, examined as a separate class within a cost of service study;

3. The direct and indirect economic impact of the net energy metering program to the Commonwealth; and

4. Any other information it deems relevant, including environmental and resilience benefits of customer-generator facilities.

NOW THE COMMISSION, having considered the foregoing, is of the opinion and finds that it is reasonable to establish a date by which APCo and Dominion shall file their respective net energy metering petitions with the Commission, which will be assigned separate case numbers and docketed in future proceedings. The Commission further finds that such filings shall address, analyze, and provide prefiled testimony and data to support the following as it relates to net energy metering *seriatim*, consistent with the requirements of Code § 56-594 quoted above:

- A proposed amount for customers to pay on their utility bills each month for the costs of using the utility's infrastructure;
- A proposed amount the utility shall pay to appropriately compensate the customer for the total benefits such facilities provide;
- Identify, quantify, and present the direct and indirect economic impact of net metering to the Commonwealth and particularly within the utility's service territory;
- A proposed rate structure related to net energy metering to govern compensation related to all eligible customer-generators, eligible agricultural customer-generators, and small agricultural generators, except low-income utility customers, that interconnect after the effective date established in the Commission's final order in the net energy metering proceeding;
- The utility's position on whether the six percent aggregate net metering cap should be raised or removed, and if an increase is proposed, the level of such increase;
- Identify, quantify, and present the costs and benefits of the current net energy metering program;

- The proposed netting measurement interval for a successor tariff that is just and reasonable in light of the costs and benefits of the net metering program in aggregate, and applicable to new requests for net energy metering service;
- Identify, quantify, and present the specific avoided cost for customer-generators, by the different type of customer-generator technologies if appropriate, and a proposed methodology for determining the compensation rate for any net excess generation determined according to the applicable net measurement interval for any new tariff;
- Identify, quantify, and present the utility's efforts to ensure that the net energy metering program does not result in unreasonable cost-shifting to nonparticipating electric utility customers;
- In the context of the cost and benefits of the utility's net energy metering programs, evaluate and provide the following:
 - the aggregate impact of customer-generators on the electric utility's long-run marginal costs of generation, distribution, and transmission;
 - the cost of service implications of customer-generators on other customers within the same class, including an evaluation of whether customer-generators provide an adequate rate of return to the electrical utility compared to the otherwise applicable rate class when, for analytical purposes only, examined as a separate class within a cost of service study;
 - the direct and indirect economic impact, qualitative and quantitative, of the net energy metering program to the Commonwealth;
 - and any other information deemed relevant, including environmental and resilience benefits of customer-generator facilities; and
- Any additional relevant information the utility requests the Commission to consider.

This information will assist in the development of a robust record and serve judicial economy in recognition that the time period for the Commission's review is limited by statute and will provide the Commission with information necessary for its evaluation in these proceedings. The information listed above is not intended to be exhaustive and in no manner predetermines the relevancy of, or the potential record that may be developed on, such. Further,

this information is not intended to capture all potential issues that may be raised later in this matter.

Following the filing of each net energy metering petition, the Commission will issue a procedural order setting forth appropriate procedures as required under Code § 56-594, including an opportunity for hearing and for interested parties to participate in the proceeding or to file public comments.

Accordingly, IT IS ORDERED THAT:

(1) APCo shall file its net energy metering petition on or before September 2, 2024, and include the information set forth herein.

(2) Dominion shall file its net energy metering petition on or before May 1, 2025, and include the information set forth herein.

(3) This matter is dismissed.

A COPY hereof shall be sent electronically by the Clerk of the Commission to all persons on the official Service List in this matter. The Service List is available from the Clerk of the Commission.