

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, MAY 6, 2024

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APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUR-2023-00162

To participate in the pilot program for electric power storage batteries pursuant to § 56-585.1:6 of the Code of Virginia, and for certification of a proposed battery energy storage system pursuant to § 56-580 D of the Code of Virginia

FINAL ORDER

On September 18, 2023, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") to participate in the pilot program for electric power storage batteries ("Pilot Program") pursuant to § 56-585.1:6 of the Code of Virginia ("Code"), the Commission's Guidelines Regarding Electric Power Storage Battery Pilot Programs and Rule 80 A of the Commission's Rules of Practice and Procedure ("Rules of Practice").<sup>1</sup> Through the Application, the Company presents three battery energy storage systems ("BESS") projects (designated BESS-4: Evaluation of Two Co-Located Nonlithium-Ion Technologies; BESS-5: Outage Mitigation and Grid Support Through a Microgrid Capable BESS; and BESS-6: Long Duration Energy Storage in a Behind-the-Meter Application) for deployment as part of the Pilot Program.

The Application states that the Grid Transformation and Security Act of 2018 ("GTSA"), among other things, directed the Commission to establish the Pilot Program, a program under

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<sup>1</sup> 5 VAC 5-20-10 *et seq.*

which the Company must submit proposals to deploy electric power storage batteries.<sup>2</sup> The GTSA established permissible objectives of the Pilot Program; established a five-year duration for the Pilot Program; set the size of the Pilot Program; and provided for recovery of the Company's reasonable and prudent costs incurred under the Pilot Program through base rates.<sup>3</sup>

Through BESS-4, the Company proposes to install an 8.94 megawatt ("MW") BESS-4 pilot facility comprised of two nonlithium-ion technologies.<sup>4</sup> The Company states that BESS-4 seeks to accomplish the following statutory objectives: (ii) improve integration of renewable resources; and (iv) reduce the need for additional generation during times of peak demand.<sup>5</sup> The cost for BESS-4 is approximately \$70.6 million.<sup>6</sup>

Through BESS-5, the Company proposes to install a 1.9 MW / 3.8 MWh AC-coupled BESS.<sup>7</sup> The Company states that BESS-5 seeks to accomplish the following statutory objectives: (i) improved reliability of electrical transmission or distribution systems; (ii) improved integration of different types of renewable resources; (iii) deferred investment in generation, transmission, or distribution of electricity; and (iv) reduced need for additional

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<sup>2</sup> Ex. 2 (Application) at 3.

<sup>3</sup> *Id.*; Code § 56-585.1:6 A.

<sup>4</sup> Ex. 2 (Application) at 5. The Form Energy Iron-Air BESS is a 4.94 MW / 494 megawatt-hour ("MWh") alternating current ("AC") multi-day system, and the Eos Energy Zinc Hybrid BESS is a 4 MW / 16 MWh AC system.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

generation of electricity during times of peak demand.<sup>8</sup> The cost for BESS-5 is approximately \$6 million.<sup>9</sup>

Through BESS-6, the Company proposes to install a 1.5 MW / 15 MWh AC-coupled BESS.<sup>10</sup> The Company states that BESS-6 seeks to accomplish the following statutory objectives: (i) improved reliability of electrical transmission or distribution systems; (iv) reduced need for additional generation of electricity during times of peak demand; and (v) connection to the facilities of a customer receiving distribution service from the utility.<sup>11</sup> The cost for BESS-6 is approximately \$14.4 million.<sup>12</sup>

To the extent required by the Commission, the Company also requests a certificate of public convenience and necessity ("CPCN") to construct and operate BESS-4 at the Company's Darbytown Power Station,<sup>13</sup> pursuant to Code § 56-580 D and the Commission's Filing Requirements in Support of Applications for Authority to Construct and Operate an Electric Generating Facility.<sup>14</sup> The Company states it is installing BESS-5 and BESS-6 to address ordinary distribution grid operational issues and considers these improvements to be "ordinary . . . improvements in the usual course of business" under Code § 56-265.2 A 1.<sup>15</sup>

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

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

<sup>10</sup> *Id.* at 6.

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

<sup>12</sup> *Id.*; Code § 56-585.1:6 A (i), (iv), (v).

<sup>13</sup> Ex. 2 (Application) at 7; Exhibit 1.

<sup>14</sup> 20 VAC 5-302-10 *et seq.*

<sup>15</sup> Ex. 6 (Stevens Direct) at 5.

On October 23, 2023, the Commission issued an Order for Notice and Hearing that, among other things: directed Dominion to provide public notice of its Application; scheduled public witness and evidentiary hearings for the purpose of receiving testimony from public witnesses and evidence on the Application; provided interested persons an opportunity to file written comments on the Application or participate as respondents in this proceeding; directed the Commission's Staff ("Staff") to investigate the Application and file testimony with the results of the investigation; and assigned this case to a Hearing Examiner to conduct all further proceedings in this matter and to file a report.

Notices of participation were filed by the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") and the Board of Supervisors of Culpeper County ("Culpeper"). Commission Staff ("Staff") filed testimony and exhibits on December 21, 2023. Dominion filed rebuttal testimony and exhibits on January 10, 2024. The Commission received written public comments on the Application.

Staff requested the Department of Environmental Quality ("DEQ") to coordinate an environmental review of BESS-4, BESS-5, and BESS-6 by the appropriate agencies and to provide a report on the review. On December 26, 2023, DEQ filed its report ("DEQ Report"), which included a Wetlands Impact Consultation prepared by DEQ.<sup>16</sup> The DEQ Report provides general recommendations for the Commission's consideration that are in addition to any requirements of federal, state, or local law. Specifically, the DEQ Report contains the following Summary of Recommendations regarding the Project. According to the DEQ Report, the Company should:<sup>17</sup>

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<sup>16</sup> See Ex. 10 (DEQ Report).

<sup>17</sup> *Id.* at 7.

1. Conduct an on-site delineation of all wetlands and stream crossings within the project area with verification by the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams;
2. Ensure that the project operates in a manner consistent with air pollution control practices for minimizing emissions, especially during periods of high ozone;
3. Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable and evaluate identified waste sites;
4. Coordinate with Department of Conservation and Recreation's Division of Natural Heritage on its recommendations to subject project updates and protect ecological cores;
5. Coordinate with Department of Historic Resources regarding the recommendations to protect historic and archaeological resources;
6. Follow the principles and practices of pollution prevention to the maximum extent practicable; and
7. Limit the use of pesticides and herbicides to the extent practicable.

The hearing was convened on January 24, 2024. Dominion, Consumer Counsel, and Staff participated at the hearing.

On February 12, 2024, the Report of A. Ann Berkebile, Chief Hearing Examiner ("Report"), was issued. The Report contained the following findings:<sup>18</sup>

1. Dominion's Application should be granted, subject to the requirements recommended herein;
2. The BESS-4, BESS-5, and BESS-6 projects proposed by the Company meet the criteria in the Battery Pilot Statute for being considered in the "public interest;"
3. The BESS-5 and BESS-6 projects, proposed by Dominion as distribution assets, constitute ordinary improvements in the usual course of business not requiring CPCNs;
4. The Commission should grant a CPCN for the proposed BESS-4 project, subject to the recommendations in the DEQ Report;

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<sup>18</sup> Report at 24-25.

5. The Commission should direct the Company to provide the metric information agreed upon herein relative to BESS-4, BESS-5, and BESS-6 in its annual report filed by March 31 of each year on the status of the Pilot Program; and
6. The Commission should direct Dominion to include information on forced outages at BESS-5 and BESS-6 in its annual report filed by March 31 of each year on the status of the Pilot Program.

On February 28, 2024, Staff filed comments on the Hearing Examiner's Report.

Dominion and Consumer Counsel filed comments on the Report on March 1, 2024.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds as follows.

Chief Hearing Examiner's Report

After analyzing the law and weighing the evidence – and providing a thorough and detailed analysis thereof – the Chief Hearing Examiner made the following recommendations:<sup>19</sup>

Accordingly, I RECOMMEND the Commission enter an order that:

1. ADOPTS the findings in this Report;
2. APPROVES the Application, subject to the conditions and requirements recommended herein;
3. GRANTS a CPCN for the BESS-4 project, subject to the recommendations in the DEQ Report; and
4. DISMISSES this case from the Commission's docket of active cases.

Upon consideration of this matter, the Commission concludes that the Chief Hearing Examiner's findings and recommendations are supported by law and the evidence, have a rational basis, and are adopted herein. In so doing, the Commission finds that each of the proposed BESS will further one or more of the statutory objectives set forth in Code § 56-585.1:6 A. The Commission has considered and finds that the costs of BESS-4, BESS-5, and BESS-6 are

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<sup>19</sup> *Id.* at 25.

reasonable and prudent for purposes of conducting a pilot program on electric power storage batteries at a cost of \$70.6 million, \$6 million, and \$14.4 million, respectively.<sup>20</sup> Given the statutory targets for non-dispatchable renewable generation, the development of battery storage capabilities is a necessary corollary. Under the statutory criteria, the Pilot Program is in the public interest pursuant to Code § 56-585.1:6 A. The Commission reiterates, however, that "approval of the Pilot Program does not guarantee approval of any future BESS [and] [a]ny future application must be found reasonable under the particular statutory requirements relevant to such request."<sup>21</sup>

Accordingly, IT IS ORDERED THAT:

- (1) The Commission adopts the Chief Hearing Examiner's findings and recommendations and makes findings as set forth herein.
- (2) The Chief Hearing Examiner's recommendations, set forth herein, are hereby ordered.
- (3) Subject to the findings and requirements set forth above, Dominion is granted a CPCN as follows:  
  
ES-DEV-HCO-2024-A to construct and operate BESS-4.
- (4) The Company shall forthwith work with Staff to file electronic maps of the Project for certification. The electronic maps shall include the boundaries of BESS-4; the utility point of interconnection; county designations; geographic identifiers (road names, waterways, etc.); and

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<sup>20</sup> Pursuant to Code § 56-585.1:6 A, the costs of the Pilot Program are directed to be recovered through "base rates on a nondiscriminatory basis." Accordingly, such cost recovery will be further addressed in a future biennial review as appropriate.

<sup>21</sup> *Application of Virginia Electric and Power Company, To participate in the pilot program for electric power storage batteries pursuant to § 56-585.1:6 of the Code of Virginia, and for certification of a proposed batter energy storage system pursuant to § 56-580 D of the Code of Virginia*, Case No. PUR-2019-00124, 2020 S.C.C. Ann. Rept. 304, 305, Final Order (Feb. 14, 2020).

the Global Positioning System coordinates of BESS-4. The electronic maps shall be submitted to Michael Cizenski, Deputy Director, Division of Public Utility Regulation, by email at [mike.cizenski@scc.virginia.gov](mailto:mike.cizenski@scc.virginia.gov).

(5) This matter is continued.

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.