

**Virginia State Corporation Commission
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Case Name (if known) Application of Virginia Electric and Power Company for approval and certification of electric transmission facilities: 230kV Germanna Lines and Germanna Substation

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*Protecting and restoring the lands and waters of the Virginia Piedmont,
while building stronger, more sustainable communities*

May 21, 2024

VIA ELECTRONIC FILING

Mr. Bernard Logan, Clerk
c/o Document Control Center
State Corporation Commission
1300 E. Main Street
Richmond, VA 23219

Re: *Application of Virginia Electric and Power Company for approval and certification of electric transmission facilities: 230kV Germanna Lines and Germanna Substation*
Case No. PUR-2023-00206

Dear Mr. Logan:

Please accept this letter as the Comments of the Piedmont Environmental Council (“PEC”) regarding the Application of Virginia Electric and Power Company, doing business as Dominion Energy Virginia (“Dominion”), to construct and operate the Germanna substation and transmission facilities.¹

Dominion’s Application requests a certificate of public convenience and necessity (“CPCN”) to construct and operate a new, 1.8-mile transmission line along with a new substation in Culpeper, Virginia (collectively “the Germanna Project”). PEC understands that the Germanna Project is needed to provide service to a data center customer, a subsidiary of Amazon Web Services, Marvell Developments LLC. The Germanna Project is projected to cost \$54.3 million, and is being built solely to serve this data center complex.²

PEC has serious concerns with the virtually unregulated proliferation of data centers in Northern and Central Virginia. The explosion of data center development in the region has

¹ PEC is a non-profit organization established in 1972 to protect and restore the lands and waters of the Virginia Piedmont, while building stronger, more sustainable communities. PEC’s work is focused primarily on a nine-county region stretching from Clarke and Loudoun counties in the north down to Albemarle County and Charlottesville in the south. Dominion’s rapid transmission construction has on the many aspects of our work including the protection of air and water quality, land conservation, preservation of historic resources, access and enjoyment of public parks and trails, energy sustainability, and meeting climate impact reduction goals. See <https://www.pecva.org/>

² See Application at 2, 7.

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already imperiled dozens of nationally significant battlefields, historic sites, national and state parks, and historic rural communities, in which significant public investment has been made.

The Amazon-Marvell data center complex is just part of a growing problem. Virginia has nearly 180 million square feet of new data centers approved or proposed. That's roughly the same amount of space as 1,000 Walmart Super Centers – and it's in addition to the nearly 57 million square feet of data centers already in place.

These data centers, if built out, will demand more energy than our entire state electrical grid is capable of delivering, and as a result, will require numerous new transmission lines, substations, and power plants, costing the people of Virginia billions. Dominion has forecasted that Virginians' electric bills will double in the next 10 years just to meet the power needs of data centers operating by the end of 2022. The many that have been approved in 2023 and 2024 will further increase energy demand and require even more energy infrastructure.³

PEC does not take a position on the need for the Germanna Project or the reasonableness of any of the proposed routes for the transmission lines. PEC, however, urges the Hearing Examiner and the Commission to consider the following recommendations as part of their analysis and final disposition of this case.

(1) The costs of the Germanna Project should be allocated to the data center customer requesting electric service.

It is clear that the Germanna Project is needed solely to serve the Amazon-Marvell data center complex. PEC urges the Commission to ensure that the costs of the \$54 million project are assigned to the data center customer for which it is being constructed. Dominion's other customers should not foot the bill for costs caused by a single energy user. This approach would avoid unreasonable subsidies and is consistent with the fundamental ratemaking principle of "cost causation."

If the Commission does not accept PEC's recommendation to assign the project costs to the customer requesting electric service, PEC urges the Commission to explain for the public the legal and regulatory rationale for that decision.

(2) The Commission should ensure that the public is given adequate notice of the costs and implications of this and future transmission projects.

PEC reviewed Dominion's public Application, the Commission's Order for Notice and Hearing, and the May 7, 2024, Report prepared by the Commission Staff. Each document describes the Germanna Project and references the expected \$54 million cost. None of these documents, however, describes *how* Dominion proposes to allocate the costs of the project, how the costs would ultimately be recovered from Virginia ratepayers (i.e., through base charges or

³ See Dominion Energy Virginia 2023 IRP, Executive Summary at 3 (stating that data center development is the "primary driver" of forecasted load growth and customer rate increases).

separate riders), and whether any of the costs would be borne by the Amazon-Marvell data center customer.

If the Commission approves the Germanna Project, PEC urges the Commission to explain how the project costs will ultimately be recovered from Virginia ratepayers. PEC also recommends that the Commission require future public notices published by the utility to include this information. This should include a description of the proposed method of cost recovery and an estimate of the potential rate impacts for consumers. This would be consistent with the notice documents published in connection with most electric utility rate cases, whereby the utility provides notice of the rider or base rate component that would be adjusted along with an estimated monthly bill impact for a residential customer using 1,000 kilowatt-hours.

(3) The Commission should monitor Dominion's marketing activities and ensure that the utility is not entering into unreasonable electric service contracts with data center customers.

Finally, PEC recommends that the Commission continue to monitor the proliferation of data center construction in Dominion's service territory. It appears that Dominion is actively marketing its services to potential data center customers, despite the extreme challenges associated with additional development. For example, Dominion maintains a data center economic development webpage touting Northern Virginia as "the ideal choice to support the continued growth of cloud and technology-focused companies."⁴ Dominion invites potential data center customers to begin the contracting process by getting a rate quote: "We're not just your power supplier. We're your partner. Let's start the conversation."

But it is not clear that Dominion's customers or Virginia's environment can support additional, unchecked data center development. PEC recommends that the Commission investigate Dominion's marketing activities to ensure that they are reasonable and in the public interest. The Commission should also consider (1) monitoring electric service contract requests from data center customers and (2) establishing oversight procedures that would allow the Commission to approve or reject such contracts based on the Commission's consideration of the overall public interest.

PEC appreciates the Commission's review of these comments, and I am available to answer any questions that you may have. The Piedmont Environmental Council looks forward to working with the Commission and its Staff to support responsible infrastructure development in Dominion's Virginia service territory.

Sincerely,

Julie Bolthouse
Director of Land Use
Piedmont Environmental Council

⁴ See Economic Development – Data Centers, available at <https://economicdevelopment.dominionenergy.com/va/key-industries/data-centers/>