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April 10, 2018

Via Electronic Filing

Mr. Joel H. Peck, Clerk
State Corporation Commission
1300 East Main Street
Tyler Building, First Floor
Richmond, VA 23219

RE: Case No. PUR-2017-00163
Application of Virginia Electric and Power Company, For approval to establish a companion tariff, designated Schedule RG, pursuant to § 56-234 of the Code of Virginia.

Dear Mr. Peck:

For filing in the above-captioned matter, please find the attached Comments of the Mid-Atlantic Renewable Energy Coalition, Advanced Energy Economy, and Virginia Advanced Energy Economy.

Please contact me should you have any questions about this filing.

Sincerely,

/s/ William T. Reisinger

William T. Reisinger

Attachment

cc: Service List (via U.S. Mail)

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY CASE NO. PUR-2017-00163

For approval to establish a companion tariff,
designated Schedule RG, pursuant to § 56-234
of the Code of Virginia

JOINT COMMENTS OF
THE MID-ATLANTIC RENEWABLE ENERGY COALITION,
ADVANCED ENERGY ECONOMY, AND
VIRGINIA ADVANCED ENERGY ECONOMY

I. INTRODUCTION

Customers in Virginia and across the country have made their commitment to purchase renewable energy very clear, with a growing number of companies setting renewable energy and energy-related sustainability targets. 71 of the Fortune 100 companies are now committed to reducing their energy-related impacts. Over 43% of the Fortune 500 have made similar commitments.[1] Companies are not only making commitments on paper, but are following through with them in reality. Since 2013, U.S. corporations have purchased over 10 gigawatts (GW) of renewable energy from offsite projects.[2]

These customers now ask for greater choice when procuring renewable energy. The Corporate Renewable Energy Buyers' Principles confirm this desire, and companies in Virginia

[1] Advanced Energy Economy. "2016 Corporate Advanced Energy Commitments," December 2016. http://info.aee.net/growth-in-corporate-advanced-energy-demand-market-benefits-report.

[2] Business Renewables Center. "BRC Deal Tracker," Updated February 2018. http://businessrenewables.org/corporate-transactions/.

are working towards the same goals.[3] In 2016, 18 companies submitted a letter to the State Corporation Commission voicing support for increased and diversified renewable energy supplies in Virginia.[4] Customers have also asked for opportunities to work with their local electric utilities, with the Principles confirming a desire "to work with local utilities to design and develop innovative programs and products that meet our needs."[5]

As such, Schedule RG has the potential to provide a new opportunity for customers whose needs are not being met by other programs, or who are ineligible to participate in existing programs. There are several favorable aspects of the Schedule RG proposal that will support customer needs, as explained in Section III. These favorable aspects include:

- A market solicitation process;
- Market-based billing structure;
- A program cap based on number of customers, not megawatts or megawatt-hours;
- Customer account aggregation;
- A 1,000 kW customer eligibility threshold;
- Options for customers to purchase from projects that jointly serve multiple participants; and
- Renewable Energy Certificates (REC) treatment.

However, there are multiple changes that could be made to improve the proposed program. These improvements will better suit the needs of a wider range of customers while

[3] Corporate Renewable Energy Buyers' Principles. "The Principles," Updated 2017. http://buyersprinciples.org/principles/.

[4] Case No. PUE-2016-00051, Ceres Public Comments, attached hereto as Attachment A.

[5] Ibid.

continuing to bring benefit to the Commonwealth. As explained in Section IV, the recommended improvements include:

- Allowing customers to directly negotiate and execute PPAs with renewable energy suppliers;
- Using a transparent and competitive market solicitation process;
- Reviewing the Schedule RG Administrative Charge and the Schedule RG Charge to ensure all customer charges are cost-based;
- Ensuring that renewable energy developers' needs around contract terms are met, and enabling flexible term options for customers;
- Clearly advertising the opportunity for multiple Schedule RG customers to offtake from a larger project; and
- Clearly defining the evaluation process for Schedule RG, including participating customers and other interested persons in the evaluation, and beginning the evaluation process before the initial 50 customer cap is met.

II. JOINT RESPONDENTS

These comments are provided by the Mid-Atlantic Renewable Energy Coalition (MAREC), Advanced Energy Economy (AEE), and Virginia Advanced Energy Economy (Virginia AEE), referred to here as the "Joint Respondents."

MAREC's (www.marec.us) mission is to improve and enhance opportunities for renewable energy development in Washington, D.C., and the eight states in the Mid-Atlantic region, including Virginia. MAREC provides education and expertise on wind and solar energy's environmental sustainability value, offers technical expertise and assistance on wind and solar energy's integration into the electricity grid, and promotes fair policies, rules, and regulations to

expand the region's transmission system to accommodate the growth of renewable energy generation. MAREC's membership includes solar and wind developers, wind turbine manufacturers, service companies, non-profit organizations, and a transmission company dedicated to the growth of renewable energy technologies.

MAREC also serves as a regional partner to the American Wind Energy Association (AWEA), the national trade association for the U.S. wind industry. With thousands of wind industry members and wind policy advocates, AWEA promotes wind energy as a clean source of electricity for American consumers. AWEA is a MAREC member, and provided significant input on the comments that follow, as it has considerable interest in the potential for Schedule RG to meet the needs of Dominion's larger customers.

AEE is a national association of advanced energy business leaders who are making the global energy system more secure, clean, and affordable. Advanced energy encompasses a broad range of products and services that constitute the best available technologies for meeting energy needs today and tomorrow. Among these are energy efficiency, demand response, energy storage, natural gas electric generation, solar, wind, hydro, nuclear, electric vehicles, biofuels, and a smarter grid. AEE is active at the federal level and in 28 states across the country, working with a coalition of 16 state partner organizations. AEE's membership includes developers and implementers of advanced energy technologies and services, competitive service providers (CSPs), and large energy users seeking to procure renewable energy. AEE has worked collaboratively with corporate purchasers and renewable energy developers to build consensus around solutions that work for both. AEE also convenes and facilitates the work of the Advanced Energy Buyers Group, a business-led coalition of large energy users engaging on policies to make it easier for them to meet their ambitious advanced energy targets.

Virginia AEE is a coalition of businesses that seek to make the Commonwealth's energy more secure, clean, and affordable, bolstering Virginia's economy. Virginia AEE aims to drive the development of advanced energy by identifying growth opportunities, removing policy barriers, encouraging market-based policies, establishing partnerships, and serving as the voice of innovative companies in the advanced energy sector.

The Joint Respondents have joined this proceeding to ensure that the tariff proposed by Dominion will provide the desired benefits of renewable energy at "reasonable and just" rates per Va. Code § 56-234. While Dominion is offering this as a voluntary tariff, it is essential that such tariff is cost-effective and meets the needs of its customers. The Joint Respondents offer their recommendations to improve the tariff and strongly urge that these recommendations are incorporated into the final tariff.

III. COMMENTS

A. The Joint Respondents support a well-executed and transparent competitive market solicitation process to secure renewable energy supply under Schedule RG.

A competitive bidding process allows project selection on the basis of both price and non-price factors as determined by utilities and regulators, identifying the best available projects to meet these specific needs.[6] As such, the Joint Respondents support a well-executed and transparent competitive selection process to ensure least-cost, market-based pricing for customers under Schedule RG. Dominion's proposal includes a market solicitation process and allows for PPAs with third-party suppliers, which is an important way to bring costs down. However, as noted below in Section IV, for this to be successful third-party suppliers must be

[6] Claire E. Kreycik, Toby D. Couture, Karlynn S. Cory, National Renewable Energy Laboratory. "Procurement Options for New Renewable Electricity Supply," December 2011. http://www.nrel.gov/docs/fy12osti/52983.pdf.

guaranteed they can compete fairly with utility-owned resources through a transparent and competitive bidding process.

B. The Joint Respondents appreciate the market-based billing structure under Schedule RG.

Voluntary renewable energy customers expect to pay fair, market-based prices for renewable energy, whether they transact bilaterally with a renewable energy developer or through their utility. Any utility offering must therefore ensure that customers will be paying fair, market-based prices. Dominion's proposed billing structure for Schedule RG charges customers according to the price of the renewable energy project selected to meet their needs through a competitive solicitation process ("Schedule RG Charge"), and credits customers according to the wholesale price for renewable energy and capacity associated with that project ("Schedule RG Adjustment"). The Joint Respondents support this program structure as one viable approach to ensure that customers are charged and credited fairly for the energy and capacity output of the renewable energy resource while still holding nonparticipating ratepayers harmless. The Joint Respondents therefore support the billing structure proposed under Schedule RG. The Joint Respondents also note, however, that within this market-based billing structure certain charges or fees can add unnecessary costs for customers; these issues are addressed in Section IV below.

C. Joint Respondents agree with Dominion's decision to cap participation by number of customers, not megawatts or megawatt-hours, with the potential to expand the program in the future.

With the average PPA signed by individual corporate customers exceeding 90 MW between 2014-2016, programs with restrictive megawatts or megawatt-hour caps can sometimes be too small to meet the needs of a single corporate customer, and certainly too small to meet the

demand of multiple customers.[7] Because any renewable energy purchase requires significant internal and external analysis and administrative and financial approvals, a customer may decide not to participate at all in a program that is too small to meet its needs, rather than choosing to purchase a smaller, available amount of renewable energy. The Joint Respondents therefore support the approach taken under Schedule RG, which provides that "there is no cap proposed on the quantity of renewable energy purchases... except that a customer may only purchase up to 100 percent of its annual electrical energy load." By avoiding such a cap, Dominion is able to meet the needs of prospective participants while providing both customers and developers the certainty they need to make informed long-term decisions. This business certainty will lead to a more robust response and support successful implementation. The Joint Respondents do not take issue with Dominion's proposal to limit the initial program offering to 50 customers, and provide additional recommendations regarding program evaluation and future expansion in Section IV below.

D. Joint Respondents support the option for customers to aggregate accounts, and support the 1,000 kW eligibility threshold for customers.

Many prospective customers have several delivery locations throughout Dominion's service territory in Virginia, including retail customers, many of which have set renewable energy targets across their U.S. operations. Without provisions allowing meter aggregation, programs will inevitably exclude these customers, either because their individual facilities fail to qualify under the customer load requirements, or because the unnecessary added administrative hassle for the customer will add costs and logistical challenges. Dominion's expired RG Pilot

[7] The average size of a PPA signed by a single corporate offtaker was 169 MW in 2014, 98 MW in 2015, and 97 MW in 2016. *See* Business Renewables Center. "State of the Market," November 2016. http://www.businessrenewables.org/downloads/brc_nov_2016/State-of-the-market.pdf.

Program did not allow meter aggregation, and this was a concern for some customers, as noted in the company's application for Schedule RG.[8] The Joint Respondents support Dominion's proposal to allow meter aggregation under the revised Schedule RG.

Dominion further proposes that Schedule RG will be made available to commercial and industrial customers with annual electric load that equals or exceeds the energy output from a 1,000 kW or greater renewable resource. The annual energy load can come from one site or from multiple locations within Dominion's service territory. The 1,000 kW threshold will allow participation by most commercial and industrial customers; it will also ensure that renewable energy projects under the program are sufficiently large enough to justify the utility's efforts regarding the administrative and transactional requirements of the program.

E. The Joint Respondents support the opportunity for multiple customers to offtake from a larger project, and encourage Dominion to strengthen this option.

Dominion Witness James M. Billingsley states, "The Company may, at its discretion, choose to aggregate multiple customers in order to improve the procurement efficiencies, as well as the costs and Schedule RG pricing for customers."[9] This option with Dominion acting as an aggregator will allow smaller customers to achieve greater economies of scale than they could through an individual PPA, and the Joint Respondents believe this option will be attractive to certain customers. As explained in more detail in Section IV below, the Joint Respondents encourage Dominion to clearly communicate this opportunity to smaller customers who may be interested in enrolling some or all of their Virginia-based load under Schedule RG.

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[8] Dominion Energy, Application. December 1, 2017. http://www.scc.virginia.gov/docketsearch/DOCS/3%24jx01!.PDF, 2. See also comments submitted by AEE to SCC via email to William Chambliss and Cody Walker on March 30, 2017, prior to conclusion of Schedule RG, based on member input.

[9] Billingsley, James M. "Direct Testimony," December 1, 2017. http://www.scc.virginia.gov/docketsearch/DOCS/3%24jx01!.PDF, 4.

F. Joint Respondents support the treatment of Renewable Energy Certificates to ensure additionality and meet customer needs.

Dominion proposes that customers' Schedule RG commitment would include the Environmental Attributes associated with the customers' renewable energy purchase, with Environmental Attributes defined as including Renewable Energy Certificates ("RECs").[10] Dominion further specifies that the Environmental Attributes "will be retired on behalf of the participating customer."[11] Ability to claim the renewable attributes associated with a renewable energy project is a threshold requirement for most corporate purchasers.[12] The Joint Respondents support this proposed approach to ensure that Schedule RG is able to meet customers' clearly articulated requirements regarding REC retirement.

IV. RECOMMENDATIONS

A. Dominion should provide an option for customers to directly negotiate and execute PPAs with renewable energy suppliers.

Dominion proposes two methods for sourcing Schedule RG renewable energy supply. The first is to develop and construct company-owned facilities; the second is to solicit the PJM wholesale market, negotiating and executing power purchase agreements with third-party renewable energy suppliers.[13] Dominion states that it will attempt to meet customers' requests for certain renewable energy generator types and locations, provided they meet the definition of "renewable energy" as defined by § 56-576 of the Code of Virginia and are interconnected with

[10] Dominion Energy, Application. December 1, 2017. http://www.scc.virginia.gov/docketsearch/DOCS/3%24jx01!.PDF, 6.

[11] Ibid, 13.

[12] "Corporate Renewable Energy Buyers' Principles." Updated January 2017. http://buyersprinciples.org/wp-content/uploads/Corporate_RE_buyers_guide-Jan242017.pdf.

[13] Dominion Energy, Application. December 1, 2017. http://www.scc.virginia.gov/docketsearch/DOCS/3%24jx01!.PDF, 9.

PJM.[14] For customers that request a specific generator, Dominion must be able to successfully execute a PPA with said generator. Dominion states that it has "significant experience and contacts in the wholesale renewable energy markets within PJM, and is, therefore, well-suited to identify and transact for the renewable energy supply that may be requested by participating customers, consistent with their needs and interests."[15]

However, Dominion's proposal does not provide customers the option to directly negotiate and execute a PPA with a renewable energy supplier. Under such a scenario, the customer would bring an executed PPA to Dominion. The PPA would be sleeved through Dominion to the customer, incorporated into the Schedule RG Charge of the customer's Schedule RG Agreement. All costs related to the sleeved PPA would be ring-fenced to the participating customer, and the customer would identify a generator that is interconnected to PJM and that meets the "renewable energy" definition. As proposed, Dominion is attempting, at most, to incorporate customer preference for specific renewable energy generators, types, and locations, but the customer has no opportunity to evaluate PPA terms and provisions. As a result, the proposed process creates a principal-agent problem, wherein Dominion is the agent negotiating and executing PPAs for facilities on behalf of the principal, or the participating customer. While Dominion does have significant experience soliciting and contracting for energy supply, Dominion does not have perfect insight into the specific needs and preferences of the customer and does not have the same incentive as the customer to minimize risk; therefore,

[14] Billingsley, James M. "Direct Testimony," December 1, 2017. http://www.scc.virginia.gov/docketsearch/DOCS/3%24jx01!.PDF, 3.

[15] Ibid, 2.

Dominion may fall short of negotiating and executing a cost-competitive PPA for the customer that maximizes customer preference.

To mitigate principal-agent concerns and maximize customer satisfaction, Dominion should provide customers the option to directly negotiate and execute PPAs with renewable energy suppliers, allowing them to negotiate pricing and other terms. Many customers have specific renewable energy and/or greenhouse gas emissions goals, and they understand how to meet these goals best. The companies themselves are best positioned to negotiate and execute a PPA in a cost-effective way that maximizes their preferences. In some cases, customers can also negotiate lower prices than their utility due to factors like better credit ratings.[16] All costs would be ring-fenced to the customer, meaning that the sleeved PPA would pose no risk to other ratepayers. In alternative scenarios where the participating customer is not interested in directly negotiating a PPA themselves, then Dominion could proceed with the process as proposed, as not all customers are expected to have an interest in executing a PPA directly with a supplier, or will not have the resources and/or capacity to do so.

Large non-residential electricity customers have repeatedly asked for greater choice and autonomy when procuring renewable energy, seeking out opportunities like sleeved PPA options. Importantly, multiple electric utilities have already successfully implemented tariffs with the option for customers to directly negotiate and execute PPAs with renewable energy suppliers. Rocky Mountain Power's Schedule 32 tariff allows eligible customers to both select their renewable energy generators of choice and to directly negotiate contract terms with the

[16] Barua, Priya. "Implementation Guide for Utilities: Designing Renewable Energy Products to Meet Large Energy Customer Needs," 2017. http://www.wri.org/sites/default/files/Implementation_RenewableEnergy.pdf, 16.

supplier.[17] Rocky Mountain Power sleeves the executed PPA to the customer by purchasing the renewable energy supply from the generator and reselling it to the customer based on the terms negotiated by the customer. All costs associated with the PPA are ring-fenced to the customer. NV Energy's Schedule NGR, or Green Energy Rider, also provides an option for large customers to directly negotiate and execute a PPA with a renewable energy supplier.[18] The contract is sleeved through the utility and the customer is responsible for all associated costs, with no cost shifting to other ratepayers. NV Energy explained that the special contract is meant to tailor customer's participation in the program to meet their specific business needs.[19] Customers without special contract interest retain the option to purchase renewable energy supply through a subscriber program. Schedule NGR has proved popular, with Apple, Switch, and the City of Las Vegas all signing up since 2013. Apple and Switch both signed multiple contracts.

The Public Service Company of New Mexico's (PNM) Original Rider 47, or Green Energy Rider, also allows that "PNM and the Customer will work collaboratively, expeditiously and in good faith to: (i) determine when it makes the most sense to bring new renewable resources into service to match ... projected load; (ii) identify and evaluate the costs and benefits of new renewable energy resources available to satisfy that growth; and (iii) determine the site(s) of those Additional Renewable Energy Procurements at locations that will avoid constraints on

[17] Rocky Mountain Power. "Electric Service Schedule No. 32," April 1, 2015. https://www.rockymountainpower.net/content/dam/rocky_mountain_power/doc/About_Us/Rates_and_Regulation/Utah/Approved_Tariffs/Rate_Schedules/Service_From_Renewable_Energy_Facilities.pdf.

[18] NV Energy. "Original Filing," November 5, 2012. http://pucweb1.state.nv.us/PDF/AxImages/DOCKETS_2010_THRU_PRESENT/2012-11/21480.pdf, 9.

[19] Ibid, 14.

PNM's transmission system."[20] Customers are effectively provided an opportunity to evaluate costs and other terms associated with potential renewable energy supply before the PPA is executed. The attractive terms of the Green Energy Rider convinced Facebook to triple the size of its Los Lunas data center in New Mexico and to source that future electricity demand from the Rider, creating $2 billion in total economic impact for the state.[21]

Finally, the Joint Respondents request clarification on the timeline for enrollment for customers who either identify a specific Renewable Generator or request that the Company construct and own a facility. Specifically, in such cases the timeline for the customer to begin service should be determined by the operational date of the project selected to serve the customer's need, rather than following the nine month process laid out for the standard enrollment and solicitation process. This approach would appear to be consistent with Dominion's intent, but is not defined in the application.[22]

B. Dominion should use a competitive market solicitation process to source Schedule RG renewable energy from third-party suppliers.

Dominion proposes two methods for sourcing Schedule RG renewable energy supply. The first is to develop and construct company-owned facilities; the second is to solicit the PJM wholesale market, negotiating and executing power purchase agreements with third-party

[20] Public Service Company of New Mexico. July 8, 2016. http://164.64.85.108/infodocs/2016/7/PRS20226214DOC.PDF, page 6.

[21] Lenninger, Sasha. "Los Lunas Facebook Data Center will triple in size," November 14, 2017. http://www.koat.com/article/los-lunas-facebook-data-center-will-triple-in-size/13569398; Facebook, "Designing and implementing renewable energy tariffs," April 4, 2017. https://www.facebook.com/notes/green-on-facebook/designing-and-implementing-renewable-energy-tariffs/1645979022084014/.

[22] Dominion Energy, Application. December 1, 2017. http://www.scc.virginia.gov/docketsearch/DOCS/3%24jx01!.PDF, 11, paragraph 18.

renewable energy suppliers.[23] Focusing on the second option, Dominion proposes a "market solicitation process" to identify suitable renewable energy generators, with the process expected to take approximately two months.[24] In response to a request from the Joint Respondents, Dominion added that the market solicitation process would include a "Request for Proposal, Request for Information, or some other form of market solicitation."[25]

Dominion should use a transparent and competitive market solicitation process when it procures renewable energy from third-party suppliers. This will ensure that the supply is obtained in the most cost-effective, fair, and transparent manner. A competitive procurement process is relatively standard procedure for electric utilities, and allows renewable energy supply to be selected on the basis of cost-effectiveness, not utility preference. A competitive solicitation process also ensures third-party supplier awareness, as it is made public and well-advertised. Although Dominion does plan to use a market solicitation process, it should take the next step and explicitly plan to use a competitive process.

Furthermore, because Dominion already proposes to solicit projects from outside its service territory, the Joint Respondents recommend that any projects interconnected with the PJM wholesale market be eligible to serve customers under Schedule RG, rather than only those projects interconnected *and* physically located within the PJM market.[26] This increased

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[23] Dominion Energy, Application. December 1, 2017. http://www.scc.virginia.gov/docketsearch/DOCS/3%24jx01!.PDF, 9.

[24] Billingsley, James M. "Direct Testimony," December 1, 2017. http://www.scc.virginia.gov/docketsearch/DOCS/3%24jx01!.PDF, 41.

[25] See Dominion Response to MAREC Set 1-4, attached hereto in Attachment B.

[26] Dominion Energy, Application. December 1, 2017. http://www.scc.virginia.gov/docketsearch/DOCS/3%24jx01!.PDF, 7.

flexibility does not fundamentally change the scope of the proposal, but would ensure that customers have option to the least-cost resources available in the PJM wholesale market.

C. The Commission should review the Schedule RG Administrative Charge and the Schedule RG Charge to ensure all customer charges are cost-based.

While voluntary renewable energy customers are willing to pay cost-based fees associated with renewable energy programs to ensure that nonparticipating customers are held harmless, such fees should not exceed the cost to the utility of arranging and administering such programs, and should be distributed fairly among participants. The Joint Respondents are concerned that some of the fees associated with Schedule RG may deter potential customers from participating and unnecessarily inflate the cost of participation for those customers that do elect to enroll in Schedule RG. Specifically, the Joint Respondents have concerns about the proposed "Schedule RG Administrative Charge" and the "Schedule RG Charge."

With regard to the "Schedule RG Administrative Charge," Dominion proposes to charge customers according to "the greater of (i) $500 for each 30-day billing period or (ii) $.025 per MWh supplied by each Renewable Generator and/or Company Renewable Resource for which the customer has contracted to purchase Electrical Output pursuant to Schedule RG."[27] The Joint Respondents appreciate that Dominion fixed a provision of the original Rate Schedule RG program that would have disadvantaged customers with multiple metered locations by specifying that "the Schedule RG Administrative Charge applies to each renewable energy resource, which may serve multiple accounts for the same customer." However, the Joint Respondents remain concerned by elements of the Schedule RG Administrative Charge. Specifically:

[27] Dominion Energy, Application. December 1, 2017. http://www.scc.virginia.gov/docketsearch/DOCS/3%24jx01!.PDF, 13.

- **Dominion has not clearly explained the proposed minimum $500/month fee.** In response to a question from Staff regarding the administrative fee, Dominion states that the "Schedule RG Administrative Charge is intended to defray the ongoing costs associated with administering the program such as customer billing, management of the Schedule RG Agreement and Schedule RG PPA(s), and administration of RECs produced by the renewable resource."[28] However, the Application provides no information to connect these activities to the minimum $500/month fee. Instead, Dominion merely states, "The Schedule RG Administrative Charge is based on the $500 charge approved as part of the Company's original RG Pilot Program in 2012 and is consistent with industry practice..."[29] However, during the approval of the RG Pilot Program, Dominion provided very little information about how this fee was calculated, and in the hearing for that case testified that the figure was based on the Company's "best guess" of its costs to administer the program.[30] Dominion provides no new information to explain or justify the minimum $500/month fee.
- **Dominion has provided no information about how it arrived at the alternate $0.25/MWh fee.** Dominion provides even less information about the basis for the $0.25/MWh fee, merely stating in response to Staff that this fee "is intended to account for larger renewable resources that will require more ongoing management." Dominion's response fails to explain what additional ongoing management will be required, why such

[28] Dominion Response to Staff Set 2-10, attached hereto in Attachment B.

[29] Ibid.

[30] State Corporation Commission. "Transcript of Hearing," May 7, 2013. http://www.scc.virginia.gov/docketsearch/DOCS/2s%24x01!.PDF, Volume 2, Part 4 at 255-258.

management is expected to increase steadily with project size, and how it arrived at $0.25/MWh as the correct charge for ongoing management and other administrative costs.

- **The $0.25/MWh fee would disproportionately impact high load customers.** In addition to lacking justification, the $0.25/MWh fee is likely to cause Schedule RG to be prohibitively expensive for customers seeking larger projects. For example, a 100 MW solar project would result in a monthly administrative charge of approximately $5,500 monthly, or over $65,000 annually.[31] An administrative charge of this magnitude should be clearly explained and adequately justified.

Given these shortcomings and uncertainties, the Schedule RG Administrative Charge cannot be considered fair and cost-based. The Joint Respondents encourage the Commission to work with Dominion to ensure that all customers will be charged according to the cost of providing service under Schedule RG.

With regard to the "Schedule RG Charge," the Joint Respondents are generally supportive of Dominion's proposed approach for setting customer costs based on negotiated PPA prices, including bundled RECs. However, Dominion provides limited insight into how the PPA price would be used to determine the Schedule RG Charge. In the Application, the company only states that the Schedule RG Charge "will be driven by the terms of the Schedule RG PPA," and that it "also reflects the purchase of the associated Environmental Attributes, which will be retired on behalf of the participating customer."[32] The Joint Respondents remain concerned that

[31] Assuming a 30% capacity factor, and 730 hours in an average month.

[32] Dominion Energy, Application. December 1, 2017. http://www.scc.virginia.gov/docketsearch/DOCS/3%24jx01!.PDF, 13.

Dominion has not provided insight into whether any fees or margins will be added to the PPA to determine the Schedule RG charge, and therefore encourage the Commission to work with Dominion to ensure that customers receive a fair price that does not include any hidden or unknown fees.

D. Dominion should ensure that renewable energy developers' needs around contract terms are met, and enable flexible term options for customers.

The Schedule RG proposal specifically indicates there is no minimum contract term for projects under Schedule RG. Instead, Dominion states that the "term for the Schedule RG Agreements will be based upon the desires of the customer and the ability to fulfill such term by a renewable energy resource(s)."[33] The Joint Respondents appreciate this flexibility for customers, but urge Dominion to provide project developers with the long-term contract certainty needed to secure project financing.

Utilities have an opportunity to both provide valuable flexibility to customers and ensure that developers are able to secure financing. For example, utility purchasing commitments and customer commitments need not align perfectly—utilities can develop programs that offer different pricing tiers based on the duration of customer commitments. Schedule RG is already structured such that the utility serves as the project offtaker; Dominion has an opportunity with Schedule RG to offtake from a project for a longer duration and allow customers different term options if they are willing to pay extra for a shorter term. The Joint Respondents encourage Dominion and the Commission to explore such options to meet the needs of a greater range of prospective participants.

[33] Dominion Response to Staff Set 3-20, attached hereto in Attachment B.

E. Dominion should clearly advertise the opportunity for multiple Schedule RG customers to offtake from a larger project.

As noted in Section III above, the Joint Respondents support Dominion's proposal to aggregate multiple customers, at its discretion, "to improve procurement efficiencies, as well as the costs and Schedule RG pricing for customers." For smaller customers, especially those with individual demand for a renewable energy project in the 1 MW to 20 MW range, the opportunity to join with other customers to offtake from a larger project is likely to hold significant appeal because it would allow such customers to take advantage of economies of scale not otherwise available to them. Dominion therefore has the opportunity to add value to the program by serving as an aggregator of its customers' demand. The Joint Respondents encourage Dominion to make this option more clearly and widely available to customers, allowing customers to express interest in offtaking a percentage of a larger project, alongside other customers, when they initially enroll in the program.

F. Dominion should clearly define a re-enrollment process for participating customers.

Dominion proposes an initial three-month enrollment period to solicit customer interest for Schedule RG.[34] The initial enrollment period is to be followed by additional customer solicitations, at least one per year, as warranted, until reaching an initial cap of 50 customers. Prospective customers can also enroll outside the enrollment and solicitation periods if they have either identified a specific renewable energy generator with which to sign a PPA, or have requested Dominion build a renewable energy generator.

[34] Dominion Energy, Application. December 1, 2017. http://www.scc.virginia.gov/docketsearch/DOCS/3%24jx01!.PDF, 12.

The initial enrollment process for Schedule RG is well-defined, but details are missing in regards to if and how customers might re-enroll in the program. It is reasonable to expect that participating customers would have an interest to re-enroll in the program at the end of their contract terms. Specifically, a re-enrollment option would give these customers more opportunity to reach their renewable energy and/or greenhouse gas emissions goals, and would certainly be in the public interest. A re-enrollment option would also be in line with Dominion's stated goal to provide contract terms that are "based upon the desires of the customer."[35] Further, a clearly defined re-enrollment process would provide better understanding to potential customers as they decide whether or not to initially enroll in the program.

Multiple electric utilities have already successfully implemented tariffs with a re-enrollment option, with a clearly defined re-enrollment process. Consumers Energy's Voluntary Large Customer Renewable Energy Pilot Program allows customers to re-enroll in the program in either three-year or 20-year increments.[36] The tariff explicitly states when the customer must elect to re-enroll, and then details all subsequent charges associated with re-enrollment. Xcel Energy Colorado's Schedule RC allows customers to sign up for one of three subscription options: a month-to-month subscription, a five-year subscription, or a 10-year subscription.[37] Customers are automatically re-enrolled for subsequent subscriptions unless the customer notifies the utility that it wishes to terminate. Similar to these utilities, Dominion should allow

[35] See Dominion Response to Staff Set 3-20, attached hereto in Attachment B.

[36] Consumers Energy. "MPSC Case No. U-18393," May 12, 2017. https://mi-psc.force.com/sfc/servlet.shepherd/version/download/068t0000001UYTBAA4?casenum=18393, 22.

[37] Xcel Energy. "Public Service Company of Colorado Electric Tariff Index," 2018. https://www.xcelenergy.com/staticfiles/xe/PDF/Regulatory/CO-Rates-&-Regulations-Entire-Electric-Book.pdf, 157.

participating customers to re-enroll in Schedule RG, and take the additional step to clearly define the re-enrollment process.

G. Dominion should more clearly define the evaluation process for Schedule RG; the process should include participating customers and other interested persons, and the process should begin before the initial 50 customer cap is met.

Dominion's Application, at page 10, proposes an initial cap of 50 customers for the program to "allow an opportunity for ongoing evaluation by the Company, the Commission, and other stakeholders of this new tariff offering." In response to a request from the Joint Respondents, Dominion added that the "ongoing evaluation" will include evaluating "the level of customer participation in Schedule RG, and other criteria, including but not limited to constraints placed on the Company's administrative systems due to participation in Schedule RG."[38] It is certainly worthwhile for Dominion to evaluate Schedule RG on an ongoing basis. However, Dominion should more clearly define the evaluation process, and include participating customers and other interested persons.

It is critical for participating customers and other interested persons to have the opportunity to provide feedback on Schedule RG, both before and after the initial customer cap is met. This feedback can provide valuable information on the quality of Schedule RG, including its ability to help customers achieve their renewable energy and/or greenhouse gas emissions goals. The evaluation process could be structured in multiple ways, one option being to host an annual meeting, beginning one year following program approval. Dominion would make a reasonable attempt to enable participating customers, non-participating eligible customers, and other interested persons to attend. Dominion would facilitate a discussion of whether to modify or expand the program, presenting information relevant to the evaluation process, including but

[38] See Dominion Response to MAREC Set 1-8, attached hereto in Attachment B.

not limited to, the number of eligible customers (and their potential aggregated demand), the number of participating customers, and any impacts (positive or negative) on non-participating customers. Dominion would solicit information on how well the program meets the expectations of participating customers, using the input to guide a discussion of whether to propose, for Commission approval, an expansion or modification of the program. A clearly defined evaluation process that would include all interested parties would certainly be in the public interest and would help Dominion in its efforts to offer a well-designed tariff.

V. CONCLUSION

The Joint Respondent's review of Schedule RG concludes that the proposed program is designed well in many ways, and that Dominion is making an effort to meet customer needs. We certainly commend Dominion for seeking to structure a renewable energy product for its larger customers, and for designing a program that includes several supportable features, including a market solicitation process; a market-based billing structure; a program cap based on number of customers, not megawatts or megawatt-hours; customer account aggregation; a 1,000 kW customer eligibility threshold; options for customers to purchase from projects that jointly serve multiple participants; and advantageous REC treatment.

However, the Joint Respondents reiterate that Schedule RG will be made much stronger by amending Schedule RG to allow customers to directly negotiate and execute PPAs with renewable energy suppliers; using a transparent and competitive market solicitation process; reviewing the Schedule RG Administrative Charge and the Schedule RG Charge to ensure all customer charges are cost-based; ensuring that renewable energy developers' needs around contract terms are met, and enabling flexible term options for customers; clearly advertising the opportunity for multiple Schedule RG customers to offtake from a larger project; and by clearly

defining the evaluation process for Schedule RG, including participating customers and other interested persons in the evaluation and beginning the evaluation process before the initial 50 customer cap is met. These improvements will better suit the needs of a wider range of customers and will bring benefit to Dominion and the Commonwealth. As such, the Joint Respondents would recommend approval of a tariff that incorporates the recommended improvements as proposed in these comments, assuming Dominion adequately shows, and the Commission determines, that the customer charges are cost-based.

Respectfully submitted,

MID-ATLANTIC RENEWBALE ENERGY COALITION
ADVANCED ENERGY ECONOMY
VIRGINIA ADVANCED ENERGY ECONOMY

By Counsel

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April 10, 2018

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing was, this 10th day of April, 2018, served by first-class mail, postage prepaid, and/or e-mail to:

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Attachment A

CERES Public Comments in Case No. PUE-2016-00051

To: Joel H. Peck
Clerk, State Corporation Commission
c/o Document Control Center
P.O. Box 2118
Richmond, VA 23218-2118

Case No. PUE-2016-00051

Public Comment

November 8, 2016

For more information, contact:
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(617) 247-0700 x105

November 8, 2016

State Corporation Commission
Tyler Building
1300 E. Main St.
Richmond, VA 23219

RE: Case No. PUE-2016-00051

Dear State Corporation Commissioners:

As major employers and large electricity consumers in Virginia, we write to support progress to date, and to express our support for increased and diversified renewable energy supplies in Virginia. We also write to ask for an explicit legal framework allowing companies choices to procure, lease, and access renewable energy resources from the state's utilities and from private third-party sellers.

As global companies providing products and services to consumers around the world from our operations in Virginia, we value not only a reliable and affordable electricity supply but also a clean one. Our companies, like many other leading U.S. businesses, have set public goals to reduce carbon emissions and operate using renewable energy. Our ability to access power from renewable resources is essential to our corporate energy strategies.

Major businesses often use multiple policy mechanisms to procure renewable energy depending on financing, suitability of a site, length of contract, and a variety of additional considerations that may be different for each company. States that have expanded and opened access to renewable energy are particularly attractive to businesses—offering up a diversified energy system, improved air quality, and greater long-term price stability.

We are encouraged by the progress that has been made in Virginia. Renewable energy projects made possible by companies located in Virginia are already delivering numerous benefits. The deals signed to date are producing tax revenue, jobs, and other economic benefits, and send a strong signal to other companies that barriers to corporate renewable procurement in Virginia are not insurmountable. These projects also reflect constructive engagement by Virginia's utilities and other key stakeholders. We see an opportunity to build upon this hard work and momentum by further expanding options for companies to procure renewable energy in the Commonwealth.

Virginia would meet the needs of a wide range of companies by allowing choice—including options to pursue power purchase agreements (PPAs), negotiate direct arrangements, and opt-into cost-competitive renewable energy tariffs, subscribe to community solar, and pursue other policy mechanisms tailored to the needs of large buyers.

First, Virginia should provide broader freedom for companies to enter into PPAs. Virginia currently lacks the explicit legal framework to allow companies like ours to enter into renewable energy contracts with non-utility energy service providers through third-party financing or PPAs. Third-party PPAs allow companies to procure energy without making major capital expenditures up front or taking on the risk associated with operation and maintenance.

Second, Virginia utilities should also offer a cost of service based renewable energy tariff for large buyers, allowing customers to opt-in to a portfolio of renewable energy generation delivered by their regulated utility. The goal of this tariff should be to provide customers with easy access to cost-effective renewable energy with low transaction costs and a fixed energy component that provides price certainty and avoids fuel price volatility without impacting other ratepayers.

While these two changes are key to expanding our options to pursue renewable energy, it is also important that Virginia's regulated utilities and the State Corporation Commission avoid limiting companies to a fixed set of purchasing pathways. Renewable energy tariffs, third-party PPAs, and

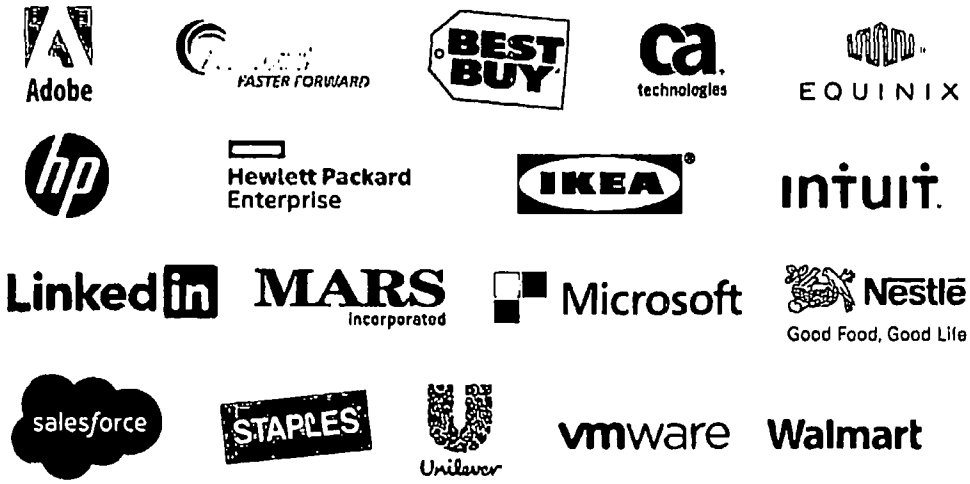
other policy mechanisms should not preclude other competitive opportunities that can drive innovation, reduce costs, and expand new renewable energy opportunities in the state.

We encourage additional robust dialogue between Virginia utilities and their customers to identify innovative solutions for corporate renewable energy purchasing that minimize overall costs without impacting non-participating ratepayers. The Corporate Renewable Energy Buyers' Principles[1] may serve as a basis for these dialogues.

As some of the largest electricity consumers in Virginia, we support increasing the supply of renewable energy available through utilities and from third parties. We want utilities to provide their customers with affordable, reliable, and clean energy, and we believe this is possible with policies that increase Virginia's profile as a place to do business. All Virginians will benefit through new investments, tax revenue, jobs, and infrastructure upgrades that accompany the resulting advanced energy growth. This makes Virginia a more attractive place to do business for the growing list of companies that have set greenhouse gas reduction and renewable energy commitments.[2]

We invite the state's utilities, third party providers, and policymakers to collaborate with us on opportunities to meet our mutual objective of increasing the cost-effective supply of renewable energy in Virginia.

Sincerely,



To contact the signatories of this letter, please contact goldroberts@ceres.org.

cc:
Governor Terry McAuliffe
Members of the Virginia Senate Committee on Commerce and Labor
Members of the Virginia House Committee on Commerce and Labor

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[1] www.buyersprinciples.org

[2] http://www.worldwildlife.org/publications/power-forward-2-0-how-american-companies-are-setting-clean-energy-targets-and-capturing-greater-business-value

Attachment B

Responses to Staff and MAREC Discovery

Virginia Electric and Power Company
Case No. PUR-2017-00163
Mid-Atlantic Renewable Energy Coalition
First Set

The following response to Question No. 4 of the First Set of Interrogatories and Requests for Production of Documents Propounded by the Mid-Atlantic Renewable Energy Coalition received on March 15, 2018 has been prepared under my supervision.

James M. Billingsley
Manager - Power Contracts & Origination
Virginia Electric and Power Company

Question No. 4:

How does Dominion plan to execute its market solicitation process to identify renewable resources to meet customer interest? And how will Dominion evaluate resource proposals against a self-build option?

Response:

The Company intends to conduct a Request for Proposal, Request for Information, or some other form of market solicitation. Self-build options will be compared to third party proposals using both quantitative ($/MWh) and qualitative (e.g. development schedule, interconnection schedule, permitting status, etc) factors.

Virginia Electric and Power Company
Case No. PUR-2017-00163
Virginia State Corporation Commission Staff
Second Set

The following response to Question No. 10 of the Second Set of Interrogatories and Requests for Production of Documents Propounded by the Virginia State Corporation Commission Staff received on February 28, 2018 has been prepared under my supervision.

James M. Billingsley
Manager - Power Contracts & Origination
Virginia Electric and Power Company

Question No. 10:

Please refer to pages 12 and 13 of the Company's Application. The Company states that the Net Schedule RG Settlement charge or credit will include the Schedule RG Administrative Charge which "will be addressed in the Schedule RG Agreement, shall be equal to the greater of (i) $500 for each 30-day billing period or (ii) $0.25 per MWh supplied by each Renewable Generator and/or Company Renewable Resource for which the customer has contracted to purchase Electrical Output pursuant to Schedule RG."

(a) Please list and describe the costs which the Schedule RG Administrative Charge is intended to recover.

(b) Please provide a detailed explanation of how the Company derived the $500 per 30-day billing period or $0.25 per MWh Schedule RG Administrative Charge.

(c) Will the Company recalculate the Schedule RG Administrative Charge each month while the customer is taking service on Schedule RG based upon the customer's usage for that month or will the charge and its determination be predetermied in the Schedule RG Agreement?

(d) Will each customer potentially pay a different Schedule RG Administrative Charge? What factors would influence those differences?

Response:

(a) The Schedule RG Administrative Charge is intended to defray the ongoing costs associated with administering the program such as customer billing, management of the Schedule RG Agreement and Schedule RG PPA(s), and administration of RECs produced by the renewable resource.

(b) The Schedule RG Administrative Charge is based on the $500 charge approved as part of the Company's original RG Pilot Program in 2012 and is consistent with industry practice (*see, e.g.*, Duke Energy's Green Source Rider program). The $0.25 per MWh

option is intended to account for larger renewable resources that will require more ongoing management.

(c) The Schedule RG Administrative Charge will be calculated each billing period to be the greater of $500 or $0.25 per MWh for each renewable resource serving the customer.

(d) The basis for determining the Schedule RG Administrative Charge will be consistent among customers but each customer could potentially pay a different Schedule RG Administrative Charge because it is based on the number of renewable resources serving the customer as well as the MWh's produced by each renewable resource if that calculation yields an amount greater than $500.

Virginia Electric and Power Company
Case No. PUR-2017-00163
Virginia State Corporation Commission Staff
Third Set

The following response to Question No. 20 of the Third Set of Interrogatories and Requests for Production of Documents Propounded by the Virginia State Corporation Commission Staff received on March 15, 2018 has been prepared under my supervision.

FOR

Robert J. Trexler
Director - Regulation
Virginia Electric and Power Company

Question No. 20

Does the Company propose a minimum term for Schedule RG agreements? If so, what is that minimum term?

Response:

No. The term for the Schedule RG Agreements will be based upon the desires of the customer and the ability to fulfill such term by a renewable energy resource(s).

Virginia Electric and Power Company
Case No. PUR-2017-00163
Mid-Atlantic Renewable Energy Coalition
First Set

The following response to Question No. 8 of the First Set of Interrogatories and Requests for Production of Documents Propounded by the Mid-Atlantic Renewable Energy Coalition received on March 15, 2018 has been prepared under my supervision.

FOR

Robert J. Trexler
Director - Regulation
Virginia Electric and Power Company

Question No. 8

Dominion states on page 10 of its application that it is "proposing an initial customer cap ... to allow an opportunity for ongoing evaluation by the Company." Please provide more details on what the evaluation process would look like and who would be included in the process.

Response:

The Company will evaluate the level of customer participation in Schedule RG, and other criteria, including but not limited to constraints placed on the Company's administrative systems due to participation in Schedule RG.