

## STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 29, 2020

*Document Control Center 06/29/20@1.01 PM*COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

CASE NO. PUR-2020-00120

*Ex Parte:* In the matter of establishing rules and regulations pursuant to § 56-585.5 E 5 of the Code of Virginia related to the deployment of energy storage

ORDER ESTABLISHING PROCEEDING

During its 2020 Session, the Virginia General Assembly enacted the Virginia Clean Economy Act ("VCEA").<sup>1</sup> Among other things, the VCEA, in Code § 56-585.5 E, requires Appalachian Power Company ("APCo") and Virginia Electric and Power Company ("Dominion") to petition the Commission for approval to construct or acquire 400 megawatts ("MW") and 2,700 MW, respectfully, of new utility-owned energy storage resources by 2035 (collectively "Energy Storage Targets"). Section 56-585.5 E 5 further provides in part that:

By January 1, 2021, the Commission shall adopt regulations to achieve the deployment of energy storage for the Commonwealth required in subdivisions 1 and 2, including regulations that set interim targets and update existing utility planning and procurement rules. The regulations shall include programs and mechanisms to deploy energy storage, including competitive solicitations, behind-the-meter incentives, non-wires alternatives programs, and peak demand reduction programs.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that this matter should be established for the purpose of complying with this statutory requirement. We first seek comment on several questions raised by § 56-585.5 E 5 of the Code.

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<sup>1</sup> Senate Bill 851, 2020 Va. Acts ch. 1194, and identical House Bill 1526, 2020 Va. Acts ch. 1193 (effective July 1, 2020)

We will direct APCo and Dominion to submit comments, and permit any other interested person or entity to submit comments, regarding the issues identified below for comment. In addition to answering these specific questions, commenters also may propose specific regulations.

#### Issues Identified for Comment

1. What interim targets should be established for meeting the targets set forth in Code § 56-585.5 E 1 for APCo?
2. What interim targets should be established for meeting the targets set forth in Code § 56-585.5 E 2 for Dominion?
3. What updates to existing utility planning should be adopted to facilitate the achievement of the Energy Storage Targets?
4. What updates to existing utility procurement rules should be adopted to facilitate the achievement of the Energy Storage Targets?
5. What competitive solicitation-related programs and mechanisms to deploy energy storage should be included in the required regulations?
6. What behind-the-meter incentives to deploy energy storage should be included in the required regulations?
7. What non-wires alternatives programs to deploy energy storage should be included in the required regulations?
8. What peak demand reductions programs to deploy energy storage should be included in the required regulations?
9. Should the regulations mandate or limit the deployment of any particular type of energy storage resource or facility? If so, please explain.
10. Should the required regulations apply to non-utility energy storage? For example, should the regulations include a mechanism by which the Commission can issue permits for non-utility-owned storage?
11. Code § 56-585.5 E refers to "energy storage," "energy storage resources," "energy storage facilities," "energy storage project," and "energy storage capacity." The statute provides no definition of any of these terms.
  - (a) Should the regulations include a definition for each term? If so, please provide necessary definition(s).
  - (b) Does each included term require its own set of regulations? Why or why not?

12. Code § 56-585.5 E requires Dominion and APCo to "petition the Commission for necessary approvals to construct or acquire new, *utility-owned* energy storage resources . . . ." (emphasis added). Code § 56-585.1 E 5 provides in part that:

After July 1, 2020, at least 35 percent of the energy storage facilities placed into service shall be (i) purchased by the public utility from a party other than the public utility or (ii) owned by a party other than a public utility, with the capacity from such facilities sold to the public utility.

- (a) Does the energy storage required by Code § 56-585.5 E count toward the targets set forth in Code § 56-585.5 E 1 and E 2, or is it incremental thereto?
- (b) Should this requirement be incorporated in some way into the interim targets to be adopted for Dominion and APCo?
- (c) Should the regulation contain any limitation on the acquisition of energy storage facilities or purchases of capacity from utility-affiliated interests?
13. Code § 56-585.5 F permits recovery of costs of, *inter alia*, "energy storage facilities, that are constructed or acquired by a Phase I or Phase II Utility after July 1, 2020"<sup>2</sup> and costs of "energy storage facilities, purchased by the utility from persons other than the utility through agreements after July 1, 2020[.]" Is there a difference between energy storage facilities that are "acquired" by a utility and those that are "purchased" by a utility that should be addressed by the regulation? Why or why not?
14. What additional provisions should be included in the required regulations?

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUR-2020-00120 for the purposes of receiving comments directed herein.
- (2) APCo and Dominion shall submit comments within thirty (30) days of the date of this Order.
- (3) Any other interested person or entity may submit comments within thirty (30) days of the date of this Order.

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<sup>2</sup> APCo is a Phase I Utility, and Dominion is a Phase II Utility. See Code § 56-585.1 A 1.

(4) The Commission's Division of Public Utility Regulation shall provide copies of this Order by electronic transmission, or when electronic transmission is not possible, by mail, to: individuals, organizations, and companies who have been identified by the Commission Staff as interested in the development of energy storage in the Commonwealth.

(5) This case 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.