

July 22, 2021

VIA Electronic Filing

Ms. Antonia Dunston, Interim Chief Clerk
North Carolina Utilities Commission
Dobbs Building
430 North Salisbury Street
Raleigh, North Carolina 27603-5918

**Re: Docket No. E-100, Sub 167
Sub 158 Additional Issues Status Update**

Dear Ms. Dunston:

Enclosed for filing on behalf of Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (“DENC” or the “Company”), and pursuant to the *Order Granting Continuance and Establishing Reporting Requirements* issued by the North Carolina Utilities Commission (“Commission”) in Docket No. E-100, Sub 167 on October 30, 2020 (“Continuance Order”), is DENC’s Status Update on its continued work on the applicable additional issues set forth in the Commission’s April 15, 2020 *Order Establishing Standard Rates and Contract Terms for Qualifying Facilities* (“Sub 158 Order”) in Docket No. E-100, Sub 158 (“Sub 158 Additional Issues”).

Performance Adjustment Factor Development Metrics

In the Sub 158 Order, the Commission directed that the Utilities, “with input from the Public Staff, shall evaluate appropriateness of using other reliability indices, specifically the equivalent unplanned outage rate (“EUOR”) metric, to support development of the [performance adjustment factor (“PAF”)] prior to the next biennial avoided cost filing.” (Sub 158 Order at Ordering Paragraph 13.) During 2021, DENC and the Public Staff discussed how the Company currently calculates the PAF using the weighted equivalent availability (“EA”) metric. The Public Staff provided discussion topics regarding the PAF issue to the Company in late March, and the Public Staff and the Company met to discuss those topics on June 2, 2021. Based on that discussion, the Company reported in its June 7, 2021 Status Update that it was close to achieving consensus with the Public Staff on the PAF and would provide a further update to the Commission in DENC’s next Status Update.

With this Status Update, DENC reports that it has reached consensus with the Public Staff on this issue and will utilize the weighted equivalent unplanned outage factor (“WEUOF”) metric for purposes of determining the PAF in the upcoming biennial avoided cost proceeding. The Company and Public Staff also agree that DENC will use five years of historic fleet performance data to determine the PAF. Finally, the Company and the Public Staff agree that DENC will have the flexibility to determine its own months to be used in the overall PAF calculation, and will provide support for use of those months in the next biennial avoided cost filing.

Transmission & Distribution Impacts

The Commission also stated in the Sub 158 Order that it would remain open to revisiting the issue of potential avoidance of transmission and distribution capacity costs in a future proceeding where evidence can be more fully developed, and directed the Utilities and the Public Staff to work together to more precisely define these issues for its consideration in the next avoided cost proceeding. (Sub 158 Order at 67-68.) The Company and the Public Staff discussed this issue on multiple occasions during 2021. At this time, while DENC continues to work to modernize the distribution grid to address the technical and process issues necessary to leverage QFs as a grid resource while maintaining safe and reliable service to its customers, it believes that it is premature to consider how to quantify or compensate for the benefit that a QF might provide. DENC and the Public Staff have achieved consensus that it is appropriate for the Company to continue to explore the potential for transmission and distribution cost increments and decrements in future filings, but that an absolute increment or decrement cannot be determined at this time.

CT Costs

In its March 8, 2021 Status Update, the Company reported that it still plans to commence modeling of the avoided cost of incremental capacity need using a brownfield site during the third quarter of 2021, to evaluate the other increments and decrements identified by the Commission in the Sub 158 Order for the potential to reflect those items in its avoided CT cost determination, and to update the Commission in forthcoming Status Updates on its review of those factors. The Company and the Public Staff subsequently convened on March 25, 2021, and July 1, 2021, to discuss this issue. The Company is working on follow-up items from the latest discussion to present to the Public Staff and will provide further updates on this issue in its next Status Update.

FERC Order No. 872

In its *Order Establishing Biennial Proceeding, Requiring Data, and Scheduling Public Hearing* issued in this docket on August 13, 2020, the Commission noted “that the FERC issued Order No. 872 on July 16, 2020, in its Docket Nos. RM19-15-000 and AD16-16-000 potentially driving additional changes to PURPA implementation and the determination of avoided cost rates in North Carolina.” The Company continues to

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evaluate Order No. 872 and its potential implications for PURPA implementation in North Carolina, and will reach out to the Public Staff in advance of submitting the November 2021 filing to discuss any planned proposals consistent with Order No. 872. DENC will provide further updates on this issue in its next Status Update.

Please do not hesitate to contact me should you have any questions. Thank you for your assistance with this matter.

Very truly yours,

/s/Andrea R. Kells

ARK/sjg

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing *Sub 158 Additional Issues Status Update*, filed in Docket No. E-100, Sub 167, were served electronically or via U.S. mail, first-class postage prepaid, upon all parties of record.

This the 22nd day of July, 2021.

/s/Andrea R. Kells

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