

January 21, 2021

VIA Electronic Filing

Ms. Kimberley A. Campbell, 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. Campbell:

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 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.) In its Initial Report on the Sub 158 Additional Issues filed in this docket on December 7, 2020 (“Initial Report”), the Company stated that on November 30, 2020, it conducted an initial discussion with the Public Staff on this PAF issue. The Initial Report also stated that DENC planned to reconvene with the Public Staff for further discussion during the first quarter of 2021, and to continue to discuss with the Public Staff and report on this issue in future Status Updates. The Company and the Public Staff have agreed to reconvene on February 9, 2021, to continue these discussions, and DENC will report further on those discussions in future Status Updates.

Transmission & Distribution Impacts

The Commission also stated 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.) As the Company reported in its Initial Report, DENC and the Public Staff conducted an initial discussion on this issue during their November 30, 2020 conversation. The Company's Initial Report also stated that DENC planned to reconvene with the Public Staff for further discussion during the first quarter of 2021, and to continue to discuss with the Public Staff and report on this issue in future Progress Updates. The Company and the Public Staff have agreed to reconvene on February 9, 2021, to continue these discussions, and DENC will report further on those discussions in future Status Updates.

Other Issues

In addition, the Commission required the Utilities to "continue to study the impact of distributed generation on power flows on their distribution circuits and to provide the results of those studies as a part of their initial filings in the next biennial avoided cost proceeding." (Sub 158 Order at 36.) As noted in its Initial Report, the Company updated its evaluation of the amount of backflow on the North Carolina portion of its service area, but did not include the updated study with the streamlined filing submitted on November 2, 2020, based on DENC's determination that the analysis was included in the "Sub 158 Additional Issues" addressed by the Commission in the Continuance Order, to be addressed in the November 2021 filing. As also stated in the Initial Report, the Company plans to update the backflow study again during the third quarter of 2021 for purposes of the November 2021 biennial avoided cost filing, and will update the NCUC on the progress and results of that updated study in future Status Updates.

Finally, the Commission also directed the Utilities to "evaluate and apply cost increments and decrements to the publicly available CT cost estimates, including the use of brownfield sites, existing infrastructure, decrements for electrical and natural gas connections, and other balance of plant items, to the extent it is likely that this existing infrastructure is used to meet future capacity additions by the utility." (Sub 158 Order at 33-34, Ordering Paragraph 9.) As noted in its Initial Report, for purposes of the November 2021 filing, DENC plans to commence modeling of the avoided cost of incremental capacity need using a brownfield site during the third quarter of 2021. As also stated in the Initial Report, DENC will also 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 will update the Commission in forthcoming Status Updates on its review of those factors.

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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:kjg

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing letter regarding 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 21st day of January, 2021.

/s/Andrea R. Kells

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