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**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’s January 21, 2021 Status Update reported that DENC and the Public Staff agreed to reconvene on February 9, 2021, to continue these discussions, and that DENC would report further on those discussions in future Status Updates.

On February 9, 2021, DENC and the Public Staff discussed how the Company currently calculates the PAF using the weighted equivalent availability (“EA”) metric, which inputs are accounted for by the EA, and how the Company’s use of the EA metric relates to the Company’s obligations as a member of the PJM Interconnection, LLC (“PJM”), including its obligation to participate in the PJM capacity market. As communicated to the Public Staff, the Company continues to support the weighted EA as the appropriate metric for determining the PAF. The Public Staff expressed interest in seeking out consistency between utility approaches where possible and striving for equal treatment of QFs and utilities, and is continuing to evaluate these considerations based on its discussions with the Company and the Duke Utilities.

### **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 continued discussing the PAF on February 9, 2021, as discussed above, and plan to continue discussing the topic of transmission and distribution impacts later this month. DENC will provide additional information on this issue in future Status Updates.

### **Other Issues**

As noted in the Company’s January 21, 2021 status update, DENC plans to update its backflow study during the third quarter of 2021 for purposes of the November 2021 biennial avoided cost filing, and to update the Commission on the progress and results of that updated study in future Status Updates. In addition, the Company 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.

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 evaluate Order No. 872 and its potential implications for PURPA implementation in North

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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, likely during the third quarter of 2021.

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 8<sup>th</sup> day of March, 2021.

/s/Andrea R. Kells

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