

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

**STAFF CONFERENCE AGENDA
DECEMBER 11, 2017**

COMMISSION STAFF

NO AGENDA ITEMS

PUBLIC STAFF

D. ELECTRIC

- P1. DOCKET NOS. SP-5273, SUB 0, SP-5434, SUB 0, AND E-22, SUB 548 – JOINT NOTICE AND REQUEST FOR APPROVAL TO TRANSFER CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY

EXPLANATION: On June 13, 2017, in Docket No. SP-5273, Sub 0, the Commission issued a certificate of public convenience and necessity (CPCN) to Pecan Solar, LLC (Pecan Solar), for the construction of a 74.9 MW_{AC} solar photovoltaic (PV) electric generating facility in Northampton County, North Carolina. Pecan Solar is owned by EDF Renewable Energy.

On August 7, 2017, in Docket No. SP-5434, Sub 0, the Commission issued a CPCN to Johannes Gutenberg Solar, LLC (Gutenberg Solar), for the construction of a 79.9 MW_{AC} solar PV electric generating facility in Northampton County, North Carolina. Gutenberg Solar is also owned by EDF Renewable Energy.

On October 11, 2017, Pecan Solar, Gutenberg Solar (collectively, the Sellers), and Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (DENC) (collectively, the Applicants), filed a verified joint notice and request for approval (Joint Notice) to transfer the CPCNs for the two solar PV facilities (collectively, the Facilities) to DENC. DENC is an operating subsidiary of Dominion Resources, Inc.

The Applicants request expedited approval of the transfer so that these Facilities can achieve commercial operation under DENC's ownership while allowing sufficient time for the Facilities to be constructed and construction milestones to be met in accordance with the Asset Purchase Agreements entered into between the Sellers and DENC.

According to the Joint Notice, DENC plans to acquire the Facilities and their associated rights and assets and to sell the entire energy output of the Facilities into the PJM Interconnection, L.L.C. (PJM) market, and 100% of the Renewable Energy Certificates

(RECs) and environmental attributes (EAs) to a third party customer (Customer) that is currently served by DENC.

Construction has not started on either of the Facilities. The facility to be acquired from Pecan Solar (referred to herein as the Pecan Solar facility) will be located on a tract of privately owned land totaling 1,158 acres along Bethel Church Road, Northampton County, within DENC's service territory. The interconnection facilities will occupy approximately one half acre and will be located within the solar facility. Interconnection service to the facility will be provided pursuant to an interconnection service agreement (ISA) previously entered into between and among PJM, Pecan Solar, and DENC. The ISA, which was filed with the Federal Energy Regulatory Commission (FERC) on May 5, 2016, and accepted by FERC on June 22, 2016, allows for up to 74.9 MW of solar generation to be connected to an existing DENC-owned 115-kV transmission line. Upgrades to the existing system will be necessary for this connection. Interconnection to the DENC system is expected to occur in mid-2018.

The facility Acquired from Gutenberg Solar (referred to herein as the Gutenberg Solar facility) will be located on a tract of privately owned land totaling 1,126 acres within an approximately 1.5 mile radius of the intersection of Cornwallis Road and NC Highway 186, Northampton County, within DENC's service territory. The interconnection facilities will occupy approximately one half acre of land and will be located within the solar facility. Interconnection service to the facility will be provided pursuant to an ISA previously entered into between and among PJM, Gutenberg Solar, and DENC. The ISA, which was filed with FERC on July 12, 2017, and accepted by FERC on August 24, 2017, allows for up to 79.9 MW of solar generation to be connected to an existing DENC-owned 115-kV transmission line. Interconnection to the DENC system is expected to occur in late 2018.

The original intent of the Sellers was to enter into a power purchase agreement with DENC or another buyer for sale of the output of the Facilities. DENC selected the Facilities as the best options that would enable it to provide RECs and EAs to the Customer in a timely and economical manner. On September 21, 2017, the Applicants executed the APAs for the Facilities and related assets. DENC will transfer 100% of the RECs associated with the Facilities' output to the Customer. RECs will be tracked and retired using the PJM Environmental Information Services Generation Attribute Tracking System (PJM-EIS GATS), or other similar tracking system. DENC will not use the RECs associated with the Facilities to comply with its own obligations under the North Carolina Renewable Energy and Energy Efficiency Portfolio Standard (REPS), nor will it use energy or RECs acquired for its own REPS compliance for the Customer.

The electric output of the Facilities will be sold into PJM under DENC's market-based rate (MBR) authorization for wholesale sales of electric energy. DENC's purchase and operation of these Facilities will not impact North Carolina customers, who will be held harmless from any costs associated with the Facilities, as the Facilities will be "ring fenced" so that they are not included in DENC's rate base for cost of service or ratemaking purposes. Specifically, all costs incurred by DENC pursuant to the APAs or in the

potential provision of RECs and EAs to the Customer will be directly assigned to the Customer through the rate it pays for the RECs and EAs. Further, DENC will directly assign or allocate costs and benefits as necessary to ensure that its North Carolina customers are in the same position they would have been had DENC not acquired the Facilities or met the needs of the Customer as proposed.

The Public Staff has reviewed the Joint Notice and believes that concerns regarding the accounting procedures and internal controls to be instituted by DENC during the construction period and after commercial operation begins to identify costs associated with the Facilities and isolate those costs from the cost of serving DENC's North Carolina retail ratepayers, and the potential impacts of the operation of the Facilities on DENC's fuel rider, can be appropriately reviewed during the course of applicable ratemaking or other future proceedings.

Based on its review, the Public Staff concludes that the proposed transfer of the CPCNs for the Facilities to DENC is justified by the public convenience and necessity and should be approved subject to certain conditions. The conditions are the same as those included in the Commission's Order Approving Transfer of Certificate Subject to Conditions for Morgans Corner Solar Energy, LLC (Morgans Corner) issued on October 27, 2015, in Docket No. E-22, Sub 528, with the exception of Morgans Corner Condition number 5 (since all energy from the Facilities will be sold into PJM), and are sufficient to ensure that DENC's North Carolina retail ratepayers will be held harmless from any costs associated with DENC's ownership and operation of the Facilities as proposed in the Joint Notice. The conditions recommended by the Public Staff to be imposed on the Facilities are the following:

1. (Accounting Conditions) DENC shall utilize appropriate mechanisms in its accounting system and internal controls to identify, capture, and report all costs associated with the Facilities in sufficient detail such that these costs are excluded from its North Carolina Retail cost of service.
2. (Cost of Service Conditions) DENC shall allocate system level costs, excluding the costs associated with the Facilities, to the Customer such that DENC's ownership and operation of the Facilities will have no impact on the costs allocated to North Carolina retail operations. This allocation procedure shall be used consistently in all DENC general rate case and rider proceedings such that there will be no impact on DENC's North Carolina retail ratepayers as a result of DENC's ownership or operation of the Facilities.
3. (Fuel Cost Conditions) DENC shall exclude from its fuel factor calculations any impacts of the Facilities on total system energy volumes and system fuel costs such that DENC's ownership of the Facilities will have no impact on its North Carolina retail fuel factors.

4. (REPS Conditions) DENC shall transfer all of the RECs earned by the Facilities to the Customer, shall not apply the RECs associated with the Facilities to its own REPS compliance obligation, and shall not seek to recover any costs associated with providing this service to the Customer from its North Carolina retail cost of service.

5. (Reporting Conditions) Upon commencing operation of the facilities, and annually thereafter, DENC shall file documentation in conjunction with its annual cost of service filings showing that DENC's North Carolina ratepayers are held harmless from any impacts resulting from DENC's ownership and operation of the Facilities.

EXHIBIT: A proposed order is attached as Exhibit No. P-1.

RECOMMENDATION: (Lawrence/Culpepper) That the Commission issue the proposed order finding that the transfer of the CPCNs for Pecan Solar and Gutenberg Solar to DENC as proposed in the Joint Notice is justified by the public convenience and necessity and should be approved, subject to the conditions listed above.

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. SP-5273, SUB 0
DOCKET NO. SP-5434, SUB 0
DOCKET NO. E-22, SUB 548

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

DOCKET NO. SP-5273, SUB 0)

In the Matter of)
Application of Pecan Solar, LLC, for a)
Certificate of Public Convenience and)
Necessity to Construct a 74.9-MW Solar)
Array in Northampton County, North)
Carolina)

DOCKET NO. SP-5434, SUB 0)

In the Matter of)
Application of Johannes Gutenberg Solar,)
LLC, for a Certificate of Public)
Convenience and Necessity to Construct)
a 79.9 MW Solar Array in Northampton)
County, North Carolina)

DOCKET NO. E-22, SUB 548)

In the Matter of)
Application by Virginia Electric and Power)
Company, d/b/a Dominion Energy North)
Carolina, Pecan Solar, LLC, and)
Johannes Gutenberg Solar, LLC, to)
Transfer the Certificates of Public)
Convenience and Necessity to Construct)
Solar Arrays in Northampton County,)
North Carolina)

ORDER APPROVING
TRANSFER OF CERTIFICATES
SUBJECT TO CONDITIONS

BY THE COMMISSION: On June 13, 2017, in Docket No. SP-5273, Sub 0, the Commission issued a certificate of public convenience and necessity (CPCN) to Pecan Solar, LLC (Pecan Solar), for the construction of a 74.9 MW_{AC} solar photovoltaic (PV) electric generating facility in Northampton County, North Carolina. Pecan Solar is owned by EDF Renewable Energy.

On August 7, 2017, in Docket No. SP-5434, Sub 0, the Commission issued a CPCN to Johannes Gutenberg Solar, LLC (Gutenberg Solar), for the construction of a 79.9 MW_{AC} solar PV electric generating facility in Northampton County, North Carolina. Gutenberg Solar is also owned by EDF Renewable Energy.

On October 11, 2017, Pecan Solar, Gutenberg Solar (collectively, the Sellers), and Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (DENC) (collectively, the Applicants), filed a verified joint notice and request for approval (Joint Notice) to transfer the CPCNs for the two solar PV facilities (collectively, the Facilities) to DENC. DENC is an operating subsidiary of Dominion Resources, Inc.

The Applicants request expedited approval of the transfer so that these Facilities can achieve commercial operation under DENC's ownership while allowing sufficient time for the Facilities to be constructed and construction milestones to be met in accordance with the Asset Purchase Agreements entered into between the Sellers and DENC.

According to the Joint Notice, DENC plans to acquire the Facilities and their associated rights and assets and to sell the entire energy output of the Facilities into the PJM Interconnection, L.L.C. (PJM) market, and 100% of the Renewable Energy Certificates (RECs) and environmental attributes (EAs) to a third party customer (Customer) that is currently served by DENC.

Construction has not started on either of the Facilities. The facility to be acquired from Pecan Solar (referred to herein as the Pecan Solar facility) will be located on a tract of privately owned land totaling 1,158 acres along Bethel Church Road, Northampton County, within DENC's service territory. The interconnection facilities will occupy approximately one half acre and will be located within the solar facility. Interconnection service to the facility will be provided pursuant to an interconnection service agreement (ISA) previously entered into between and among PJM, Pecan Solar, and DENC. The ISA, which was filed with the Federal Energy Regulatory Commission (FERC) on May 5, 2016, and accepted by FERC on June 22, 2016, allows for up to 74.9 MW of solar generation to be connected to an existing DENC-owned 115-kV transmission line. Upgrades to the existing system will be necessary for this connection. Interconnection to the DENC system is expected to occur in mid-2018.

The facility Acquired from Gutenberg Solar (referred to herein as the Gutenberg Solar facility) will be located on a tract of privately owned land totaling 1,126 acres within an approximately 1.5 mile radius of the intersection of Cornwallis Road and NC Highway 186, Northampton County, within DENC's service territory. The interconnection facilities will occupy approximately one half acre of land and will be located within the solar facility. Interconnection service to the facility will be provided pursuant to an ISA previously entered into between and among PJM, Gutenberg Solar, and DENC. The ISA, which was filed with FERC on July 12, 2017, and accepted by FERC on August 24, 2017, allows for up to 79.9 MW of solar generation to be connected to an existing DENC-owned 115-kV transmission line. Interconnection to the DENC system is expected to occur in late 2018.

The original intent of the Sellers was to enter into a power purchase agreement with DENC or another buyer for sale of the output of the Facilities. DENC selected the Facilities as the best options that would enable it to provide RECs and EAs to the Customer in a timely and economical manner. On September 21, 2017, the Applicants executed the APAs for the Facilities and related assets. DENC will transfer 100% of the RECs associated with the Facilities' output to the Customer. RECs will be tracked and retired using the PJM Environmental Information Services Generation Attribute Tracking System (PJM-EIS GATS), or other similar tracking system. DENC will not use the RECs associated with the Facilities to comply with its own obligations under the North Carolina Renewable Energy and Energy Efficiency Portfolio Standard (REPS), nor will it use energy or RECs acquired for its own REPS compliance for the Customer.

The electric output of the Facilities will be sold into PJM under DENC's market-based rate (MBR) authorization for wholesale sales of electric energy. DENC's purchase and operation of these Facilities will not impact North Carolina customers, who will be held harmless from any costs associated with the Facilities, as the Facilities will be "ring fenced" so that they are not included in DENC's rate base for cost of service or ratemaking purposes. Specifically, all costs incurred by DENC pursuant to the APAs or in the potential provision of RECs and EAs to the Customer will be directly assigned to the Customer through the rate it pays for the RECs and EAs. Further, DENC will directly assign or allocate costs and benefits as necessary to ensure that its North Carolina customers are in the same position they would have been had DENC not acquired the Facilities or met the needs of the Customer as proposed.

The Public Staff presented this matter at the Commission's Regular Staff Conference on December 11, 2017. The Public Staff stated that it reviewed the Joint Notice and believes that concerns regarding the accounting procedures and internal controls to be instituted by DENC during the construction period and after commercial

operation begins to identify costs associated with the Facilities and isolate those costs from the cost of serving DENC's North Carolina retail ratepayers, and the potential impacts of the operation of the Facilities on DENC's fuel rider, can be appropriately reviewed during the course of applicable ratemaking or other future proceedings.

Based on its review, the Public Staff concluded that the proposed transfer of the CPCNs for the Facilities to DENC is justified by the public convenience and necessity and should be approved subject to certain conditions. The conditions are the same as those included in the Commission's Order Approving Transfer of Certificate Subject to Conditions for Morgans Corner Solar Energy, LLC (Morgans Corner) issued on October 27, 2015, in Docket No. E-22, Sub 528, with the exception of Morgans Corner Condition number 4 (to reflect the transfer of RECs earned by the Facilities to the Customer rather than being retired on behalf of the Customer as with Morgans Corner) and Morgans Corner Condition number 5 (since all energy from the Facilities will be sold into PJM), and are sufficient to ensure that DENC's North Carolina retail ratepayers will be held harmless from any costs associated with DENC's ownership and operation of the Facilities as proposed in the Joint Notice. The conditions recommended by the Public Staff to be imposed on the Facilities are the following:

1. (Accounting Conditions) DENC shall utilize appropriate mechanisms in its accounting system and internal controls to identify, capture, and report all costs associated with the Facilities in sufficient detail such that these costs are excluded from its North Carolina Retail cost of service.
2. (Cost of Service Conditions) DENC shall allocate system level costs, excluding the costs associated with the Facilities, to the Customer such that DENC's ownership and operation of the Facilities will have no impact on the costs allocated to North Carolina retail operations. This allocation procedure shall be used consistently in all DENC general rate case and rider proceedings such that there will be no impact on DENC's North Carolina retail ratepayers as a result of DENC's ownership or operation of the Facilities.
3. (Fuel Cost Conditions) DENC shall exclude from its fuel factor calculations any impacts of the Facilities on total system energy volumes and system fuel costs such that DENC's ownership of the Facilities will have no impact on its North Carolina retail fuel factors.
4. (REPS Conditions) DENC shall transfer all of the RECs earned by the Facilities to the Customer, shall not apply the RECs associated with the

Facilities to its own REPS compliance obligation, and shall not seek to recover any costs associated with providing this service to the Customer from its North Carolina retail cost of service.

5. (Reporting Conditions) Upon commencing operation of the facilities, and annually thereafter, DENC shall file documentation in conjunction with its annual cost of service filings showing that DENC's North Carolina ratepayers are held harmless from any impacts resulting from DENC's ownership and operation of the Facilities.

Based on the foregoing, and the entire record in this matter, the Commission finds that the proposed transfer of the CPCNs for the Facilities from the Sellers to DENC as proposed in the Joint Notice is justified by the public convenience and necessity and should be approved, subject to the conditions listed above.

IT IS, THEREFORE, ORDERED as follows:

1. That the transfers of the CPCNs for the Facilities are approved.
2. That this approval is subject to Condition Nos. 1 – 5 recommended by the Public Staff, as set forth in the body of this Order.
3. That Appendix A shall constitute the CPCN reflecting the transfer of the CPCN from Pecan Solar to DENC.
4. That Appendix B shall constitute the CPCN reflecting the transfer of the CPCN from Gutenberg Solar to DENC.
5. That the CPCN and registration issued to Pecan Solar in Docket No. SP-5273, Sub 0, and the CPCN issued to Gutenberg Solar in Docket No. SP-5434, Sub 0 for the Facilities are cancelled and the dockets are closed.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of December, 2017.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-22, SUB 548

Dominion Energy North Carolina
120 Tredegar Street, RS-2
Richmond, Virginia 23219

is hereby issued this

**CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
PURSUANT TO G.S. 62-110.1**

for a 74.9 MW_{AC} solar photovoltaic generating facility

to be located
at 289 Bethel Church Road, Pleasant Hill, Seaboard, North Carolina in
Northampton County, North Carolina,

subject to all orders, rules, regulations, and conditions
as are now or may hereafter be lawfully made
by the North Carolina Utilities Commission.

ISSUED BY ORDER OF THE COMMISSION,

This the ____ day of December, 2017.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-22, SUB 548

Dominion Energy North Carolina
120 Tredegar Street, RS-2
Richmond, Virginia 23219

is hereby issued this

**CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
PURSUANT TO G.S. 62-110.1**

for a 79.9 MW_{AC} solar photovoltaic generating facility

located

east and west of Cornwallis Road (SR-1301) within an approximately 1.5 mile radius of the intersection of Cornwallis Road and NC highway 186 in an unincorporated area of Garysburg Township Extra Territorial Jurisdiction, Northampton County, North Carolina,

subject to all orders, rules, regulations, and conditions as are now or may hereafter be lawfully made by the North Carolina Utilities Commission.

ISSUED BY ORDER OF THE COMMISSION,

This the ____ day of December, 2017.

NORTH CAROLINA UTILITIES COMMISSION

M. Lynn Jarvis, Chief Clerk