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APR 22 2021

April 22, 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”).

**Line Loss Adder**

As noted in the Company’s previous Status Updates, 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 and the Public Staff discussed the line loss adder on April 8, 2021, and subsequent to that discussion have come to agreement that, given the penetration levels of distributed energy resources (“DER”) in DENC’s North Carolina service territory, and the power flow analyses submitted by the Company in Docket Nos. E-100, Subs 148 and 158, the Public Staff believes the Company can continue to not offer the line loss adder to QFs under standard offer contracts. The Public Staff requests that DENC continue to provide a summary of the power flow analysis in future avoided cost filings. The Company has communicated to the Public Staff that it agrees with these positions, and therefore reports to the Commission that consensus has been reached on this topic.

### **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.) The Company’s March 8, 2021 Status Update reported that on February 9, 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. The Company has evaluated these topics and plans to schedule a meeting in the coming weeks to discuss them with the Public Staff. The Company believes it is close to achieving consensus with the Public Staff on the PAF and will provide a further update to the Commission in DENC’s next Status Update.

### **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.) In its March 8, 2021 Status Update, DENC reported that the Company and the Public Staff planned to continue discussing the topic of transmission and distribution impacts. DENC and the Public Staff subsequently discussed this issue on March 24, 2021. The Company is considering follow-up items from that discussion and plans to schedule another meeting with the Public Staff to discuss them in the coming weeks. DENC will provide additional information on this issue in future Status Updates.

### **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, to discuss this issue. The Company is working on follow-up items from that discussion and another meeting will be scheduled in the coming weeks. The Company 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

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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 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/sbc

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**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 22<sup>nd</sup> day of April, 2021.

/s/Andrea R. Kells

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