

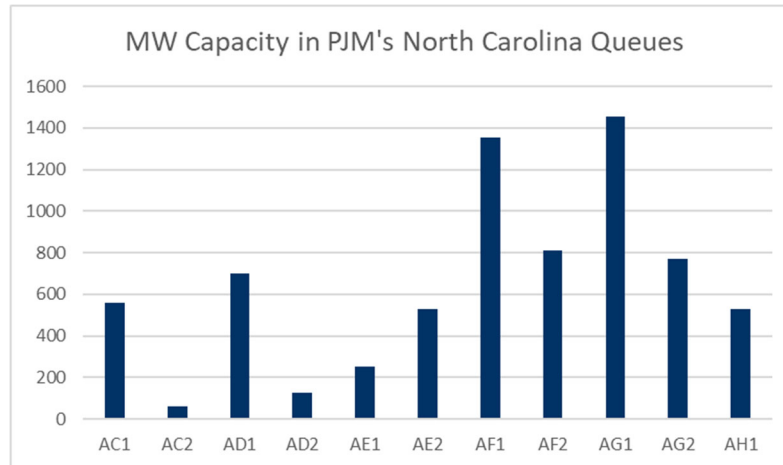
5. Please reference page 16 of Mr. Lucas’s direct testimony, where he states that “Even if the LCOT range is low for all or parts of PJM’s North Carolina queue capacity of 7,500 MW, the cumulative capacity could still trigger hundreds of millions of dollars’ worth of affected system upgrades that DEP’s customers would have to fund.”
- a. Please provide the complete factual and legal basis for this statement, including an identification of the specific upgrades (if any) that the Public Staff believe would be triggered by projects in the PJM queue.

Mr. Lucas’ testimony is a summary of the technical evaluation of the Applicant’s proposed application.

Mr. Lucas’ cited testimony relies on two elements: (1) the total MWs in PJM’s interconnection queue located in North Carolina, and (2) the available capacity on existing transmission infrastructure is not infinite. The PJM upgrades identified in the AC1 and AD1 clusters provide evidence that the seam between DEP and DENC is at a tipping point and significant, expensive upgrades will be necessary to accommodate future clusters.

PJM has opened 11 cluster studies since the AC1 cluster. Please see the graph below, which depicts the amount of generation seeking to interconnect in North Carolina. This information can be found publically on PJM’s website. PJM queues AF1 and AG1 each have more than twice the requested capacity seen in AC1.

The Public Staff has specific concerns regarding the AF1 cluster, namely the 1210 MW solar facility identified as PJM cluster number AF1-236 (the System Impact Study (SIS) for AF1-236 can be found here: https://www.pjm.com/pub/planning/project-queues/impact_studies/af1236_imp.pdf). As shown on page 56 of the SIS, this project triggers billions of dollars of upgrades in PJM when its requested capacity is combined with projects in earlier queues. These upgrades include a new 500kV rebuild in central to northern Virginia, which is much further away than the interties between DENC to DEP.



- b. **Has the Public Staff requested that DEP provide an analysis of upgrades that might be triggered on its system by projects in the PJM queue? Please provide all communications with DEP regarding this topic.**

Yes. The Public Staff requested that DEP perform an analysis of the effect of PJM's AC1 cluster. Please see the attachment below.



DEP's Informal
PSDR1 Responses (E)

- c. **Do You agree that interconnection customers located in Dominion's Virginia service territory may trigger upgrades on DEP's system, the cost of which would be partially borne by DEP ratepayers? If you disagree, please provide the factual basis for your position.**

A potential outcome of FERC's current interpretation of the Order 2003 crediting policy is that projects in Dominion's Virginia service territory will trigger upgrades on DEP's system. In comments filed in NCUC Docket No. E-100, Sub 170, DEP stated that affected systems costs for merchant plants triggering network upgrades will not be reimbursed. FERC has since issued orders that challenge DEP's position. The Public Staff's Legal Division believes the issue can, and may, still be litigated.

On October 1, 2021, FERC issued an Order Rejecting Affected System Operator Agreement (ASOA Rejection Order) in Docket No. ER21-1955, stating that the DEP ASOA terms with American Beech Solar were unjust and unreasonable. FERC stated that "Order No. 2003 requires jurisdictional affected system operators to reimburse interconnection customers for network upgrades costs, including the cost of network upgrades constructed on affected systems, regardless of whether

the interconnection customer has contracted for delivery service on the affected system operator’s transmission system.” Under this interpretation of Order No. 2003, all (not just some) of the cost of the affected system upgrades, plus interest at the FERC approved rate, would eventually be paid by DEP ratepayers.

DEP requested rehearing in that docket and the Public Staff also filed comments. By operation of law, the request for rehearing was denied on December 2, 2021 (FERC Order attached below). DEP now has the right to file an appeal of FERC’s decision.



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