

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH
STAFF CONFERENCE AGENDA
April 15, 2024
Commission Hearing Room 2115, 10:00 a.m.**

ELECTRIC

GENERAL RATE CASE

Dominion Energy North Carolina

1. Docket No. E-22, Sub 694 – Application of Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina, for Adjustment of Rates and Charges Applicable to Electric Service in North Carolina (*Lucas/Keyworth*)

AFFILIATE AGREEMENT

Dominion Energy North Carolina

2. Docket No. E-22, Sub 678 – Application by Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina, for Approval to Enter into Amended Renewable Energy Certificate Purchase and Sale Agreement No. 1 (*Brown/Freeman*)

The Public Staff recommends approval of these agenda items as described above and reflected in proposed orders provided to the Commission Staff.

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-22, SUB 694

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application of Virginia Electric and Power)	ORDER DECLARING GENERAL RATE CASE AND SUSPENDING RATES
Company, d/b/a Dominion Energy North)	
Carolina, for Adjustment of Rates and Charges)	
Applicable to Electric Service in North Carolina)	

BY THE COMMISSION: On March 28, 2024, Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (DENC or the Company), filed an application with the Commission requesting authority to adjust and increase its rates for retail electric service in North Carolina effective February 1, 2025. The Company intends to implement proposed rates on a temporary basis subject to refund on November 1, 2024. DENC stated that it intends to file supplemental testimony in August 2024 to replace the estimates of revenues, expenses, and investments included in its initial filing with actual amounts through June 30, 2024.

The Commission finds that the application constitutes a general rate case and that the proposed new rates should be suspended pending investigation.

IT IS, THEREFORE, ORDERED as follows:

1. That this proceeding is declared a general rate case pursuant to N.C. Gen. Stat. § 62-137;
2. That the proposed new rates are suspended for up to 270 days pursuant to N.C.G.S. § 62-134;
3. That the test year period is established as the twelve-month period ending December 31, 2023; and
4. That an order scheduling hearings and requiring customer notice shall be issued by the Commission at a later date.

ISSUED BY ORDER OF THE COMMISSION.

This the _____ day of April, 2024.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

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**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-22, SUB 678

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Application by Virginia Electric and Power)	
Company, d/b/a Dominion Energy North)	ORDER APPROVING
Carolina, for Approval to Enter into Amended)	AMENDED AFFILIATE
Renewable Energy Certificate Purchase and)	AGREEMENT
Sale Agreement No. 1)	

BY THE COMMISSION: On December 15, 2023, Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (DENC or the Company), filed an application (Application) in the above-captioned docket for approval, pursuant to N.C. Gen. Stat. § 62-153(b) and Regulatory Condition 3.1(a) of the North Carolina Utilities Commission's (Commission) November 19, 2018 Order Approving Merger Subject to Regulatory Conditions and Code of Conduct in Docket Nos. E-22, Sub 551 and G-5, Sub 585 (Merger Order), of a proposed amendment to Renewable Energy Certificate Purchase and Sale Agreement No. 1 (Amended REC Agreement) between the Company and Align RNG Magnolia, LLC (Align Magnolia). Pursuant to the Amended REC Agreement, the Company will continue to purchase renewable energy certificates (RECs) from Align Magnolia.

The Company states in the Application that in 2011 the Company and Align Magnolia's predecessor (then named RES Agriculture NC 1 LLC) entered into a REC purchase and sale agreement (REC Agreement) under which the Company purchased RECs from Align Magnolia's anaerobic digestion gas-powered generation facility (Facility) located in Magnolia, Duplin County, North Carolina. The Company and Align Magnolia's predecessor (assignee of the REC Agreement and then named Outlaw Hog Energy LLC) thereafter extended the contract term, revised the REC pricing, and changed the allocation of RECs as between DENC and other REC purchasers. At the time the parties entered into the original agreement and the subsequent amendment, the Company and Align Magnolia were not affiliates of each other. Thereafter (in October 2020) the Company and Align Magnolia became affiliates due to Align Magnolia's sale to a DENC partially owned affiliate.

In March 2021, the agreement with Align Magnolia was amended to change REC delivery from a monthly to a quarterly basis.

The Company explains that the parties now wish to amend the agreement to reduce the minimum REC production requirements for the Facility. Since the parties are now affiliates, and consider this amendment to be substantive, the Company is filing the Amended REC Agreement for approval pursuant to Regulatory Condition 3.1(a).

The Company explains further that all RECs purchased under the Amended REC Agreement will be transferred at cost to the Town of Windsor, North Carolina, a wholesale, full-requirements customer of the Company. The Town of Windsor will bear all costs for these RECs, and none of the costs will be borne by DENC's retail customers.

The Public Staff reviewed the Amended REC Agreement, including DENC's Application, DENC's Regulatory Conditions and Code of Conduct approved by the Commission in Docket No. E-22, Sub 551, and the Company's responses to Public Staff discovery, as well as additional follow-up correspondence. Further, the Public Staff notes that the Amended REC Agreement was approved by the Virginia State Corporation Commission by order issued February 5, 2024.

The Public Staff presented this item at the Commission's Regular Staff Conference on April 15, 2024. The Public Staff stated it had completed its investigation and review and recommended the Commission approve the Amended REC Agreement subject to the following conditions:

- 1) That the Amended REC Agreement be approved for a term of five years from the date of this order.
- 2) If the Company wishes to extend the Amended REC Agreement beyond the five-year period, separate Commission approval will be required.
- 3) No changes or amendments may be made to the Amended REC Agreement without prior approval from the Commission. DENC is required to file any proposed amendments prior to the execution of an amended agreement and prior to any payment made pursuant to an amended agreement.
- 4) The Commission's approval of the Amended REC Agreement does not constitute retroactive approval for ratemaking purposes of the amount of any fees or compensation previously paid by DENC.
- 5) The Commission's approval of the Amended REC Agreement shall have no accounting or ratemaking implications.
- 6) The Commission's approval of the Amended REC Agreement does not constitute approval of the amount of fees or compensation paid by DENC under the agreement for ratemaking purposes, and the authority granted is without prejudice to the right of any party to take issue with any provision of the agreements in a future proceeding.
- 7) All purchases of RECs under the Amended REC Agreement shall be at the lower of cost or market. Supporting documentation for such transactions shall be made available for Public Staff and Commission review upon request.
- 8) All terms of the Amended REC Agreement and the activities conducted pursuant thereto remain subject to ongoing review as to their appropriateness and reasonableness and to modification by the Commission upon its own motion, or upon a motion by the Public Staff or another party.

9) DENC shall include all transactions under the Amended REC Agreement in its Annual Report of Affiliate Transactions filed with the Commission in Docket No. E-22, Sub 551A.

10) The Commission reserves the right to examine the books and records of DENC and any affiliate in connection with the Amended REC Agreement, whether or not such affiliate is regulated by this Commission.

11) DENC shall file with the Commission a signed and executed copy of the Amended REC Agreement within 30 days of the date of this order.

The Public Staff indicated that DENC has agreed to the conditions recommended by the Public Staff. The Public Staff requested that the Commission issue an order consistent with its recommendations.

Based upon the foregoing and the record, the Commission concludes that, pursuant to N.C.G.S. § 62-153(b), the Amended REC Agreement should be approved, subject to the conditions recommended by the Public Staff, as set forth above.

IT IS, THEREFORE, ORDERED that the Amended REC Agreement is approved, subject to the conditions recommended by the Public Staff, as enumerated in the body of this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of April, 2024.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

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