



**NORTH CAROLINA
PUBLIC STAFF
UTILITIES COMMISSION**

October 30, 2018

Ms. M. Lynn Jarvis, Chief Clerk
North Carolina Utilities Commission
Mail Service Center 4325
Raleigh, North Carolina 27699-4300

Re: Docket No. E-22, Sub 557 – Application by Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina, for Approval of Renewable Energy and Energy Efficiency Portfolio Standard Cost Recovery Rider Pursuant to G.S. 62-133.8 and Commission Rule R8-67

Dear Ms. Jarvis:

On October 19, 2018, the Public Staff filed the Affidavit of Public Staff witness Evan D. Lawrence in the above-referenced docket. On October 30, 2018, Dominion Energy North Carolina (DENC or the Company) filed the second supplemental testimony and exhibits of Company witness George E. Hitch. Witness Hitch stated in his second supplemental testimony that the Company filed a corrected Evaluation, Measurement & Verification Report with the Commission on October 25, 2018, in Docket No. E-22, Sub 545 that adjusted the kWh/year savings associated with the Company's Residential Retail LED Lighting Program for the 2017 compliance year, resulting in a decrease of 488 Energy Efficiency Credits (EECs) for 2017. In order to reflect the decrease in EECs available for the purposes of the Company's 2018 REPS Compliance Report, witness Hitch stated that DENC will place 488 additional general RECS in its NC-RETS 2017 compliance sub-account. The Company stated that the amendments to its testimony do not alter the rates proposed by the Company's first supplemental testimony.

The Public Staff has reviewed the Company's filing and agrees that the Company's amendments do not alter the proposed rates and that the Company's amendments do not change the Public Staff recommendation that the Commission

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approve DENC's proposed rates. The Public Staff does, however, wish to amend Public Staff witness Lawrence's affidavit to state, on page 3, that DENC included 228,061 RECs instead of 227,573 and 17,943 EECs instead of 18,431 from its portfolio of in-state EE programs approved pursuant to G.S. 62-133.9, for a total of 246,004. As such, the Public Staff respectfully requests that the Affidavit of Evan D. Lawrence, filed on October 19, 2018 be replaced with the attached revised Affidavit of Evan D. Lawrence.

By copy of this letter, we are forwarding copies to all parties of record.

Sincerely,

/s/ Robert B. Josey, Jr.
Staff Attorney
robert.josey@psncuc.nc.gov

OFFICIAL COPY

Oct 30 2018

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-22, SUB 557

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application of Virginia Electric and Power)
Company, d/b/a Dominion Energy North)
Carolina for Approval of Renewable Energy and)
Energy Efficiency Portfolio Standard Cost)
Recovery Rider Pursuant to G.S. 62-133.8 and)
Commission Rule R8-67)

AFFIDAVIT OF
EVAN D. LAWRENCE

STATE OF NORTH CAROLINA

COUNTY OF WAKE

I, Evan D. Lawrence, being first duly sworn, do depose and say:

I am a Utilities Engineer in the Electric Division of the Public Staff – North Carolina Utilities Commission. I have attached, as Appendix A, a summary of my education and experience.

The purpose of my affidavit is to present the Public Staff's analysis and recommendations with respect to the Application for Approval of Renewable Energy and Energy Efficiency Portfolio Standard (REPS) Cost Recovery Rider and 2018 REPS Compliance Report filed by Virginia Electric and Power Company d/b/a Dominion Energy North Carolina (DENC or Company) on August 30, 2018.

G.S. 62-133.8(h) provides that electric power suppliers may recover their reasonable and prudently incurred incremental costs of compliance with the REPS through an annual rider charge. Pursuant to Commission Rule R8-67(e)(4), the REPS rider will be collected, to the extent practical, over the same period as the

utility's fuel cost rider. Rule R8-67 also provides for a REPS experience modification factor (REPS EMF) rider, which is utilized to true up the recovery of the revenues realized under the REPS rider to the reasonable and prudently incurred incremental REPS compliance costs actually experienced during the test period established for each annual rider proceeding.

For 2017 compliance, DENC acquired renewable energy certificates (RECs), but not RECs and energy bundled together. DENC provides REPS compliance and reporting services for the Town of Windsor (Windsor) and maintains separate accounts for itself and Windsor in the North Carolina Renewable Energy Tracking System (NC-RETS). None of the costs of RECs assigned to Windsor were included in DENC's requested REPS cost recovery riders.

2018 REPS Compliance Report

The 2018 REPS Compliance Report was filed as Company Exhibit No. GEH-1 in DENC's application and includes REPS compliance activities for the calendar year 2017. For 2017, each electric power supplier needed to retire enough RECs to equal six percent (6%) of jurisdictional retail megawatt-hour (MWh) sales for 2016.¹ To reach compliance DENC and Windsor were required to retire 257,644 and 2,939 RECs, respectively.

Pursuant to G.S. 62-133.8(b)(2)(c), DENC may use energy efficiency certificates (EECs) to meet no more than twenty five percent (25%) of its total

¹ 2016 North Carolina jurisdictional retail sales for DENC were 4,294,053 MWh. 2016 retail sales for Windsor were 48,968 MWh.

requirement. This limitation on the use of EECs to meet the total requirement does not apply to municipal suppliers such as Windsor. In addition, DENC is allowed to obtain all of its RECs from out-of-state sources,² whereas Windsor must obtain at least 75% of its RECs from in-state sources.³ In response to Public Staff data requests in previous years, DENC stated that it determines the service life of an energy efficiency measure for REPS compliance purposes based on the measure lives the Company uses when filing for approval of an energy efficiency (EE) or demand side management program. As an example, the Company has previously noted its Application for Approval of the Small Business Improvement Program, as filed on July 29, 2016 in Docket No. E-22, Sub 538, which presents measure lives of 14 years.

DENC and Windsor pursued retirement of a total of 248,809 general requirement⁴ RECs and EECs during 2017. For itself, DENC included 228,061 RECs and 17,943 EECs from its portfolio of in-state EE programs approved pursuant to G.S. 62-133.9, for a total of 246,004. For Windsor, DENC requested retirement of 2,805 general requirement RECs, with greater than 75% of Windsor's total RECs coming from in-state sources. Windsor did not use any EECs for compliance.

² G.S.-62-133.8(b)(2)(e).

³ G.S.-62-133.8(b)(2)(d).

⁴ The RECs or EECs that an electric power supplier is required to provide under G.S. 62-133.8(b) or (c), exclusive of those required by the set-asides in G.S. 62-133.8(d), (e), and (f), are customarily referred to as the "general requirement."

With respect to the solar requirements established by G.S. 62-133.8(d), both DENC and Windsor were required to pursue retirement of solar RECs amounting to 0.14% of the 2016 North Carolina retail sales. DENC retired a total of 6,081 solar RECs, 6,012 for itself and 69 for Windsor, in compliance with the statutory requirements.

DENC and Windsor were required to pursue retirement of their pro-rata share of the 170,000 poultry waste RECs required by G.S. 62-133.8(f).⁵ DENC retired a total of 5,693 poultry RECs, 5,628 for itself and 65 for Windsor, in compliance with the statutory requirements.

The requirement to obtain RECs derived from swine waste was delayed for a year by Commission order dated October 16, 2017, in Docket No. E-100, Sub 113.

Based on my review, I recommend that the Commission approve the 2018 REPS Compliance Report for DENC and Windsor.

REPS Cost Recovery

The total REPS charge is based on the Rider RP, which are the costs projected for the billing period (February 1, 2019 through January 31, 2020), and the Rider RPE, which is the under recovery from the Experience Modification Factor (EMF) period (July 1, 2017 through June 30, 2018).

⁵ By Order dated October 16, 2017, in Docket No. E-100, Sub 113, the Commission, exercising the authority granted to it under G.S. 62-133.8(i)(2), reduced the statewide poultry waste requirement for 2018 from 900,000 to 700,000.

I reviewed the estimated incremental costs associated with DENC's proposed REPS Rider RP in this case. Those costs are estimated to be \$826,817 and include costs to be incurred during the billing period related to: (1) the cost of RECs to be purchased, (2) research costs, and (3) other incremental costs (i.e., administrative costs, broker fees, Environmental Management Account (EMA) costs). DENC included only costs associated with RECs or with its management of REPS compliance for Windsor. Consistent with its allocation methodology used in the last REPS cost recovery proceeding, DENC allocated 5.0619% of the costs related to the EMA system to its North Carolina retail jurisdiction. This allocation is based on the level of energy sales assigned to the jurisdictions.

All of the estimated research costs to be incurred during the billing period are associated with DENC's Microgrid demonstration project at the Company's Kitty Hawk District Office.

Public Staff Accountant Li has reviewed DENC's compliance costs for the test period and its proposed EMF charge, Rider RPE, and finds them to be reasonable.

The estimated costs of RECs to be purchased, research costs, and other incremental costs appear to be reasonable.

DENC requested approval of the following monthly charges for the forecast rate and EMF rate, including the regulatory fee:

Customer Class	Forecast Rate (Rider RP)	EMF Rate (Rider RPE)	Total REPS Rate
Residential	\$0.34	\$0.09	\$0.43
General	\$1.88	\$0.47	\$2.35
Industrial	\$12.63	\$3.26	\$15.89

Based on my review of the application, supporting testimony, supplemental testimony, amending costs during the EMF period, and second supplemental testimony and revised exhibit GEH-1, amending the number of general obligation RECs and EECs used for compliance, and the review of the testimony of Public Staff witness Li, I recommend approval of DENC's proposed rates.

This completes my affidavit.

Evan Lawrence
Evan Lawrence

Sworn to and subscribed before me
On this the 30th day of October, 2018.

JOANNE M BERUBE
(Printed Name)

Joanne M Berube
(Notary Public)

Joanne M. Berube
NOTARY PUBLIC
WAKE COUNTY, N.C.
My Commission Expires 12-17-2022.

My Commission Expires: 12/17/2022

APPENDIX A

Evan D. Lawrence

I graduated from East Carolina University in Greenville, North Carolina in May of 2016 earning a Bachelor of Science degree in Engineering and a concentration in Electrical Engineering. I started my current position with the Public Staff in September of 2016. Since that time my duties and responsibilities have focused around the review of renewable energy projects, interconnection standards, rate design, and renewable energy portfolio standards compliance. I have filed an affidavit in the DENC 2017 REPS case, testimony in New River Light and Power's (NRLP) most recent general rate case, assisted with Duke Energy Carolinas (DEC) and Duke Energy Progress' (DEP) REPS cases, as well as multiple other cases.