

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

STAFF CONFERENCE AGENDA – MAY 31, 2022

Link to view staff conference will be posted on the commission website, ncuc.net

ELECTRIC

*AFFILIATED POWER PURCHASE AGREEMENT AND RENEWABLE ENERGY
CREDIT PURCHASE AGREEMENT (Boswell/Lawrence/Little)*

Dominion Energy North Carolina

1. Docket No. E-22, Sub 607 – Application of Dominion Energy North Carolina for approval of a power purchase agreement and renewable energy credit purchase agreement with affiliate Tredegar Solar, LLC.

NATURAL GAS

PURCHASED GAS ADJUSTMENT TRACKER (Nader/Patel/Culpepper)

Frontier Natural Gas Company

2. Docket No. G-40, Sub 166 – Application for adjustment of rates and charges to track changes in wholesale costs of gas.

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

**STATE OF NORTH CAROLINA
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DOCKET NO. E-22, SUB 607

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 a Power Purchase Agreement and Renewable Energy Credit Purchase and Sales Agreement)	ORDER APPROVING
)	POWER PURCHASE
)	AGREEMENT AND
)	RENEWABLE ENERGY
)	CREDIT PURCHASE AND
)	SALES AGREEMENT

BY THE COMMISSION: On September 23, 2021, Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (DENC or the Company), filed an application pursuant to N.C. Gen. Stat. § 62-153(b) and Regulatory Condition 3.1(a) as approved by the Commission's Order Approving Merger Subject to Regulatory Conditions and Code of Conduct issued November 19, 2018, in Docket Nos. E-22, Sub 551 and G-5, Sub 585 (Merger Order), for approval of: (1) a Power Purchase Agreement (PPA); and (2) a Renewable Energy Credit (REC) Purchase and Sales Agreement (collectively, the Agreements). Pursuant to the Agreements, the Company will purchase from Tredegar Solar, LLC (Tredegar) the total electric output and RECs generated by the solar generating facility to be constructed at the Dominion Energy, Inc. (DEI) Tredegar Campus in Richmond, Virginia (Tredegar Solar Array or Facility). The Company states that the energy and capacity purchased from the Facility under the PPA will be at the same prices and substantially under the same terms that are made available to other independent power producers under the Virginia State Corporation Commission's (VSCC) Schedule 19, *Power Purchases from Cogeneration and Small Power Production Qualifying Facilities*, for the sale of the full electrical output (energy and capacity up to the maximum net capacity of 480 kW AC). DENC further states that the term of the PPA commences on the commercial operations date (COD) and continues in effect for a term of ten years, and the term of the REC Purchase and Sales Agreement will commence on the COD and continue in effect for a five-year period. DENC states that the RECs purchased under the agreement will be used for compliance with the mandatory Virginia Renewable Portfolio Standard Program and will not be charged to North Carolina ratepayers for use under the North Carolina Renewable Energy and Energy Efficiency Portfolio Standard (REPS) statute.

The VSCC approved the Agreements on September 27, 2021, subject to certain requirements.

On May 11, 2022, DENC filed a Report memorializing discussions between the Company and the Public Staff regarding the allocation of costs associated with the PPA for which the Company seeks approval in this proceeding.

The Public Staff has reviewed the PPA and the REC Purchase and Sales Agreement filed with the Commission and the VSCC as well as the order of the VSCC.

The Public Staff presented this item at the Commission's May 23, 2022, Regular Staff Conference. The Public Staff has completed its review of the Agreements, the order of the VSCC, and the Report filed by DENC, and agrees with the VSCC's order pertaining to the requirements for approval of the PPA, with the addition of the allocation of costs associated with the PPA as filed on May 11, 2022. The Public Staff requests that if the RECs are to be utilized for compliance with the North Carolina REPS statute in the future, the Company file for Commission approval of the purchase of RECs under the REC Purchase and Sales Agreement. In light of its review, the Public Staff recommends that the Commission approve the Agreements, subject to the following conditions:

- (1) The Commission's approval of the PPA shall extend for ten years from the COD of the Tredegar Solar Array. If DENC wishes to continue the PPA beyond that date, separate approval shall be required;
- (2) The Commission's approval of the REC Purchase and Sales Agreement shall extend for five years from the Facility's COD. If DENC wishes to continue the REC Purchase and Sales Agreement beyond that date, separate approval shall be required;
- (3) The Commission's approval of the Agreements shall have no accounting or ratemaking implications;
- (4) The Commission's approval of the Agreements shall not be deemed, in connection with any future proceeding before the Commission, to determine and establish DENC's retail rates or for any other purpose, or constitute Commission approval of any level of charges directly charged, assigned, or allocated to DENC under the Agreements;
- (5) DENC shall maintain records, which shall be available upon the Commission's and Public Staff's request, showing that DENC's purchase of the energy and capacity from the Tredegar Solar Array will be at rates equal to and on terms and conditions comparable to Schedule 19, including payments on a cents-per-kilowatt-hour basis as set forth in Section IV of Schedule 19 and Article 5 of the PPA;
- (6) The Commission reserves the right to examine the books and records of any affiliate in connection with the Agreements, whether or not such affiliate is regulated by the Commission;

- (7) Separate Commission approval shall be required for any changes in the terms and conditions of the PPA and REC Purchase and Sales Agreement;
- (8) DENC shall file a copy of the approved and executed Agreements within 30 days after the effective date of this Order;
- (9) DENC shall include all transactions associated with the Agreements in its Annual Report of Affiliate Transactions;
- (10) For ratemaking purposes, the Commission's approval of the Agreements does not constitute approval of any amount paid by DENC under the Agreements;
- (11) The authority granted by the Commission in this Order shall be without prejudice to the right of any party to take issue with any provision of the Agreements in a future proceeding; and
- (12) DENC shall allocate the costs associated with the PPA in accordance with the Report filed on May 11, 2022.

The Public Staff has contacted the Company and has been authorized to represent the Company consents to the conditions recommended by the Public Staff.

Based on the foregoing and the record, the Commission concludes that, pursuant to N.C.G.S. § 62-153(b) and Regulatory Condition 3.1(a) as approved by the Commission's Order Approving Merger Subject to Regulatory Conditions and Code of Conduct issued November 19, 2018, in Docket Nos. E-22, Sub 551 and G-5, Sub 585, the PPA and REC Purchase and Sales Agreement should be approved, subject to the conditions recommended by the Public Staff, as set forth above.

IT IS, THEREFORE, ORDERED as follows:

1. That the Power Purchase Agreement and Renewable Energy Certificate Purchase and Sale Agreement are approved, subject to the conditions recommended by the Public Staff, as enumerated in the body of this Order.
2. That should any of the RECs be utilized for compliance with the North Carolina REPS statute in the future, DENC shall file for Commission approval of the purchase of RECs under the REC Purchase and Sales Agreement.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2022.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

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**STATE OF NORTH CAROLINA
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DOCKET NO. G-40, SUB 166

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application of Frontier Natural Gas Company) ORDER ALLOWING
for an Adjustment of Its Rates and Charges to) RATE CHANGES
Track Changes in Its Wholesale Costs of Gas) EFFECTIVE JUNE 3, 2022

BY THE COMMISSION: On May 20, 2022, Frontier Natural Gas Company (Frontier or Company) filed an application pursuant to N.C. Gen. Stat. § 62-133.4, Commission Rule R1-17(k)(3), and Appendix A of Frontier’s Gas Service Rules & Regulations, seeking authority to increase its sales rates by \$2.00 per dekatherm (dt) effective June 3, 2022.

In the application, Frontier proposes a change in its Benchmark City Gate Delivered Cost of Gas (Benchmark) from the current rate of \$8.50 per dt¹ to \$10.50 per dt. Frontier states that the increase is due to significant negative balance in its gas cost deferred account that has accrued due primarily to volatility in the commodity gas market. Frontier projects it will materially undercollect its cost of gas in the immediate future if its current Benchmark is not changed. Frontier further noted that its proposed Benchmark change is an attempt to reduce its deferred account balance owed to the Company before the winter heating season when commodity and capacity gas costs are likely to substantially increase.

The Public Staff presented this matter to the Commission at its Regular Staff Conference on May 31, 2022. The Public Staff stated that it had reviewed the application and the rate changes reflected on Schedule A and recommended approval as filed.

Based upon the review of the application and the recommendation of the Public Staff, the Commission is of the opinion that the proposed rate changes should be allowed to become effective as filed.

IT IS, THEREFORE, ORDERED as follows:

1. That Frontier is authorized to increase its sales rates by \$2.00 per dt effective for service rendered on and after June 3, 2022.

¹ Frontier’s Benchmark Cost of Gas was last adjusted by Order dated February 28, 2022, in Docket No. G-40, Sub 164.

2. That Frontier shall file revised tariffs consistent with Ordering Paragraph 1 within five days of the date of this Order.

3. That Frontier shall give notice to its customers of the rate changes allowed in this Order.

ISSUED BY ORDER OF THE COMMISSION.

This the ____ day of _____, 2022.

NORTH CAROLINA UTILITIES COMMISSION

A. Shonta Dunston, Chief Clerk

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