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*Petition of Virginia Electric and Power Company for approval to revise its net metering
Program pursuant to § 56-594 of the Code of Virginia*
Case No. PUR-2025-00079

Dear Mr. Logan:

Enclosed for electronic filing in the above-captioned proceeding, please find the *Petition of Virginia Electric and Power Company for approval to revise its net metering program pursuant to § 56-594 of the Code of Virginia*.

Please do not hesitate to contact me if you have any questions regarding this filing.

Highest regards,

/s/ Jontille D. Ray

Jontille D. Ray

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**Petition, Direct
Testimony, Exhibits
and Schedules of
Virginia Electric and
Power Company**

**Before the State Corporation
Commission of Virginia**

**For approval to revise its net
metering program pursuant to §
56-594 of the Code of Virginia**

Case No. PUR-2025-00079

Filed: May 1, 2025

**Petition of Virginia Electric and Power Company
For approval to revise its net metering program
pursuant to § 56-594 of the Code of Virginia
Case No. PUR-2025-00079**

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COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

PETITION OF)
)
VIRGINIA ELECTRIC AND POWER COMPANY)
) Case No. PUR-2025-00079
For approval to revise its net metering)
program pursuant to § 56-594 of the Code of Virginia)

PETITION

Virginia Electric and Power Company (“Dominion Energy Virginia” or the “Company”), by counsel, hereby files its petition for approval of its proposed revisions to its net energy metering (“net metering” or “NEM”) reform proposal, NEM 2.0 (“Petition”) pursuant to § 56-594 of the Code of Virginia (“Va. Code”) and the State Corporation Commission of Virginia’s (“Commission”) Order issued on May 6, 2024 in Case No. PUR-2024-00047. In support of this Petition, the Company respectfully states as follows:

I. GENERAL INFORMATION

1. Dominion Energy Virginia is a public service corporation organized under the laws of the Commonwealth of Virginia furnishing electric service to the public within its certificated service territory. The Company also supplies electric service to non-jurisdictional customers in Virginia and to the public in portions of North Carolina. The Company is engaged in the business of generating, transmitting, distributing, and selling electric power and energy to the public for compensation. The Company is a public utility under the Federal Power Act, and certain of its operations are subject to the jurisdiction of the Federal Energy Regulatory Commission. The Company is an operating subsidiary of Dominion Energy, Inc.

2. The Company’s name and post office address are:

Virginia Electric and Power Company
 600 East Canal Street
 Richmond, Virginia 23219

3. The names, addresses, and telephone numbers of the Company's attorneys are:

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II. LEGAL AUTHORITY

4. Va. Code § 56-594 E provides in part that,

On and after the earlier of (i) 2024 for a Phase I Utility or 2025 for a Phase II Utility or (ii) when the aggregate rated generating capacity owned and operated by eligible customer-generators, eligible agricultural customer-generators, and small agricultural generators in the Commonwealth reaches three percent of a Phase I or Phase II Utility's adjusted Virginia peak-load forecast for the previous year, the Commission shall conduct a net energy metering proceeding.

5. Further, consistent with Va. Code § 56-594 E, the Commission directed that the Company address, analyze, and provide pre-filed testimony and data in the instant proceeding to support the following as it relates to net energy metering:

- A proposed amount for customers to pay on their utility bills each month for the costs of using the utility's infrastructure;
- A proposed amount the utility shall pay to appropriately compensate the customer for the total benefits such facilities provide;
- Identify, quantify, and present the direct and indirect economic impact of net metering to the Commonwealth and particularly within the utility's service territory;
- A proposed rate structure related to net energy metering to govern compensation related to all eligible customer-generators, eligible agricultural customer-generators, and small agricultural generators, except low-income utility customers, that interconnect after the effective date established in the Commission's final order in the net energy metering proceeding;
- The utility's position on whether the six percent aggregate net metering cap should be raised or removed, and if an increase is proposed, the level of such increase;
- Identify, quantify, and present the costs and benefits of the current net energy metering program;
- The proposed netting measurement interval for a successor tariff that is just and reasonable in light of the costs and benefits of the net metering program in aggregate, and applicable to new requests for net energy metering service;
- Identify, quantify, and present the specific avoided cost for customer-generators, by the different type of customer-generator technologies if appropriate, and a proposed methodology for determining the compensation rate for any net excess generation determined according to the applicable net measurement interval for any new tariff;
- Identify, quantify, and present the utility's efforts to ensure that the net energy metering program does not result in unreasonable cost-shifting to nonparticipating electric utility customers;
- In the context of the cost and benefits of the utility's net energy metering programs, evaluate and provide the following:
 - the aggregate impact of customer-generators on the electric utility's long-run marginal costs of generation, distribution, and transmission;
 - the cost of service implications of customer-generators on other customers within the same class, including an evaluation of whether customer-

- generators provide an adequate rate of return to the electrical utility compared to the otherwise applicable rate class when, for analytical purposes only, examined as a separate class within a cost of service study;
- the direct and indirect economic impact, qualitative and quantitative, of the net energy metering program to the Commonwealth;
 - and any other information deemed relevant, including environmental and resilience benefits of customer-generator facilities; and
- Any additional relevant information the utility requests the Commission to consider.¹

6. The Company's Petition, as supported by the direct testimony of Company Witnesses J. Scott Gaskill, Sam Shannon, Timothy P. Stuller, Jr., and Robert E. Miller, addresses each directive as it relates to the Company's legacy net metering program, and its net metering reform proposal, NEM 2.0.

III. BACKGROUND

7. Net energy metering programs afford eligible customers the opportunity to install and operate renewable energy generation systems to offset all or part of a customer's electricity requirements with the energy generated from renewable resources. The Company's NEM Program began in 2000 with residential customers permitted to install up to 10 kilowatts ("kW") and nonresidential customers to install 25 kW. At the inception of the program, generator capacity was limited to 100% of the customer's historical annual consumption and total net metering penetration was limited to 0.1% of the Company's peak load for the prior year. While net metering has been available to customers for the last 25 years, the majority of all activity has occurred within the last decade with the last 5 years seeing rapid growth and change partly thanks to advancing technology and federal subsidies reducing barriers to adoption.

¹ Order at 2-3.

8. With legislative and regulatory changes, over time, both the size of individual generator and the aggregate amount of net metering allowed on the system has steadily increased. In 2020, the Virginia General Assembly expanded and revised its net energy metering programs to incentivize and increase the penetration of Net Metering Distributed Energy Resources (“DER”) throughout Virginia, most notably under the Virginia Clean Economy Act (“VCEA”). Specifically, under Va. Code § 56-594, Net Metering DER programs were significantly expanded to increase the scope of customer eligibility. Eligible non-residential customers may now construct generation facilities which produce up to 3 MW of generation, and residential customers likewise may now install up to 25 kW of generation.

9. In addition, prospective net metering customers who desire to interconnect to the Company’s Electric Power System (“EPS”) may now produce up to 150% of the customer’s expected annual energy consumption.² Moreover, the VCEA also raised the aggregate net metering cap from one percent of each electric distribution company’s adjusted Virginia peak-load forecast for the previous year to six percent (with five percent available to all customers and one percent reserved for low-income customers).³ As a result of these changes, the Company has experienced significant increases in customer applications to participate in its Net Metering Program.

10. The Company’s existing Net Metering Program (“Legacy NEM Program”) allows a customer’s usage to be offset by the energy they export to the grid over the course of the annual Net Metering Period. This is known as “annual netting.” When the energy generated by a Legacy NEM customer exceeds the customer’s instantaneous load, the excess energy flows to the electric grid and is often referred to as “Received kWh” because the energy is recorded on

² Va. Code § 56-594 B.

³ Va. Code § 56-594 E.

the “Received Channel” of the customer’s meter. Similarly, the energy consumed from the grid is recorded on the “Delivered Channel” of the customer’ meter (“Delivered kWh”). When a customer’s meter is read, the result is a value for Delivered kWh and a value for Received kWh. At the end of each monthly billing period, the Customer is billed for the net energy (Delivered kWh – Received kWh). Additionally, when the Received kWh exceeds Delivered kWh over the course of a billing period, the customer receives billing period credits for the net excess generation (Received – Delivered) commonly referred to as “carryover.” Any billing period credits generated for the month are accumulated, carried forward and applied at the first opportunity to any billing periods having net consumption. Under the annual netting structure, since the billing period credits accrued within a Net Metering Period or carried forward from prior periods are denominated in kWh, they are valued according to the tariff under which the customer receives service.

IV. NEM 2.0 PROPOSAL

11. As discussed in more detail by Company Witness Gaskill, the Company’s general approach to net-metering is not fundamentally changing. The program will continue to allow customers the opportunity to install renewable energy behind their utility meter and use that generation to offset usage within their home or business and be compensated for any excess generation. Newly available AMI technology now provides significantly more capabilities and transparency, allowing net metering customers to be compensated based on the very times they are exporting energy and in turn pay for their usage based on when they are using energy.

12. Consequently, the Company’s NEM 2.0 proposal contains two key changes as described by Company Witness Gaskill: (i) a transition from annual to real-time netting and (ii) an Export Credit Rate to compensate customers for excess electricity they export to the grid. In

addition, as explained by Company Witness Stuller, the Company proposes minor changes to the current Net Metering Terms and Conditions, including an application fee and an administrative charge of \$1.00 per month.

13. First, with respect to real-time netting, this methodology records the inflow and outflow from a customer's meter every interval, which is every half-hour. Real-time netting allows the customer to receive compensation for energy when they produce it and in turn to pay for energy based on when they consume it. As described in Company Witness Shannon's testimony, for billing purposes, a customer has two registers: one for consumed energy and one for exported energy. If a customer is a net exporter in that half-hour, that net production amount is added to the exported energy register. Conversely, if a customer is a net consumer in a half-hour, the net consumption for that half-hour is added to the consumed energy register. The customer would receive the Export Credit Rate for the net production exported to the grid and, like all customers, would pay the applicable tariff rate for net power that is consumed from the grid in the billing period.

14. The Company's proposal to transition from annual netting to real-time netting reflects the reality of how customers are using the grid, treats participants and non-participants of the net metering program fairly and equally, and does not result in unreasonable cost-shifting to non-participants.

15. Second, the Company proposes that exported power be compensated at an Export Credit Rate, reflecting an avoided cost the Company could otherwise pay under a power purchase agreement ("PPA") for a comparable product. The Company's proposed Export Credit Rate would currently be set an amount equal to the weighted-average of first year prices for purchases from Distributed Solar PPAs executed in response to the Company's most recent

Rider CE Request for Proposals⁴, which was \$95.53 per MWh in the most recent Rider CE. Given the current requirements of the Virginia Clean Economy Act and the corresponding construct of Rider CE, the weighted-average of first year PPA prices from Distributed Solar PPAs represents the appropriate avoided cost because it is representative of the price the Company could otherwise pay for a comparable product. Similar to other purchased power expenses, the Company proposes to collect the energy cost of these credits through the fuel factor.

16. The Export Credit Rate includes the value of the energy as well as renewable energy credit (“REC”) value; therefore, the proposed payments to NEM 2.0 customers also reflect the value of an avoided renewable energy purchase. In recognition of the renewable energy they are contributing to the grid, the Company respectfully requests that the Commission allow the Company to reduce its annual RPS compliance obligation by the total amount of kWh exported by NEM 2.0 customers. This approach would benefit all other customers by reducing the net RPS compliance costs as well as ensure that the Company and its customers receive the RPS benefit for the export power for which it is paying. The Company proposes to collect the credited energy value, net of RPS value, through the fuel factor as a purchased power expense. The component of the Export Credit that is related to the RPS value will flow through account 557, “other expense” and be recovered through Rider RPS.

17. As previously mentioned, the Company’s NEM 2.0 Proposal also includes an application fee. Specifically, the Company proposes the addition of an application fee to accompany Net Metering Interconnection Notification forms submitted after the date of the final

⁴ *Commonwealth of Virginia, State Corporation Commission, Petition For approval of the Virginia Electric and Power Company 2024 RPS Development Plan under § 56-585.5 D 4 of the Code of Virginia, Case No. PUR-2024-00147, Final Order (April 15, 2025).*

order in this proceeding. The Company proposes a \$100 application fee for NEM 2.0 customers with a generating facility less than 250 kW and \$750 for NEM 2.0 customers with a facility of 250 kW and greater. The application fee is explained in further detail in Company Witness Stuller's direct testimony.

18. Finally, the administrative charge included in Section XXV of the Terms and Conditions that is applicable to customers served under the proposed NEM 2.0 tariff is a \$1.00 per month placeholder rate. As further explained by Company Witness Stuller, this charge is appropriate as net metering customers cause incremental costs. Specifically, there are costs associated with the development and operation of an alternate billing mechanism for future customers under the Company's NEM 2.0 program in parallel with the long running Legacy NEM Program.

19. Importantly, part of the Company's NEM 2.0 proposal is to maintain the Legacy NEM Program for existing net metering customers as prescribed by Va. Code § 56-594 E. Therefore, all changes will only be applicable to non-low-income customers with new or modified interconnections effective the first of the month that is at least 12 months from the date of a final order in this proceeding. Va. Code § 56-594 E. provides in relevant part that "low-income utility customers may interconnect under whichever terms are most favorable to them." Thus, low-income customers can select the Legacy NEM tariff or the NEM 2.0 tariff.

20. Company Witness Gaskill also explains the Company's position that it is unnecessary to raise or remove the six percent aggregate net metering cap at this time. The rated capacity of all customer-sited generation participating in NEM is less than three percent of the Company's adjusted Virginia peak-load forecast for the previous year. Therefore, the Company proposes to continue to monitor and provide updates in its biannual net metering report that

provides a wind and solar update, including NEM penetration, in January and July of each year. This allows the Commission to evaluate the effects of NEM 2.0 before deciding whether it is appropriate to modify the current six percent cap.

21. Company Witness Gaskill also addresses the Commission's directive to evaluate and provide the aggregate impact of net metering customers on the Company's long-run marginal costs of generation, distribution, and transmission.

22. Finally, as described in further detail in Company Witness Shannon's testimony, the Company performed an economic benefit analysis for net metering which yielded both positive and negative impacts to the broader economy of the Commonwealth.

V. CONCLUSION

WHEREFORE, Dominion Energy Virginia respectfully requests that the Commission approve its proposed NEM 2.0 proposal and grant such other and further relief as it deems necessary or appropriate.

Respectfully submitted,

VIRGINIA ELECTRIC AND POWER COMPANY

By: /s/ Jontille D. Ray

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May 1, 2025