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2016 SEP 14 P 4: 38

September 14, 2016

BY HAND

Hon. Joel H. Peck,
Clerk State Corporation Commission
Document Control Center
Tyler Building - First Floor
1300 East Main Street Richmond, Virginia 23219

Re: Application of C4GT, LLC for a Certificate of Public Convenience and Necessity to
Construct and Operate an Electric Generating Facility in Charles City County, Virginia.
Case No. PUE-2016-00104

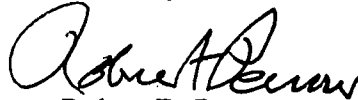
Dear Mr. Peck:

Enclosed for filing are an original and one copy of the Public Version of C4GT LLC's
Application for a Certificate of Public Convenience and Necessity to Construct and Operate an
Electric Generating Facility in Charles City County, Virginia.

As the Application contains confidential and extraordinarily sensitive information, an
original and fifteen copies of a Confidential and Extraordinarily Sensitive version of the
Application is submitted separately "under seal" pursuant to Commission Rule 5 VAC 5-20-170.

Thank you for your assistance.

Sincerely,



Robert D. Perrow

RDP/cws

Enclosures

cc: William H. Chambliss, Esq.
C. Meade Browder, Jr., Esq.
Valerie Fulcher, Esq.
Rachele Whitacre, Esq.
Robert F. Riley, Esq.
Paul G. Saunders II, Esq.

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COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

APPLICATION OF)	
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C4GT, LLC)	
)	
For a Certificate of Public Convenience and)	Case No. PUE-2016-00104
Necessity to Construct and Operate an)	
Electric Generating Facility in Charles City)	
County, Virginia pursuant to Va. Code)	
§ 56-580D)	

APPLICATION OF C4GT, LLC

PUBLIC VERSION

Filed: SEPTEMBER 14, 2016

160920082 APPLICATION

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

APPLICATION OF)
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C4GT, LLC)
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For a Certificate of Public Convenience and) Case No. PUE-2016-00104
Necessity to Construct and Operate an)
Electric Generating Facility in Charles City)
County, Virginia pursuant to Va. Code)
§ 56-580D)

APPLICATION

C4GT, LLC (“C4GT”) hereby applies to the State Corporation Commission (“Commission”), pursuant to §56-580 D of the Code of Virginia (“Code”), 20 VAC 5-302 of the Virginia Administrative Code, and Rule 80 A of the Commission’s Rules of Practice and Procedure, 5VAC5-20-80 A, for a certificate of public convenience and necessity (“CPCN”) to construct and operate a combined cycle electrical generating station, with a net nominal generating capacity of 1,060 megawatts, in Charles City, County, Virginia (the “Facility”). In support of this Application, C4GT states as follows:

1. Background

C4GT is requesting the Commission’s approval to construct and operate the Facility. As described in this Application, accompanying testimony and all related attachments, and exhibits (collectively, the “Application”), the Facility will be fueled by natural gas, an inherently clean fuel, and will utilize the best available control technology (“BACT”) to limit air emissions significantly. The Facility will operate as an independent merchant power plant to supply

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electricity on a wholesale basis to the electricity markets in Virginia and surrounding regions. The Facility will qualify as an exempt wholesale generator (“EWG”) under the Public Utility Holding Company Act of 1935, as amended. The Facility will not make direct retail sales of electricity or provide retail electric service to end users in the Commonwealth and will not be included in the rate base of any regulated utility whose rates are established pursuant to Chapter 10 of Title 56 of the Code. C4GT is not a regulated utility whose rates are regulated pursuant to § 56-585.1 of the Code.

2. The Applicant

C4GT is a limited liability company organized under the laws of the state of Delaware. C4GT was formed for the purpose of developing, constructing, owning, and operating the Facility. C4GT has retained NOVI Energy, LLC (“NOVI Energy”) to support and manage all development actions for this project. NOVI Energy’s management team has over 100 collective years of experience in developing electric generating projects. NOVI Energy provides a broad range of services in energy management and energy infrastructure development for industrial, institutional, commercial and utility companies located throughout the world. NOVI Energy has extensive and proven experience in the full spectrum of development activities necessary to develop the Facility, including conceptualization and design, development, engineering, construction, and operation of electric generation facilities.

Development of the C4GT Facility will be funded by Ares Charles City, LLC which was established for the purpose of investing in C4GT. Ares Charles City, LLC is an affiliate of Ares EIF Management, LLC (“Ares EIF”). Ares EIF has a 29-year track record of investing in power and energy infrastructure assets. Since inception, Ares EIF-managed funds have made approximately 70 equity investments in nearly 130 different power and energy infrastructure

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assets with a combined underlying enterprise value exceeding \$20 billion. In the last decade alone, funds managed by Ares EIF have invested in more than 8,200 gross MW of greenfield projects representing nearly \$10 billion of capital costs. Ares EIF-managed funds are experienced investors in new-build generation and transmission in the United States.

C4GT’s relationships with NOVI Energy and Ares EIF provide C4GT with access to significant expertise and resources that will ensure that the Facility is brought to a successful completion.

The Applicant’s name, address and telephone number follow:

C4GT, LLC
23955 Novi Road
Novi, Michigan 48375
Phone: (248) 735-6684

All service and correspondence concerning this Application should be addressed to the following:

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3. Testimony and Generating Facility Information 20 VAC 5-302-20

This Application is supported by the information contained in Attachment 1 to the Application (“Attachment 1”), which provides information in response to the Commission’s

C4GT Exhibit _____

regulations set forth in 20 VAC 5-302-20. Also accompanying and supporting this Application are the Direct Testimony of Anand Gangadharan, and the Direct Testimony of Thomas O. Pritcher. Mr. Gangadharan supports all of Attachment 1, except for those portions supported by Mr. Thomas O. Pritcher, as described below. A copy of Mr. Gangadharan's prepared direct testimony is attached as Exhibit 1. The direct testimony of Thomas O. Pritcher addresses environmental impact and permitting aspects of the Facility. Mr. Pritcher sponsors Section 12(a) through (l) of Attachment 1. (Mr. Gangadharan is also sponsoring Section 12 subsection (m) and (n) of Attachment 1). A copy of Mr. Pritcher's prepared direct testimony is attached as Exhibit 2 to Attachment 1.

4. Confidential and Extraordinarily Sensitive information

This Application includes Confidential and Extraordinarily Sensitive information as indicated throughout the Application. Therefore, concurrently with this Application, such Confidential and Extraordinarily Sensitive information has been filed under seal with the Clerk of the Commission pursuant to Rule 170 of the Commission's Rules of Practice and Procedure, 20 VAC 5-20-170, along with a separate Motion for Protective Order and Additional Protective Treatment, including a form of Proposed Protective Order, requesting that a protective order be issued in this proceeding.

5. Nature of the Proposed Facility

The Facility Site. C4GT intends to construct, operate, and maintain the Facility in Charles City County, Virginia. The Facility will be located at 3001 Roxbury Road, in Charles City County Virginia (the "Site"). The Site is located along Roxbury Road (State Route 106), approximately 2,000 feet north and west of its intersection with Chambers Road (State Route 685). The Site is located approximately one half (1/2) mile from the Roxbury Industrial Park

and less than one mile from the existing Chickahominy substation owned by Virginia Electric and Power Company (“VEPCO,” d/b/a Dominion Virginia Power). The Site is comprised of approximately 88 undeveloped acres.

The Facility intends to interconnect to VEPCO’s transmission grid at either the 230 kV or 500 kV voltage levels at the Chickahominy substation via new lines from the Site. The Facility will procure natural gas from a 16 inch Virginia Natural Gas, Inc. (“VNG”) intrastate natural gas transmission line located along the eastern edge of the Site.

The Major Systems. The major systems of the Facility are described in more detail in Attachment 1. The Facility will be a two-on-one combined cycle electrical generating station, with a net nominal generating capacity of 1,060 MW at 95°F ambient temperature, consisting of two natural gas-fired combustion turbine generators with downstream natural gas supplementally-fired heat recovery steam generators (HRSGs). The steam that is generated in the HRSGs is used in a steam turbine generator for additional power output and increased thermal cycle efficiency.

C4GT is seeking the option to install either of the following H-class combustion turbines: the General Electric 7HA.02 or the Siemens SGT6-8000H (1.4+).¹ Regardless of the manufacturer that ultimately is selected for the turbines, the power island would consist of combustion turbines, a steam turbine, and HRSGs. The combustion turbines will be fired with natural gas and will be furnished with low NOx burners. The combustion turbines will be furnished with evaporative inlet air cooling to lower the inlet air temperature during periods of high ambient temperature. The combustion turbines are arranged in a “two-on-one”

¹ The Commission has authorized a similar option in prior certificate cases. *See, e.g.*, Application of Green Energy Partners/Stonewall LLC, For a Certificate of Public Convenience and Necessity for a 750 MW electric Generating facility in Loudoun County, Case No. PUE-2013-00104, May 13, 2014, 2014 SCC Ann. Rpt. 645; and Application of CPV Warren, LLC, for approval of a certificate of public convenience and necessity pursuant to Va. Code § 56-580 D, Case No. PUE-2007-00018, June 20, 2007, 2007 SCC Ann. Rpt. 406.

arrangement, which means a configuration of two combustion turbines and a single steam turbine.

Each HRSG will be located downstream of the associated gas turbine to capture the heat of the turbine exhaust for steam production. Each HRSG also will include a natural gas-fired duct burner to increase steaming capacity. Each HRSG will be furnished with superheating, reheating, and economizer sections required to achieve a highly efficient removal of heat from the combustion turbine gas stream, and achieve a low stack gas temperature.

Nitrogen oxide (NO_x) emissions from each of the combined cycle combustion turbine generators (CTGs) and associated duct-fired HRSGs will be controlled by dry low-NO_x burners in the CTGs, with selective catalytic reduction (SCR) in the HRSG. An oxidation catalyst section located within each HRSG will reduce the quantity of carbon monoxide (CO) and volatile organic compounds (“VOC”) exiting the stack. Particulate matter and sulfuric acid emissions are minimized by the use of pipeline quality natural gas as fuel.

The steam turbine will have a nominal generating capacity of between approximately 356 – 473 MW, depending on the manufacturer selected, and will be a single shaft turbine with high pressure/intermediate pressure (HP/IP) turbines and a low pressure (LP) turbine discharging to the condenser. Main steam will enter the HP turbine, and will exit back to the cold reheat section of each HRSG.

C4GT anticipates using natural gas of standard pipeline quality as the sole fuel for the Facility, received from various production basins in the United States and transported through interstate natural gas pipelines, and delivered by local natural gas distribution company infrastructure. The Facility will receive pipeline quality natural gas from VNG’s pipeline located on the Site. The natural gas will be metered, heated, regulated, and delivered to the CTGs as the

primary fuel. [BEGIN CONFIDENTIAL [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED]
 [REDACTED] [END CONFIDENTIAL]

The primary water consumption will be for makeup to the cooling tower. Secondly, water will be used for cycle makeup, which will be treated onsite. C4GT anticipates receiving raw water from the James River and returning treated water back to the James River.

6. Applicant's Technical and Financial Fitness to Construct, Operate, and Maintain the Proposed Facility.

As presented above, C4GT is a special-purpose entity organized solely to develop, construct, own, and operate the Facility. NOVI Energy provides a broad range of services in energy management and energy infrastructure development for industrial, institutional, commercial and utility companies located throughout the world. NOVI Energy has extensive and proven experience in the full spectrum of development activities necessary to develop the Facility, including conceptualization and design, development, engineering, construction, and operation of facilities. A description of NOVI Energy's project experience (including the experience of its management team) titled "NOVI Energy Project References," is included as Exhibit 3 to Attachment 1.

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As detailed earlier, development of the C4GT Facility will be funded by Ares Charles City, LLC which was established for the purpose of investing in C4GT. Ares Charles City, LLC is an affiliate of Ares EIF. Ares EIF has a 29-year track record of investing in power and energy infrastructure assets. Since inception, Ares EIF-managed funds have made approximately 70 equity investments in nearly 130 different power and energy infrastructure assets with a combined underlying enterprise value exceeding \$20 billion. In the last decade alone, funds managed by Ares EIF have invested in more than 8,200 gross MW of greenfield projects representing nearly \$10 billion of capital costs. Ares EIF-managed funds are experienced investors in new-build generation and transmission in the United States.

7. Effects of the Facility on the Environment and Economic Development

Effects on the Environment. The Facility is designed to meet or exceed all environmental requirements of the Virginia Department of Environmental Quality (“DEQ”) and the United States Environmental Protection Agency. By making use of BACT to reduce emissions, the CTGs selected for use in the Facility will minimize air quality impacts.

C4GT has retained the services of Environmental Consulting and Technology, Inc. (“ECT”) to address environmental impact and permitting aspects of the Facility. The direct testimony of Thomas O. Pritcher, a Senior Engineer with ECT, is attached as Exhibit 2. Mr. Pritcher sponsors the Environmental Assessment (Attached as Exhibit 9 to Attachment 1) and provides an environmental analysis of the Facility. As detailed in the Environmental Assessment, the Facility has been designed to minimize its environmental impact. The Facility is regulated by Federal, State, and local agencies with responsibility for protecting Virginia’s environment and natural resources. Among other things, the Environmental Assessment provides a description of the environmental setting and an assessment of environmental effects and

applicable permits that address any such impacts. As indicated in the Environmental Assessment, C4GT is in the process of consulting with numerous regulatory agencies and will obtain all necessary permits within the jurisdiction of those agencies. For example, emissions from the Facility and impacts on ambient air quality will be addressed in the Prevention of Significant Deterioration ('PSD') permit that C4GT expects to be issued by the DEQ. An application for this permit was submitted to the DEQ in June 2016. It is anticipated that predicted impacts of the Facility will demonstrate no adverse impact in comparison to ambient air quality standards. The proposed BACT for greenhouse gases for the Facility includes fueling the combustion turbines with natural gas, incorporating inlet air coolers and good combustion, operating, and maintenance practices. When the turbines are fired with natural gas, the proposed BACT for NOx is the installation of a dry low NOx burners, on a SCR system and good combustion practices. The proposed BACT for CO is the installation of a CO oxidation catalyst system and good combustion practices. A detailed regulatory applicability analysis and emission calculations for the Facility has been provided to DEQ in connection with the Air Permit Application.

To the extent currently available, the status of applications and other communications with these agencies have been incorporated into the Environmental Assessment so that reviewing agencies can avoid unnecessary duplication of effort as directed in Code Section 56-46.1.

Effects on Economic Development. The Facility will have a significant positive impact on the local economy. For example, the Facility is expected to provide substantial local and regional benefits from highly efficient electric generation, hundreds of millions of dollars in private infrastructure investment in Virginia and millions of dollars in annual property taxes once operational.

At peak construction, there will be approximately 600-800 workers on site during a 30 - 33 month construction schedule. During operation, the Facility staff will provide approximately 18-22 full-time jobs. Jobs during construction and operation would yield millions of dollars in payroll, and have significant indirect economic benefits both locally and regionally. Moreover, the Charles City County community will benefit from increased tax revenues over the life of the Facility. [BEGIN EXTRAORDINARILY SENSITIVE INFORMATION] [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] [END EXTRAORDINARILY SENSITIVE INFORMATION].

While the Facility will contribute significantly to the local economy, it will not cause substantial population growth and therefore will have very little impact on Charles City County services and infrastructure. Moreover, C4GT alone will accept all business risk associated with the Facility.

8. Effects of the Facility on Reliability of Electric Service Provided by any Regulated Public Utility.

The Facility will not have an adverse effect upon reliability of electric service provided by any regulated public utility in Virginia. The Facility should assure greater reliability of electric service in the local region.

C4GT will sell electricity from the Facility to other suppliers for resale, and therefore will be subject to Federal Energy Regulatory Commission ("FERC") jurisdiction, with respect to the reasonableness of its rates and charges. As the Commission has recognized, the Federal Power

Act, 16 U.S.C. §§ 824(b), 824d, provides that such wholesale rates are governed exclusively by the FERC.²

The Facility will not be included in the rate base of any regulated utility whose rates are established pursuant to Chapter 10 of Title 56 of the Code. C4GT is proposing to build and operate the Facility as an independent merchant power plant to supply electricity on a wholesale basis to the electricity markets in Virginia and surrounding regions. The Facility will qualify as an EWG. The Facility will not make direct retail sales of electricity or provide retail electric service to end users in the Commonwealth.

The Site is located less than one mile from the existing VEPCO Chickahominy substation. The Facility will connect to the Chickahominy substation at either 230kV or 500kV voltage levels based on results of the PJM Interconnection, L.L.C. (“PJM”) studies as outlined below. On March 31, 2016, C4GT submitted an Interconnection Application to PJM to implement its interconnection process that includes the following three studies: (1) Feasibility Study, (2) System Impact Study and (3) Interconnection Facilities Study. The PJM Feasibility Study was completed in August 2016, and is attached as Exhibit 10 to the Attachment 1.³ The PJM System Impact Study is scheduled to be completed by March 31, 2017,⁴ and the Facility Study will follow promptly thereafter.

² See, e.g., Application of Doswell Limited Partnership for a certificate of public convenience and necessity and, if applicable, for approval of expenditures for new generating facilities, Case No. PUE890068, Opinion and Final Order, 1990 SCC Ann. Rpt. 297, 298.

³ The PJM Feasibility Study assesses the practicality and cost of incorporating the Facility’s capacity into the PJM system. The analysis is limited to short-circuit studies and load-flow analysis. The study also focuses on determining preliminary estimates of the type, scope, cost and lead time for construction of facilities required to interconnect the project. See, PJM Manual 14A: Generation and Transmission Interconnection Process Section 2: Generation and Transmission Interconnection Planning Process, page 18.

⁴ The PJM System Impact Study is a comprehensive regional analysis of the impact of adding the Facility to the system and an evaluation of its impact on deliverability to PJM load in the PJM region where the Facility is located. This Study identifies the system constraints relating to the Facility and the necessary attachment facilities, local and network upgrades. See, PJM Manual 14A: Generation and Transmission Interconnection Process Section 2: Generation and Transmission Interconnection Planning Process, page 19.

9. Construction and Operation of the Facility is Not Contrary to the Public Interest.

The construction and operation of the Facility is not contrary to the public interest and will actually promote the public interest by, among other things, providing significant economic benefits to the Commonwealth of Virginia, Charles City County, and the surrounding area by providing a significant source of new merchant generating capacity in Virginia. While substantial benefits accrue to the Commonwealth, Charles City County, and the surrounding area, C4GT will bear all of the business risk associated with the Facility. None of this risk will be borne by the electric ratepayers of the Commonwealth.

The Facility provides required generating capacity located in the Commonwealth. The 2010 Virginia Energy Plan announced a goal to increase Virginia-based energy production by 20 percent through the year 2020. *See*, 2010 Virginia Energy Plan at 8-1. Moreover, the 2014 Virginia Energy Plan reasserted that need for in-state generation: “Virginia utilities must add generation (or reduce demand) by over 14,000 megawatts of new generation capacity by 2024 to keep up” with anticipated future electric demand in Virginia utilities service territories. *See*, 2014 Virginia Energy Plan at 2-13, 2-14.

The Facility will assist in meeting the rising demand for electricity in the region, using environmentally responsible electric generation technology. For example, VEPCO recently forecasted average annual growth rates of 1.5% and 1.5% in peak and energy requirements, respectively, for the Dominion Load Serving Entity over a 15-year period from 2017 to 2031 (“DVP Planning Period”).⁵ *See e.g.*, DVP 2016 IRP at pages 5, 20. Moreover, VEPCO’s 2016 IRP reveals a “capacity gap” indicating that additional capacity resources will be needed over the

⁵ On April 29, 2016, VEPCO filed its Integrated Resource Plan (“2016 IRP”) with the Commission pursuant to § 56-599 of the Code, Case No. PUE-2016-00049. VEPCO’s 2016 IRP was prepared for the Dominion Load Serving Entity (“DOM LSE”), and represents VEPCO’s service territories in the Commonwealth of Virginia and the State of North Carolina, which are part of the PJM Interconnection, L.L.C. (“PJM”) Regional Transmission Organization. *See*, DVP 2016 IRP at page 1.

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DVP Planning Period in order to meet the capacity requirement. *See e.g.*, DVP 2016 IRP at page

125. In addition, VEPCO has asserted that:

the capacity gap at the end of the Planning Period is significant. The Planning Period capacity gap is expected to be approximately 4,457 MW. If this capacity deficit is not filled with additional resources, the reserve margin is expected to fall below the required 12.46% planning reserve margin ... beginning in 2018 and continue to decrease thereafter.

...
it is critical that adequate reserves are maintained not just in PJM as a whole, but specifically in the DOM Zone to ensure that the Company’s load can be served reliably and cost-effectively. Maintaining adequate reserves within the DOM Zone lowers congestion costs, ensures a higher level of reliability, and keeps capacity prices low within the region.” *See*, DVP IRP at page 126.

Although C4GT does not have a power purchase agreement with VEPCO for the output of the Facility, VEPCO’s forecasted capacity gap demonstrates the need for Virginia based capacity resources.⁶

Moreover, Appalachian Power Company (“APCo”) has recently forecasted that its total internal energy requirements to increase at a compound average growth rate (CAGR) of 0.3% through 2030. APCo’s peak internal demand is forecasted to increase at a CAGR of 0.3%, with annual peak demand expected to continue to occur in the winter season through 2030. Through 2019, APCo has capacity resources to meet its forecasted internal demand, but, in 2020 APCo is anticipated to experience a capacity shortfall based upon APCo’s assumptions regarding the tuning and parameters of PJM’s Capacity Performance rule.⁷ Although C4GT does not have a

⁶ C4GT understands that VEPCO’s 2016 IRP is currently pending before this Commission. As such, C4GT does not take a position regarding that proceeding – but notes VEPCO’s identification of a “capacity gap” and the need that adequate reserves be maintained in PJM and specifically in the DOM Zone.

⁷ *See*, APCO Integrated Resource Plan pursuant to Virginia Code § 56-597 et. Seq., Case No. PUE-2016-00050, pages, ES- 5 –ES- 6, filed on April 29, 2016.

power purchase agreement with APCo for the output of the Facility, APCo's forecast also supports the assertion that additional capacity resources are required in the Commonwealth.⁸

The Facility will assist in meeting PJM's forecasted rising demand for electricity in the region. PJM has forecasted that the Summer peak load growth for the PJM DOM Zone will average 1.2% per year over the next 10 years, and 1.1% over the next 15 years.⁹ In addition, PJM has forecasted that the Winter peak load growth for the PJM DOM Zone to average 1.6% per year over the next 10-year period, and 1.4% over the next 15-years.¹⁰

There have been a great amount of generation retirements between 2013 and 2015, which have reduced the PJM capacity reserves. The Facility will contribute to PJM's ability to meet capacity needs by increasing the capacity reserve. The Facility will provide a consistent, reliable source of power that will support the PJM transmission system. Between 2011 and 2020 approximately 28,000 MW of capacity is expected to have been retired in PJM, which may result in shrinking reserve margins that will need to be met by new generators such as C4GT.¹¹ According to the 2014 Virginia Energy Plan, over 14,000 MWs of new generation capacity is required by 2024 in Virginia alone to keep pace with robust demand growth that exceeds the balance of the PJM electricity market.¹² As an efficient new natural gas-fired combined cycle generator, C4GT is expected to realize a low levelized cost of energy relative to other technologies and produce low-cost power that will benefit Virginia consumers.¹³ The low

⁸ C4GT understands that APCo's 2016 IRP is currently pending before this Commission. As such, C4GT does not take a position regarding that proceeding - but notes APCo's assertion that additional capacity resources are required.

⁹ See, the PJM Load Forecast Report, dated January 2016, Table B-1, Summer Peak Load (MW) and Growth Rates For Each PJM Western and PJM Southern Zone, Geographic Region and RTO 2016 – 2026, pages 52 – 53. PJM refers to the VEPCO zone, as the "DOM Zone".

¹⁰ See, the PJM Load Forecast Report, dated January 2016, Table B-2, Winter Peak Load (MW) and Growth Rates For Each PJM Western and PJM Southern Zone, Geographic Region And RTO 2015/16 - 2025/26, pages 56 – 57.

¹¹ PJM, "2016 State of the Market Report for PJM: January through June," August 2016. Section 12, Page 480.

¹² Virginia Department of Mines, Minerals and Energy, "Virginia Energy Plan," October 2014. Section 2, Page 14.

¹³ Id., Section 2, Page 13.

emissions rate vs. coal and existing natural gas generators should help Virginia comply with any future emissions mandates such as the proposed Clean Power Plan and together with renewables can help to fill a void left by retiring coal-fired generation (approximately 2,700 MW of Virginia coal-fired generation is scheduled for retirement).¹⁴ Furthermore, “Virginia utilities do not own in-state generation capacity sufficient to meet their territory’s peak load plus the reserve required by the Federal Energy Regulatory Commission (FERC).”¹⁵ As an in-state resource located close to the load that it serves, the 1,060 MW C4GT Facility will improve reliability, with its economic benefits retained in Virginia.

10. Basis Supporting the Issuance of a CPCN Under the Code of Virginia

Under the Virginia Electric Utility Regulation Act,¹⁶ the Commission shall permit the construction and operation of an electrical generating facility that meets the requirements of Section 56-580 D of the Code, which provides in part as follows:

The Commission shall permit the construction and operation of electrical generating facilities in Virginia upon a finding that such generating facility and associated facilities (i) will have no material adverse effect upon reliability of electric service provided by any regulated public utility . . . , and (iii) are not otherwise contrary to the public interest.

This Application demonstrates that the Facility will have no material adverse effect upon the reliability of electric service provided by any regulated public utility. The Facility will interconnect with VEPCO’s Chickahominy substation at either 230kV or 500kV such that 100% of the Facility’s output can be transmitted across VEPCO’s transmission system.

Because there is a growing demand for electric power in Virginia, the Facility should foster a greater reliability of electric service in the Commonwealth. As described above, the

¹⁴ Id., Item 8, Page 84.
¹⁵ Id., Section 2, Page 10.
¹⁶ See Code § 56-576, *et seq.*

Facility will advance the public interest by helping to meet the growing demand for electric power in Virginia.

The proposed Facility will have no material adverse effect on the rates paid by customers of any regulated public utility in Virginia. C4GT’s wholesale rates and charges will be market-based and subject to competition. If C4GT sells the Facility’s capacity and energy into the PJM wholesale market, market conditions will dictate whether and when the Facility is dispatched. Moreover, because C4GT will supply electricity from the Facility to suppliers for resale, its wholesale sales of power will be subject to the jurisdiction of the FERC with respect to the reasonableness of its rates and charges. As such, the Facility will have no material adverse impact on the rates paid by customers of any regulated public utility in the Commonwealth.

Further, C4GT’s Facility is not contrary to the public interest. The Facility will provide significant economic benefits to the local area and will add to the competitive market for wholesale electricity in the Commonwealth of Virginia. C4GT bears all the business risk associated with the Facility, not the electric ratepayers of the Commonwealth. An outline of providing additional support that the Facility is not contrary to the public interest is provided in answer to question 14 set forth on Attachment 1.

Section § 56-580 D of the Code directs that “[t]he Commission shall give consideration to the effect of the facility and associated facilities on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact as provided in § 56-46.1,” Section 56-46.1 A of the Code provides in part:

Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact. . . . In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county

or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted pursuant to Article 3 (§ 15.2-2223 et seq.) of Chapter 22 of Title 15.2.

Subsection 56-46.1 A also provides:

In order to avoid duplication of governmental activities, any valid permit or approval required for an electric generating plant and associated facilities issued or granted by a federal, state or local governmental entity charged by law with responsibility for issuing permits or approvals regulating environmental impact and mitigation of adverse environmental impact or for other specific public interest issues such as building codes, transportation plans, and public safety, whether such permit or approval is granted prior to or after the Commission's decision, shall be deemed to satisfy the requirements of this section with respect to all matters that (i) are governed by the permit or approval or (ii) are within the authority of, and were considered by, the governmental entity in issuing such permit or approval, and the Commission shall impose no additional conditions with respect to such matters.¹⁷

As detailed in this Application, all aspects of the Facility are designed to minimize adverse impacts to the environment. In his prepared Direct Testimony, (*See, Attachment 1, Exhibit 2*), Mr. Thomas O. Pritcher describes how C4GT will mitigate environmental impacts associated with the Facility. The C4GT Facility Environmental Assessment (*See Attachment 1, Exhibit 9*) contains analyses, evaluations, and reports applicable to each environmental component of the Facility and demonstrates that the design and operation of the Facility, together with applicable regulatory requirements, ensure that the Facility will have minimal adverse environmental effects.

As detailed in the Environmental Assessment, the Facility will provide economic benefits and enhanced reliability with minimal adverse environmental effects. C4GT already has or will apply for all required permits, which will impose all necessary conditions to ensure protection of public health and the environment. Regulatory agencies with oversight responsibilities for all environmental aspects of the Facility will continue to be engaged in the review of this Facility,

¹⁷ Section 56-580 D of the Code contains language limiting the Commission's authority that is virtually identical to the language set forth in § 56-46.1 A.

exercising oversight and applying permitting or regulatory requirements on the construction and operation of the Facility as required.

The Virginia Code directs the Commission to consider the effect of the Facility on economic development in Virginia. Section 56-46.1 of the Code states in part:

Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, including but not limited to furtherance of the economic and job creation objectives of the Commonwealth Energy Policy set forth in §§ 67-101 and 67-102, and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Similarly, § 56-596 A of the Code provides that “[i]n all relevant proceedings pursuant to [the Virginia Electric Utility Regulation] Act, the Commission shall take into consideration, among other things, the goal of economic development in the Commonwealth.”

This Application supports a Commission determination that the Facility will provide substantial economic development within the Commonwealth, including, but not limited to, furtherance of the economic and job creation objectives of the Commonwealth Energy Policy. As indicated throughout this Application, the Facility will support and will likely improve the reliability of electric service in the region by providing additional in-state based generation.

11. C4GT has served this Application on the local gas distribution company that serves in the vicinity of the Facility.

The Facility Site is located within VNG’s natural gas service territory. In compliance with 20 VAC 5-302-20 and contemporaneously with filing this Application with the Commission, C4GT has caused a copy of this Application to be served upon VNG, the natural gas local distribution company in whose certificated service territory the Facility will be constructed and operated.

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Conclusion

Accordingly, for the reasons described in this Application, C4GT respectfully asserts that the Facility meets the requirements under the Code supporting the Commission's issuance of a CPCN.

WHEREFORE, as described herein, C4GT respectfully requests that the Commission:

- (a) issue a Certificate of Public Convenience and necessity to construct and operate the Facility pursuant to § 56-580 D of the Code; and
- (b) grant such other authority and relief as may be deemed proper under the circumstances of this case.

Dated at Richmond, Virginia, this 14th day of September, 2016.

Respectfully submitted

C4GT, LLC

By: 
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CERTIFICATE OF SERVICE

I hereby certify that, on this 14th day of September, 2016, a true copy of the foregoing Application was delivered by hand or mailed, first-class, postage prepaid, to the following:

Extraordinarily Sensitive Version:

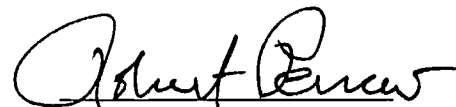
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