

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

VIRGINIA ELECTRIC AND POWER COMPANY

DOCKET NO. QM15-____-000

APPLICATION TO TERMINATE PURCHASE OBLIGATION

Pursuant to Section 210(m) of the Public Utility Regulatory Policies Act of 1978, as amended (“PURPA”), 16 U.S.C. § 824a-3(m), and Section 292.310(a) of the regulations of the Federal Energy Regulatory Commission (“FERC” or “Commission”), 18 C.F.R. § 292.310(a), Virginia Electric and Power Company, doing business as Dominion Virginia Power (“Dominion Virginia Power”), respectfully requests a determination from the Commission that it is not required under 18 C.F.R. § 292.303(a) of the Commission’s regulation to enter into a new contract or obligation to purchase electric energy and capacity from each of the following nine qualifying facilities (“QFs”) located in North Carolina and owned by Community Energy Solar, LLC (collectively, “Community Energy QFs”):¹

1. Tarboro Solar, LLC
2. Aulander Solar, LLC
3. Woodland Solar, LLC
4. Winton Solar, LLC
5. Garysburg Solar, LLC
6. Gaston Solar, LLC
7. Seaboard Solar, LLC
8. Jamesville Solar, LLC
9. Weldon Solar, LLC

¹ Exhibit I contains a chart of the Community Energy QFs. The chart includes all of the information on each QF required by 18 C.F.R. § 292.310(c). Furthermore, the Community Energy QFs are the only QFs in Dominion’s service area that will be affected by this application. This application will not apply to any other QFs in Dominion’s service territory. Thus, the list in Exhibit I satisfies the Commission’s requirement in 18 C.F.R. § 292.310 to identify “all potentially affected qualifying facilities.”

Each of the Community Energy QFs is under 20 MWs, under development, and is undergoing the studies necessary to interconnect with Dominion Virginia Power's distribution system. This application seeks termination of the purchase obligation under PURPA for each of the Community Energy QFs separately, and does not seek a blanket waiver of Dominion Virginia Power's QF purchase obligation.²

In support of its application, Dominion Virginia Power demonstrates that (1) each of the Community Energy QFs is an affiliate of Community Energy, Inc., a sophisticated market participant that has significant experience with the PJM Interconnection LLC ("PJM") markets; (2) each of the Community Energy QFs has nondiscriminatory access to the wholesale markets of PJM; and (3) there are no operational constraints, transmission, distribution, or interconnection issues that would prevent any of the Community Energy QFs from participating in the PJM markets.

I. COMMUNICATIONS

All communications and service related to this application should be directed to the following:

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² On July 17, 2008, FERC granted Dominion Virginia Power's application to terminate on a service territory-wide basis the company's obligation to enter into new obligations or contracts to purchase electric energy from qualifying cogeneration and small power production facilities with net capacity in excess of 20 MW. *Virginia Electric and Power Company*, 124 FERC ¶ 61,045 (2008).

II. DESCRIPTION OF THE APPLICANT

Dominion Resources, Inc. (“DRI”) is a public utility holding company under the Public Utility Holding Company Act of 2005. Dominion Virginia Power is a wholly-owned subsidiary of DRI. Dominion Virginia Power is a regulated, vertically integrated public utility engaged in the generation, distribution and sale of electric energy. It has a generation portfolio of approximately 19,000 megawatts, which is transmitted over approximately 6,400 miles of electric transmission lines in Virginia, North Carolina and West Virginia, and approximately 57,000 miles of electric distribution facilities in Virginia and North Carolina. Dominion Virginia Power integrated its facilities into PJM, a Commission-approved Regional Transmission Organization (“RTO”), on May 1, 2005.³

III. BACKGROUND

Section 210(a) of PURPA requires an electric utility to purchase energy and capacity that is made available from a QF that is directly, or in some cases, indirectly interconnected with such electric utility.⁴ Section 210(m) of PURPA establishes procedures for an electric utility to be relieved of this mandatory purchase obligation if the Commission finds that the QF has nondiscriminatory access to certain wholesale markets.

Specifically, Section 210(m) of PURPA and Section 292.309(a) of the Commission’s regulations provide that an electric utility is not required to enter into a new contract or obligation to purchase electric energy from a QF if the Commission finds that the QF has nondiscriminatory access to:

³ *PJM Interconnection, L.L.C.*, 109 FERC ¶ 61,012 (2004), *order on reh’g*, 110 FERC ¶ 61,234 (2005); *PJM Interconnection, L.L.C.*, 111 FERC ¶ 61,257 (2005).

⁴ 16 U.S.C. § 824a-3(a); 18 C.F.R. § 292.303(a).

(1) (i) Independently administered, auction-based day ahead and real time wholesale markets for the sale of electric energy; and (ii) Wholesale markets for long-term sales of capacity and electric energy; or

(2) (i) Transmission and interconnection services that are provided by a Commission-approved regional transmission entity and administered pursuant to an open access transmission tariff that affords nondiscriminatory treatment to all customers; and (ii) Competitive wholesale markets that provide a meaningful opportunity to sell capacity, including long-term and short-term sales, and electric energy, including long-term, short-term and real-time sales, to buyers other than the utility to which the qualifying facility is interconnected. In determining whether a meaningful opportunity to sell exists, the Commission shall consider, among other factors, evidence of transactions within the relevant market; or

(3) Wholesale markets for the sale of capacity and electric energy that are, at a minimum, of comparable competitive quality as markets described in paragraphs (a)(1) and (a)(2) of this section.⁵

In Order No. 688, the Commission adopted a rebuttable presumption that QFs smaller than 20 MW do not have nondiscriminatory access to any market.⁶ The Commission explained that “[t]o rebut this presumption, the filing electric utility will be required in its application to demonstrate, with regard to each small QF that it, in fact, has nondiscriminatory access to the market.”⁷

Each of the Community Energy QFs has a net capacity of less than 20 MW and is therefore entitled to the rebuttable presumption that each does not have nondiscriminatory access to any market. In order to be relieved of its obligation to purchase from each of the Community Energy QFs, Dominion Virginia Power must rebut this presumption by showing that each QF does, in fact, have access to one of the three types of markets listed in Section 210(m) of PURPA.

⁵ 16 U.S.C. § 824a-3(m); 18 C.F.R. § 292.309(a).

⁶ *New PURPA Section 210(m) Regulations Applicable to Small Power Production and Cogeneration Facilities*, Order No. 688, FERC Stats. & Regs. ¶ 31,233, at P 72 (2006), *order on reh'g*, Order No. 688-A, FERC Stats. & Regs. ¶ 31,250 (2007), *aff'd sub nom. American Forest and Paper Association v. FERC*, 550 F.3d 1179 (D.C. Cir. 2008).

⁷ *Id.*

IV. APPLICATION FOR TERMINATION OF THE MANDATORY PURCHASE REQUIREMENT UNDER SECTION 292.303(A) OF THE COMMISSION’S REGULATIONS

As explained below, Dominion Virginia Power should be relieved from the obligation to purchase power from each of the Community Energy QFs because they each have nondiscriminatory access to the types of energy and capacity markets described in Section 292.309(a)(1) of the Commission’s regulations: (i) independently administered, auction-based day ahead and real time wholesale markets for the sale of electric energy; and (ii) wholesale markets for long-term sales of capacity and electric energy.

A. EACH OF THE COMMUNITY ENERGY QFS HAS NONDISCRIMINATORY ACCESS TO PJM’S WHOLESALE MARKETS

In order to rebut the presumption that the Community Energy QFs lack nondiscriminatory access to the PJM markets, the Commission requires that Dominion Virginia Power make “additional showings” to demonstrate that the QFs have nondiscriminatory access to the relevant wholesale markets.⁸ The Commission’s regulations do not specify the information required for these additional showings, but the Commission’s Order Denying Rehearing and Dismissing Request for Clarification of PPL Electric Utilities Corporation’s request to terminate its mandatory purchase obligation under Section 210(m) of PURPA⁹ sets forth specific examples of evidence that a utility should provide to rebut this presumption.

Specifically, the Commission determined in *PPL* that relevant information to rebut the presumption that a QF lacks nondiscriminatory access to the market could include the following:

(1) Evidence that the QF has already been participating in the market or is owned by, or is an affiliate of, an entity that has already been participating in the market;¹⁰

⁸ Order No. 688 at P 9.

⁹ *PPL Electric Utilities Corp.*, 148 FERC ¶ 61,207 (2014) (“*PPL*”).

¹⁰ *Id.* at P 19.

(2) Evidence showing an absence of constraints and congestion on the electric utility's system;¹¹ and

(3) Evidence that obstacles to nondiscriminatory access such as "local distribution access rules that are not within the Commission's jurisdiction, pancaked delivery rates and additional administrative burdens to obtain access to buyers other than the interconnected utility" do not apply to the affected QFs.¹²

The Commission explained that the same evidentiary standard for rebuttal will apply whether the QF is "built or as-yet-unbuilt."¹³

As explained below, the Commission should find that the Community Energy QFs have nondiscriminatory access to PJM because Dominion Virginia Power satisfies the evidentiary standard set forth in *PPL*.

1. Affiliates of the Community Energy QFs Are Sophisticated Participants in the PJM Markets

In *PPL*, the Commission determined that evidence sufficient to demonstrate that a QF has nondiscriminatory access to the market could include evidence of affiliate participation in that market.¹⁴ The Commission explained that such evidence would rebut the presumption that a small QF faces administrative burdens that prevent it from accessing buyers other than the interconnected utility.¹⁵ Here, each of the Community Energy QFs is an affiliate of Community Energy, Inc.,¹⁶ a sophisticated participant in the PJM markets.

Community Energy, Inc. is in the business of selling electricity to customers in deregulated retail markets and in wholesale markets. Numerous publicly-available documents

¹¹ *Id.* at P 20.

¹² *Id.* at PP 20-21.

¹³ *Id.* at P 19.

¹⁴ *Id.* at PP 7, 17-22.

¹⁵ *Id.* at PP 21-22.

¹⁶ Community Energy, Inc., Application for Market-Based Rate Authority, Docket No. ER12-1792-000, at 1-2 (May 15, 2012).

demonstrate that Community Energy, Inc. is an active market participant in PJM such that its affiliates do not have any barriers to accessing PJM's markets. The documents include:

- *Community Energy, Inc.*, Docket No. ER12-1792-001 (July 11, 2012) (letter order accepting Community Energy, Inc.'s application for market-based rate authority to sell electricity into PJM and all other regions, noting that "Community Energy is affiliated with 31.5 megawatts of generating capacity in the PJM Interconnection, L.L.C. market").
- A market-based power sale contract on file in FERC's EQR database, which lists the seller as Community Energy, Inc., and the customer as PJM Settlement, Inc.¹⁷
- *PJM Interconnection, LLC*, Docket No. ER14-2523, at Attachment 1 (July 29, 2014) (listing Community Energy, Inc. as a member of PJM).
- Several Wholesale Market Participation Agreements ("WMPAs") to allow QFs affiliated with Community Energy, Inc. to sell into the PJM Markets:
 - *PJM Interconnection, L.L.C.*, Docket No. ER13-2303-000 (Sept. 27, 2013) (Letter Order accepting an executed WMPA entered into among PJM, Community Energy Solar, LLC and Jersey Central Power & Light Company ("JCPL") to allow Community Energy Solar to engage in wholesale sales into the PJM markets from Upper Freehold Solar, a generating facility connected to JCPL distribution facilities). This WMPA is designated as Service Agreement No. 3636 to the PJM Tariff.
 - *PJM Interconnection, L.L.C.*, Docket No. ER13-418-000 (Dec. 17, 2012) (Letter Order accepting an executed WMPA entered into among PJM, Community Energy Solar, LLC and JCPL to allow Community Energy Solar to engage in wholesale sales into the PJM markets from Monmouth West Solar I, a generating facility connected to the JCPL distribution facilities). This WMPA is designated as Service Agreement No. 3417 to the PJM Tariff.
 - *PJM Interconnection, L.L.C.*, Docket No. ER13-862-000 (Feb. 28, 2013) (Letter Order accepting an executed WMPA entered into among PJM, Community Energy Solar, LLC and JCPL to allow Community Energy Solar to engage in wholesale sales into the PJM markets from Jacobstown III Solar Farm, a generating facility connected to JCPL distribution facilities). This WMPA is designated as Service Agreement No. 3481 to the PJM Tariff.

¹⁷ Community Energy, Inc.'s EQR filings do not show any transactions in PJM, but the latest data is from the second quarter of 2013.

- *PJM Interconnection, L.L.C.*, Docket No. ER14-395-000 (Dec. 6, 2013) (Letter Order accepting an executed WMPA entered into among PJM, Accomack Solar LLC, an affiliate of Community Energy, Inc., and Old Dominion Electric Cooperative (“ODEC”) to allow Accomack Solar to engage in wholesale sales into the PJM markets from Eastern Shore Solar, generating facility connected to ODEC’s distribution facilities). This WMPA is designated as Service Agreement No. 3656 to the PJM Tariff.
- *PJM Interconnection, L.L.C.*, Docket No. ER11-2704-000 (Feb. 22, 2011) (Letter Order accepting an executed WMPA entered into among PJM, Keystone Solar LLC, an affiliate of Community Energy, Inc., and PPL Electric Utilities Corporation to allow Keystone to engage in wholesale sales into the PJM markets from a generating facility connected to the PPL distribution facilities). This WMPA is designated as Service Agreement No. 2713 to the PJM Tariff.
- *PJM Interconnection, L.L.C.*, Docket No. ER14-1540-000 (Apr. 17, 2014) (Letter Order accepting an executed Wholesale Market Participation Agreement entered into among PJM, Red Valley Solar LLC, an affiliate of Community Energy, Inc., and JCPL to allow Red Valley Solar to engage in wholesale sales in the PJM markets from a generating facility connected to the JCPL distribution facilities). This WMPA is designated as Service Agreement No. 3780 to the PJM Tariff.
- Several Interconnection Services Agreements (“ISA”) to allow Community Energy Solar QFs to interconnect to the PJM transmission system.
 - *PJM Interconnection, L.L.C.*, Docket No. ER11-4181-000 (Aug. 10, 2011) (Letter Order accepting an executed ISA among PJM, Jacobstown Solar, LLC, an affiliate of Community Energy, Inc., and JCPL). This ISA is designated as Service Agreement No. 2979 to the PJM Tariff.
 - *PJM Interconnection, L.L.C.*, Docket No. ER13-322-000 (Dec. 31, 2012) (Letter Order accepting an executed non-conforming Interconnection Service Agreement among PJM, North Run Solar LLC, an affiliate of Community Energy, Inc., and JCPL). This ISA is designated as Service Agreement No. 3429 to the PJM Tariff.
 - *PJM Interconnection, L.L.C.*, Docket No. ER11-4039-000 (Aug. 10, 2011) (Letter Order accepting an executed Interconnection Service Agreement among PJM, West Pemberton Solar LLC, an affiliate of Community Energy, Inc., and Public Service Electric and Gas Company). This ISA is designated as Service Agreement No. 2965 to the PJM Tariff.

- Several System Impact Study Reports:
 - System Impact Study Report for PJM Generation Interconnection Request Queue Position W4-045, Great Adventure-Great Adventure Tap 34kV, indicating that Community Energy, Inc. is developing a 17 MW solar generation facility, 6.4 MW of which will be recognized as capacity by PJM. The report is accessible at accessible at: ftp://pjm.com/planning/project-queues/impact_studies/w4045_imp.pdf.
 - System Impact Study Report for PJM Generation Interconnection Request Queue Position W4-045 (and W3-158), Great Adventure-Great Adventure Tap 34kV, indicating that Community Energy, Inc. is developing a 17 MW solar generating facility, 6.4 MW of which will be recognized as capacity by PJM. The report is accessible at: http://www.pjm.com/pub/planning/project-queues/impact_studies/w4045_imp.pdf.
 - System Impact Study Report for PJM Generation Interconnection Request Queue Position W1-075, Hunterstown 1 115kV Project, indicating that Community Energy, Inc. is developing a 20 MW solar generation project, 7.6 MW of which will be recognized as capacity by PJM. The report is accessible at: http://www.pjm.com/pub/planning/project-queues/impact_studies/w1075_imp.pdf.
 - System Impact Study Report for PJM Generation Interconnection Request Queue Position W4-025, Cookstown-Fort Dix 34.5kV, indicating that Community Energy, Inc. is developing a 7.0 MW solar generating facility, 2.66 MW of which will be recognized as capacity by PJM. The report is accessible at: http://www.pjm.com/pub/planning/project-queues/impact_studies/w4025_imp.pdf.
 - System Impact Study Report for PJM Generation Interconnection Request Queue Position W2-097, West Carlisle-Newville 2 69kV, indicating that Community Energy, Inc. is developing a 20.0 MW solar generating facility, 7.6 MW of which will be recognized as capacity by PJM. The report is accessible at: http://www.pjm.com/pub/planning/project-queues/impact_studies/w2097_imp.pdf.
 - System Impact Study Report for PJM Generation Interconnection Request Queue Position X4-015, North Hanover, indicating that Community Energy, Inc. is developing a 5.0 MW solar generating facility, 1.9 MW of which will be recognized as capacity by PJM. The

report is accessible at: http://www.pjm.com/pub/planning/project-queues/impact_studies/x4015_imp.pdf.

- System Impact Study Report for PJM Generation Interconnection Request Queue Position W1-129, Cookstown 34.5kV, indicating that Community Energy, Inc. is developing a 5.0 MW solar generation project, 1.9 MW of which will be recognized as capacity by PJM. The report is accessible at: http://www.pjm.com/pub/planning/project-queues/impact_studies/w1129_imp.pdf.
- System Impact Study Report for PJM Generation Interconnection Request Queue Position W3-159, Hornerstown-Windsor 34.5kV, indicating that Community Energy, Inc. is developing a 12.0 MW solar generating facility, 4.56 MW of which will be recognized as capacity by PJM. The report is accessible at: http://www.pjm.com/pub/planning/project-queues/impact_studies/w3159_imp.pdf.
- System Impact Study Report for PJM Generation Interconnection Request Queue Position W2-096, West Carlisle-Newville 1 69kV, indicating that Community Energy, Inc. is developing a 20.0 MW solar generating facility, 7.6 MW of which will be recognized as capacity by PJM. The report is accessible at: http://www.pjm.com/pub/planning/project-queues/impact_studies/w2096_imp.pdf.
- System Impact Study Report for PJM Generation Interconnection Request Queue Position X1-085, Hornerstown-Windsor 34kV, indicating that Community Energy Solar, LLC is developing a 5.0 MW solar generating facility, 1.9 MW of which will be recognized as capacity by PJM. The report is accessible at: http://www.pjm.com/pub/planning/project-queues/impact_studies/x1085_imp.pdf
- System Impact Study Report for PJM Generation Interconnection Request Queue Position W1-128, Red School Lane 69kV, indicating that Community Energy, Inc. is developing a 20.0 MW solar generation project, 7.6 MW of which will be recognized as capacity by PJM. The report is accessible at: http://www.pjm.com/pub/planning/project-queues/impact_studies/w1128_imp.pdf.
- System Impact Study Report for PJM Generation Interconnection Request Queue Position W1-127, Phillipsburg 12.47kV, indicating that Community Energy, Inc. is developing a 3.0 MW solar generating facility, 1.14 MW of which will be recognized as capacity by

PJM. The report is accessible at:
http://www.pjm.com/pub/planning/project-queues/impact_studies/w1127_imp.pdf.

These documents make it clear that Community Energy, Inc. is a sophisticated solar generation developer that has a significant experience participating in the PJM markets. This evidence fully rebuts the presumption that the Community Energy QFs face any administrative burdens that prevent nondiscriminatory access to the PJM markets.

2. The Community Energy QFs Will Not Face Any Barriers to Market Access as a Result of Constraints or Congestion on Dominion Virginia Power's Distribution System

The Commission stated in *PPL* that, in addition to evidence of affiliate participation in the market, “other evidence such as the absence of constraints and congestion on the electric utility’s system could well be relevant to a showing that a small QF has the necessary market access.”¹⁸ Here, any constraints or congestion on Dominion Virginia Power’s distribution system will not be a barrier to market access. This is because regardless of whether a QF sells its power directly to Dominion Virginia Power or into the PJM markets, the QF will undergo the same facility study process by the same staff and incur the same upgrade costs required to relieve any constraints or congestion. Furthermore, Dominion Virginia Power does not impose any additional costs on facilities interconnecting with its distribution system to access PJM.

Under the standard Dominion Virginia Power distribution interconnection process in North Carolina,¹⁹ each of the Community Energy QFs must undergo a Facility Study, which will

¹⁸ *PPL* at P 20.

¹⁹ As the Community Energy QFs are located in North Carolina and will be interconnected at distribution voltage, the North Carolina Utilities Commission (“NCUC”) has jurisdiction over the interconnection of the QFs where the QF intends to sell the output to Dominion Virginia Power. The NCUC interconnection process was adopted in *Order Approving Revised Interconnection Standard*, Docket No. E-100, SUB 101, dated June, 2008 (“NCUC Order”) and is found at <http://energy.gov/savings/interconnection-standards-20>. The NCUC Order adopted interconnection procedures and *pro forma* forms and agreements.

be performed by Dominion Virginia Power staff and will identify any distribution upgrades required to provide the requested interconnection service. The same staff would perform the same study if a QF seeks to sell to Dominion Virginia Power directly or to PJM, and the upgrades identified in the study that must be paid by the Community Energy QFs are the same regardless of the buyer of the QF's output. The only additional equipment required for each of the Community Energy QFs to interconnect with Dominion Virginia Power's distribution system to sell into PJM is a meter to provide real-time data to PJM. The additional cost of the meter required by PJM will not act as a barrier to the QF participating in the PJM markets.

If a QF interconnected with Dominion Virginia Power's distribution system sells its power into the PJM markets, Dominion Virginia Power has a process in place to ensure the QF will not incur any additional costs than it would incur if it sold its power directly to Dominion Virginia Power. Specifically, in order for each of the Community Energy QFs to sell its power into the PJM markets, it will be required to enter into a Wholesale Distribution Service Agreement ("WDSA") with Dominion Virginia Power. The WDSA is a *pro forma* PJM service agreement that provides the rates, terms and conditions under which Dominion Virginia Power provides wholesale distribution service to any generator interconnecting to the Dominion Virginia Power distribution system, which would include each of the Community Energy QFs.²⁰ Section 4.1 of the *pro forma* WDSA states that a generator is required to cover only the costs of any upgrades required to accommodate that generator's power on Dominion Virginia Power's distribution system.²¹ Importantly, Section 4.2 states that a QF will not be charged any

²⁰ See, e.g., Service Agreement for Wholesale Distribution Service between Dominion Virginia Power and Richmond Energy LLC, Docket No. ER12-987-000 (February 3, 2012) (designated as service agreement No. 3191 to the PJM Tariff). A copy of this WDSA is attached hereto as Exhibit II.

²¹ See, e.g., *id.* at § 4.1 ("The Company shall charge, and the Distribution Customer shall pay, only the cost of Local Upgrades as set forth in the ISA."). The costs to upgrade the distribution facilities are paid by the Community Energy QFs regardless of whether the power is sold to PJM or to Dominion Virginia Power.

distribution service to wheel its power to PJM across Dominion Virginia Power's distribution facilities.²²

Therefore, regardless of whether the QFs sell directly to Dominion Virginia Power or to the PJM markets, the costs of upgrades required to relieve any constraints will be the same, and the *pro forma* WDSA ensures that a QF will not face any additional costs to access the PJM markets. Therefore, any constraints or congestion on Dominion Virginia Power's distribution system will not present a barrier to any of the Community Energy QFs from accessing the PJM markets.

3. The Community Energy QFs Will Not Be Subject to Local Distribution Access Rules, Pancaked Delivery Rates, or Any Other Barriers to Access PJM

The Commission also explained in *PPL* that, in order to rebut the presumption that a small QF lacks nondiscriminatory access to markets, a utility will have to show that other barriers to access, such as local distribution access rules and pancaked delivery rates, do not exist.²³ None of these barriers exists for the Community Energy QFs.

There are no local distribution access rules that prevent each of the Community Energy QFs from accessing PJM. As explained *infra*, the only requirements for each of the Community Energy QFs to access PJM from Dominion Virginia Power's distribution facilities will be to enter into a WDSA with Dominion Virginia Power and a WMPA with PJM and Dominion Virginia Power. A WMPA is required by PJM in such cases where the generator interconnection is not Commission-jurisdictional but the wholesale sales made from the generator are

²² See, e.g., *id.* at § 4.2 ("The Company shall not charge, and the Distribution Customer shall not pay, any charges, rates or costs for Distribution Service, including charges, rates or costs associated with the Company's Distribution System.").

²³ *PPL* at PP 20-21.

Commission-jurisdictional.²⁴ PJM has filed over twenty WMPAs in the past twelve-month period alone, showing that interconnection at a distribution-level voltage provides nondiscriminatory access to the PJM markets.²⁵ Both the WDSA and the WMPA for each of the Community Energy QFs will be filed with FERC upon execution. There are not any additional local rules that the Community Energy QFs must comply with to access PJM. Therefore, interconnecting with Dominion Virginia Power's distribution facilities will allow each of the Community Energy QFs to have nondiscriminatory access to the PJM markets.

As explained *infra*, the *pro forma* WDSA ensures that none of the Community Energy QFs will be subject to pancaked delivery rates. Article IV of the *pro forma* WDSA requires a WDSA customer to pay only for the costs of local upgrades, and does not permit Dominion Virginia Power to charge a WDSA customer for wheeling service over its distribution system.

Therefore, because the Community Energy QFs are affiliated with a sophisticated solar generation developer who has significant experience participating in the PJM markets, will not incur any additional costs to access the PJM markets than they would incur to sell their power directly to Dominion Virginia Power, and no other local obstacles to nondiscriminatory access exist, it is clear that the Community Energy QFs have nondiscriminatory access to the PJM markets.

²⁴ See, e.g., *PJM Interconnection, L.L.C.*, Docket No. ER14-2700-000 (Aug. 25, 2014) (“PJM routinely receives requests from generation developers seeking to interconnect at a distribution level, in order to participate in sales to the PJM markets. Where the relevant facilities are non-jurisdictional...PJM developed the WMPA as a contractual means to address these requests and provide to all affected parties a process to enable PJM to properly track and study this category of generator interconnection, as well as to facilitate the generator's participation in PJM's organized wholesale markets.”).

²⁵ See, e.g., *id.* (0.85 MW facility), Docket No. ER14-2595-000 (Aug. 5, 2014) (18.3 MW facility), Docket No. ER14-2527-000 (July 30, 2014) (4.8 MW facility).

B. TRANSMISSION INFORMATION

Section 292.310(d)(3) of the Commission’s regulations requires electric utilities seeking termination of the mandatory QF purchase obligation to submit transmission studies and related information with the application, including:

- (i) The applicant’s long-term transmission plan, conducted by applicant, or the RTO, ISO or other relevant entity;
- (ii) Transmission constraints by path, element or other level of comparable detail that have occurred and/or are known and expected to occur, and any proposed mitigation including transmission construction plans;
- (iii) Levels of congestion, if available;
- (iv) Relevant system impact studies for the generation interconnections, already completed;
- (v) Other information pertinent to showing whether transfer capability is available; and
- (vi) The appropriate link to applicant’s OASIS, if any, from which a qualifying facility may obtain applicant’s available transfer capability information.²⁶

In Order No. 688-A, the Commission clarified that applicants may provide hyperlinks to relevant studies available on the internet instead of submitting the complete documents with their applications.²⁷

1. Long-Term Transmission Plan

PJM’s Regional Transmission Expansion Plan (“RTEP”) identifies transmission system upgrades and enhancements to provide for the operational, economic and reliability requirements of PJM customers. PJM’s region-wide RTEP approach integrates transmission with generation

²⁶ 18 C.F.R. § 292.310(d)(3).

²⁷ Order No. 688-A at P 112 (“We clarify, moreover, that an applicant can provide a hyperlink to the relevant studies, if available, rather than submitting complete studies and reports.”). The Commission has previously accepted information in this form as satisfying the requirements of Section 292.310(d)(3). *See Montana-Dakota Utils. Co.*, 126 FERC ¶ 61,121 (2009), and *Alliant Energy Corp. Servs., Inc.*, 123 FERC ¶ 61,155 (2008).

and load response projects to meet load-serving obligations. PJM currently applies planning and reliability criteria over a fifteen-year horizon to identify transmission constraints and other reliability concerns. Transmission upgrades to mitigate identified reliability criteria violations are then examined for their feasibility, impact and costs, culminating in one plan for the entire PJM footprint.

The rules and procedures for the RTEP process are set forth in Schedule 6 of the PJM Operating Agreement, accessible at the following hyperlink, beginning on page 453: <http://www.pjm.com/~media/documents/agreements/oa.ashx>. In accordance with those rules, PJM prepares a plan for the enhancement and expansion of transmission facilities in the PJM region. Additionally, the M-14 series of PJM Manuals describes the details of the RTEP process. The PJM manuals are available at <http://www.pjm.com/documents/manuals.aspx>.

PJM's 2013 RTEP report, dated February 28, 2014, reflects planned system upgrades approved by PJM's Board through December 31, 2013. The full RTEP report is available at <http://www.pjm.com/documents/reports/rtep-documents/2013-rtep.aspx>.

2. Transmission Constraints

Book 5 of the RTEP summarizes both Regional and Sub-Regional upgrades for each sub-region, and the key issues each is facing based on the outcome of PJM's 2013 RTEP process cycle. PJM takes into account load forecasts, load management, the status of generation interconnection and merchant transmission interconnection requests, the status of generation deactivation and congestion as part of its transmission expansion analysis. Book 5 of the RTEP is available at <http://www.pjm.com/~media/documents/reports/2013-rtep/2013-rtep-book-5.ashx>. Also, as discussed above, PJM employs locational marginal pricing to manage transmission constraints.

3. Levels of Congestion

As discussed above, PJM takes into account congestion levels when it conducts its transmission expansion analysis in the RTEP process.

4. Relevant System Impact Studies for Generation Interconnections

PJM administers a queue-based interconnection process. Each phase of the process establishes various milestone responsibilities for the developer, PJM and each Transmission Owner impacted by the interconnection request. The interconnection process is discussed in detail in the PJM Manual 14 Series, which is available at <http://www.pjm.com/documents/manuals.aspx>. The status of active interconnection requests, including system impact studies, is available at <http://www.pjm.com/planning/generation-interconnection/generation-queue-active.aspx>. No system impact studies have been performed for any of the Community Energy QFs.

5. Link to OASIS

Customers may obtain Available Transfer Capability information by visiting PJM's OASIS site, which is available at <http://www.pjm.com/markets-and-operations/etools/oasis.aspx>.

C. PROCEDURES FOR INTERCONNECTED QFs TO ARRANGE FOR TRANSMISSION SERVICE TO TRANSFER POWER TO PURCHASERS OTHER THAN DOMINION VIRGINIA POWER

Section 292.310(d)(4) of the Commission's regulations requires applicants to describe the process, procedures and practices that QFs interconnected to the applicant's system must follow to arrange for the transmission service to transfer power to purchasers other than the applicant. This description must include the process, procedures and practices of all distribution, transmission and regional transmission facilities necessary for QF access to the market.²⁸

²⁸

18 C.F.R. § 292.310(d)(4).

A QF seeking to transfer power to purchasers other than Dominion Virginia Power must follow PJM's procedures for obtaining transmission service. A description of this process can be found at <http://www.pjm.com/markets-and-operations/transmission-service.aspx>. Also, as explained in section IV(A)(2) above, in order to access PJM, each of the Community Energy QFs must enter into a WDSA with Dominion Virginia Power.

D. NEW INTERCONNECTION AGREEMENTS FOR QFS TO SELL POWER TO THIRD PARTIES

If a QF will be required to execute a new interconnection agreement or renegotiate an existing agreement so that it can effectuate wholesale sales to third-party purchasers, Section 292.310(d)(5) of the Commission's regulations requires the applicant to explain the requirements, charges, and the process to be followed and any differences for such QF as compared to other generators or generation owned by the applicant.²⁹

The Community Energy QFs will all need to follow the same interconnection procedures as any other generation resources of 20 MW or less seeking to interconnect with Dominion Virginia Power's transmission facilities, including affiliates of Dominion Virginia Power, which are found in Subpart G of the PJM Tariff, entitled "Small Generation Interconnection Procedures."³⁰ There are 1,045 projects in the Active PJM Queue, and of those there are 380 that are under 20 MW as of the time of this filing – *i.e.*, slightly more than one-third of all active

²⁹ 18 C.F.R. § 292.310(d)(5).

³⁰ These procedures are also described at <http://www.pjm.com/planning/generation-interconnection.aspx>. The PJM Manual 14 Series, which is found at <http://www.pjm.com/documents/manuals.aspx>, further describes the PJM generation interconnection process. Section 110 of the PJM Tariff provides specifically that generation resources of 20 MW or less may participate in the PJM energy and capacity markets and may, therefore, be used by load-serving entities to meet capacity obligations imposed under the PJM Reliability Assurance Agreement.

projects in the PJM queue are less than 20 MW in size,³¹ showing that size is not a barrier to interconnecting through PJM's procedures.

E. VERIFICATION

Section § 292.310(d)(7) of the Commission's regulations requires an authorized individual to verify the accuracy and authenticity of the information provided in an application for relief from the mandatory QF purchase obligation.³² Dominion Virginia Power has attached a verification as Exhibit III to this application.

V. SUPPORTING EXHIBITS

This Application includes the following supporting exhibits:

- i) Exhibit I: List of the Community Energy QFs
- ii) Exhibit II: Service Agreement for Wholesale Distribution Service between Dominion Virginia Power and Richmond Energy LLC
- iii) Exhibit III: Statement of Authenticity

³¹ PJM's Active Generation Queue is accessible at <http://www.pjm.com/planning/generation-interconnection/generation-queue-active.aspx>.

³² 18 C.F.R. § 292.310(d)(7).

VI. CONCLUSION

As demonstrated above, there are no operational constraints, transmission, or interconnection issues that would prevent the Community Energy QFs from participating in the PJM markets. Because the Community Energy QFs have nondiscriminatory access to the PJM markets, Dominion Virginia Power requests that the Commission grant Dominion Virginia Power's application to terminate its obligation to purchase energy and capacity from the Community Energy QFs.

Respectfully submitted,

SCHIFF HARDIN LLP

/s/ John E. Dearborn, Jr.

Peter K. Matt

John E. Dearborn, Jr.

901 K Street, N.W.

Suite 700

Washington, D.C. 20001

Telephone: 202/724-6839

Facsimile: 202/778-6460

Counsel for Virginia Electric and Power Company

October 31, 2014

EXHIBIT I

Community Energy Solar, LLC QFs

Project Name	FERC QF Docket	Net Capacity	NCUC CPCN Docket	NCUC CPCN Status	Address	Substation Interconnected	Interconnection Status	Expiration Date of Energy or Capacity Agreement
1) Tarboro Solar, LLC	QF13-624-000	4.99 MW	SP-2943 Sub 0	Approved	2677 US 64 Alt. East, Tarboro, NC, Edgecombe County 27886	N/A—Not yet interconnected	In facilities study and in interconnection queue	N/A—No agreement executed
2) Aulander Solar, LLC	QF13-682-000	4.99 MW	SP-2993 Sub 0	Approved	State Highway 11 Bus S, Aulander, NC, Hertford County 27805	N/A—Not yet interconnected	In facilities study and in interconnection queue	N/A—No agreement executed
3) Woodland Solar, LLC	QF13-683-000	4.99 MW	SP-2994 Sub 0	Approved	W. Main St / US Hwy 258, Woodland, NC, Northampton County 27897	N/A—Not yet interconnected	In facilities study and in interconnection queue	N/A—No agreement executed
4) Winton Solar, LLC	QF13-684-000	4.99 MW	SP-2995 Sub 0	Approved	100 NC Hwy 45, Winton, NC, Hertford County 27986	N/A—Not yet interconnected	In facilities study and in interconnection queue	N/A—No agreement executed
5) Garysburg Solar, LLC	QF13-685-000	4.99 MW	SP-2996 Sub 0	Approved	7367 NC Hwy 46, Garysburg, NC, Northampton County 27831	N/A—Not yet interconnected	In facilities study and in interconnection queue	N/A—No agreement executed
6) Gaston Solar, LLC	QF14-45-000	4.99 MW	SP-3102 Sub 0	Approved	374 Gus Smith Road, Gaston, NC, Northampton County 27832	N/A—Not yet interconnected	In facilities study and in interconnection queue	N/A—No agreement executed

7) Seaboard Solar, LLC	QF14-73-000	4.99 MW	SP-3155 Sub 0	Approved	NC Hwy 168, Seaboard, NC, Northampton County 27876	N/A—Not yet interconnected	In facilities study and in interconnection queue	N/A—No agreement executed
8) Jamesville Solar, LLC	QF14-144-000	4.99 MW	SP-3234 Sub 0	Approved	US Hwy 64, Jamesville, NC, Martin County 27846	N/A—Not yet interconnected	In facilities study and in interconnection queue	N/A—No agreement executed
9) Weldon Solar, LLC	QF14-215-000	4.99 MW	SP-3259 Sub 0	Approved	Chantilly Rd., Weldon, NC, Halifax County 27890	N/A—Not yet interconnected	Need additional information to begin Feasibility Study; in interconnection queue	N/A—No agreement executed

EXHIBIT II

Original Service Agreement No. 3191
Effective Date: January 4, 2012

SERVICE AGREEMENT FOR WHOLESALE DISTRIBUTION SERVICE

Between

VIRGINIA ELECTRIC AND POWER COMPANY

and

RICHMOND ENERGY LLC

Dated as of January 4, 2012

SERVICE AGREEMENT FOR WHOLESALE DISTRIBUTION SERVICE

THIS SERVICE AGREEMENT FOR WHOLESALE DISTRIBUTION SERVICE (“Service Agreement”) is made and entered into this 4th day of January, 2012, between Virginia Electric and Power Company, doing business as Dominion Virginia Power in the Commonwealth of Virginia and Dominion North Carolina Power in the state of North Carolina, a Virginia Corporation (hereinafter called “Company”), having a place of business at 120 Tredegar Street, Richmond, Virginia 23219, and Richmond Energy LLC, (hereinafter called the “Distribution Customer”), a Delaware limited liability company having a place of business at 3005 Douglas Boulevard, Suite 105, Roseville, CA 95661. Company and Distribution Customer are individually referred to herein as “Party” and collectively as the “Parties.”

WHEREAS the Distribution Customer owns an electric generating facility located at 2001 Charles City Road, Richmond, Virginia (“Generating Facility”) that is connected to the Company’s distribution facilities (“Distribution Facilities”);

WHEREAS the Parties and PJM Interconnection, L.L.C. (“PJM”) are parties to an Interconnection Service Agreement (“ISA”) on file with the Federal Energy Regulatory Commission;

WHEREAS the Company’s Distribution Facilities are interconnected to the Transmission System operated by PJM;

WHEREAS the Distribution Customer desires to make sales of energy and capacity in the energy market operated by PJM (“Energy Market”);

WHEREAS the Distribution Customer must take wholesale distribution service (“Distribution Service”) from the Company to transmit energy and capacity across the Company’s Distribution Facilities to reach PJM’s Transmission System;

WHEREAS the Company has agreed to provide Distribution Service to the Distribution Customer across the Company’s Distribution Facilities; and

NOW, THEREFORE, in consideration of these premises and the mutual covenants contained herein, the Parties hereto agree as follows:

ARTICLE I DEFINITIONS AND OTHER DOCUMENTS

1.1 Definitions. Unless otherwise expressly defined herein, all capitalized terms used in this Service Agreement shall have the meanings as defined in PJM’s Open Access Transmission Tariff (“PJM OATT”), as may be modified from time to time. In the event of any conflict between defined terms as set forth in the PJM OATT or the defined terms in this Service Agreement, such conflict will be resolved in favor of the terms as defined in this Service Agreement. Any provision of the PJM OATT relating to this Service Agreement that uses any such defined term shall be construed using the definition given to such defined term in this

Service Agreement. Except as provided for herein and where appropriate for purposes of interpreting this Service Agreement under the PJM OATT, the Company shall be “Transmission Owner” and the Distribution Customer shall be “Transmission Customer” as those terms are defined in the PJM OATT.

1.2 Incorporation of Other Documents. Subject to the provisions of Section 1.1, all portions of the PJM OATT as of the date of this Service Agreement, and as pertinent to the subject of this Service Agreement, are hereby incorporated herein and made a part hereof.

ARTICLE II

TERM

2.1. Commencement of Service. Service under this Service Agreement shall commence on the later of January 4, 2012, or such date as it is permitted to become effective by the Commission. This Service Agreement shall remain in effect for a period of ten (10) years from the date that service commenced and shall be automatically renewed for each successive one-year period thereafter, unless terminated earlier in accordance with Section 2.2 of this Service Agreement.

2.2 Termination of Service. This Service Agreement shall be terminated: (i) by mutual written agreement of the Parties; (ii) by the Distribution Customer providing to the Company sixty (60) calendar days’ prior written notice; or (iii) if either Party fails to fulfill any obligation under this Service Agreement (“Defaulting Party”), the other Party (“Non-Defaulting Party”) following thirty (30) calendar days’ prior written notice (which specifies the nature of such failure in reasonable detail) to the Defaulting Party (except in event of emergencies in which event only such notice as shall be reasonably practicable under such circumstances), the Defaulting Party shall be deemed in default, and the Non-Defaulting Party may terminate this Service Agreement. This Service Agreement shall be terminated if the ISA terminates.

ARTICLE III

SERVICE TO BE PROVIDED

The Company shall provide and the Distribution Customer shall take and pay for Distribution Service to deliver electric energy from the point where the Attachment Facilities interconnect with the Company’s Distribution Facilities, across the Company’s Distribution Facilities to the high-side of a Company transformer that is connected to the Transmission System operated by PJM.

ARTICLE IV

RATE FOR DISTRIBUTION SERVICE

4.1 The Company shall charge, and the Distribution Customer shall pay, only the cost of Local Upgrades as set forth in the ISA. Nothing in this Service Agreement shall in any way modify the Distribution Customer’s obligation to pay the cost of Local Upgrades as set forth in the ISA.

4.2 The Company shall not charge, and the Distribution Customer shall not pay, any charges, rates or costs for Distribution Service, including charges, rates or costs associated with the Company's Distribution System, except as provided in Section 4.1.

4.3 The Distribution Customer shall not be entitled to receive from the Company, and the Company shall not provide, credits in recognition of any benefits that may be provided by the interconnection of the Generating Facility. No such credits are included in the rate for Distribution Service.

ARTICLE V **BILLING AND PAYMENT**

Billing and payment for the Company's provision of Distribution Service to the Distribution Customer shall be performed in accordance with Section 7 of the PJM OATT.

ARTICLE VI **GENERAL PROVISIONS**

6.1 Regulatory Approvals. Promptly upon execution of this Service Agreement by the Parties, the Company shall file this Service Agreement with the Commission under Section 205 of the Federal Power Act and shall request an effective date of January 4, 2012. The Company shall make a filing with the Commission under Section 205 of the Federal Power Act to terminate this Service Agreement based on an actual or estimated termination date established pursuant to Section 2.2 of this Service Agreement.

6.2 Renegotiations. If the Commission, or a court of competent jurisdiction, requires modification of this Service Agreement, the Parties shall negotiate in good faith to preserve the initial intent, commercial effect, and relative economic value of the Parties' bargain to the maximum extent practicable.

6.3 Section 205 and Section 206 Rights. Nothing contained in this Service Agreement shall be construed as affecting in any way the right of: (i) the Company to unilaterally make application to the Commission, or to any other regulatory agency having jurisdiction, for a change in any rate and non-rate provision of the Service Agreement under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder; or (ii) the Distribution Customer to seek a change in any rate and non-rate provision of the Service Agreement under Section 206 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

6.4 Amendments. Any amendment to this Service Agreement which the Parties negotiate must be executed by the Parties in writing.

6.5 No Third-Party Beneficiaries. Nothing in this Service Agreement, express or implied, is intended to confer on any other person except the Parties hereto any rights, interests, obligations or remedies hereunder.

6.6 Multiple Counterparts. This Service Agreement may be executed in two or more counterparts, each of which is deemed an original but all of which constitute one and the same instrument.

6.7 Headings. The article and section headings herein are inserted for convenience only and are not to be construed as part of the terms hereof or used in the interpretation of this Service Agreement.

6.8 Entire Agreement. This Service Agreement shall constitute the entire agreement between the Parties hereto relating to the subject matter hereof, and all previous agreements, discussions, communications, and correspondence with respect to the subject matter hereof not set forth in this Service Agreement are of no force and effect.

6.9 Notices. Unless otherwise provided in this Service Agreement, any written notice, demand, or request required or authorized in connection with this Service Agreement shall be deemed properly given if delivered in person, delivered by recognized national courier service, or sent by first class mail, postage prepaid, to the person specified below:

a. If to the Company:

Virginia Electric and Power Company
Attention: Richard D. Jessee, Jr.

By U.S. Mail:
P.O. Box 26532
Richmond, VA 23261

By Overnight Courier:
701 E. Cary Street, 5th Floor
Richmond, VA 23219

b. If to Distribution Customer:

Richmond Energy LLC
Attn: Tony Wetzel
3005 Douglas Blvd., Suite 105
Roseville, CA 95661

Either Party may change this information by giving five (5) business days written notice prior to the effective date of the change.

ARTICLE VII
ASSIGNMENT

7.1 Assignment of Rights Under the Agreement. Neither Party shall, without the prior written consent of the other Party, which consent shall not be unreasonably withheld, assign or transfer all or any part of, or any right or obligation under, this Service Agreement, whether voluntarily or by operation of law; provided, however, that a Party may, without the consent of the other Party, assign its rights and obligations under this Service Agreement to any person or entity (1) into which a Party is merged or consolidated, or (2) to which a Party sells, transfers, or assigns all or substantially all of its assets, so long as the survivor in any such merger or consolidation, or the purchaser, transferee, or assignee of such assets provides to other Party a valid and binding written agreement within ten (10) calendar days of the sale, transfer or assignment expressly assuming and agreeing to be bound by all obligations of the assigning Party under this Service Agreement.

7.2 Obligations After Assignment. In the event of any permitted sale, transfer, or assignment hereunder, the transferor or assignor shall, to the extent of the transferred or assigned obligations, and only to such extent, be relieved of obligations accruing from and after the effective date of such transfer or assignment; provided, however, that under no circumstances shall any sale, transfer, or assignment relieve the transferor or assignor of any liability for any breach of this Service Agreement occurring before the effective date of such transfer or assignment.

IN WITNESS WHEREOF, Virginia Electric and Power Company has caused this Service Agreement to be executed by its duly authorized representative.

VIRGINIA ELECTRIC AND POWER COMPANY

By: */s/ Phillip Rodney Blevins*
(Signature)

Name: Phillip Rodney Blevins
(Type or Print Name of Signatory)

Title: Vice President – Distribution Operations
(Type or Print Title of Signatory)

Date: February 3, 2012

IN WITNESS WHEREOF, Richmond Energy LLC has caused this Service Agreement to be executed by its duly authorized representative.

RICHMOND ENERGY LLC

By: /s/ David R. Wentworth
(Signature)

Name: David R. Wentworth
(Type or Print Name of Signatory)

Title: Senior Vice President
(Type or Print Title of Signatory)

Date: February 2, 2012

EXHIBIT III

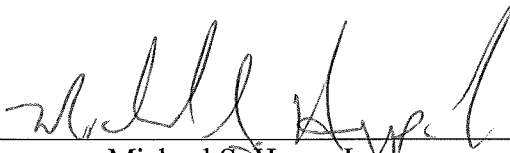
UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Virginia Electric and Power Company)

Docket No. QM14-__-000

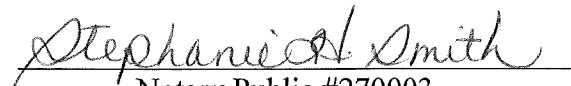
AFFIDAVIT AND VERIFICATION PURSUANT TO 18 C.F.R. § 292.310(d)

NOW, BEFORE ME, the undersigned authority, personally comes and appears Michael S. Hupp, Jr., who first being duly sworn, attests that I am the Director of Power Generation Regulated Operations, and that I have the authority to execute this affidavit on behalf of Virginia Electric and Power Company. I have read the foregoing Application to Terminate Purchase Obligation and the Exhibits and know the contents thereof, and I affirm that the facts, representations and statements set forth therein are true and accurate to the best of my knowledge, information, and belief.


Michael S. Hupp, Jr.

COMMONWEALTH OF VIRGINIA
COUNTY OF Henrico

Sworn to before me and subscribed in my presence this 31st day of October, 2014.


Notary Public #270003

My Commission Expires: July 31, 2016



CERTIFICATE OF SERVICE

I hereby certify that I have served this day copies of the foregoing, via electronic mail, on all the Community Energy QFs listed in Exhibit I, as well as the North Carolina Utilities Commission.

Dated at Washington, D.C. this 31st day of October, 2014.

/s/
John E. Dearborn, Jr.

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Telephone: 202/778-6400
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Counsel for Virginia Electric and Power Company