

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, NOVEMBER 16, 2016

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JOINT PETITION OF

JAMES RIVER GENCO, LLC
and
CITY POINT ENERGY CENTER, LLC

CASE NO. PUE-2016-00109

For approval of the disposition and acquisition of utility assets under the Utility Transfer Act, Chapter 5 of Title 56 of Va. Code § 56-88 *et seq.*, and for a certificate to operate generating facilities pursuant to the Utility Facilities Act, Chapter 10.1 of Title 56 of Va. Code § 56-265.1 *et seq.*

ORDER

On September 22, 2016, James River Genco, LLC ("James River") and City Point Energy Center, LLC ("City Point") (collectively, the "Petitioners") filed a joint petition ("Petition") with the State Corporation Commission ("Commission") requesting approval for the disposition by James River and the acquisition by City Point of James River's electric and steam coal-fired cogeneration power plant and associated interconnection equipment located in the City of Hopewell, Virginia ("Existing Facility"). City Point also requests that the Commission approve and issue a certificate of public convenience and necessity ("CPCN") for City Point's acquisition and operation of the Existing Facility. In addition, James River requests that the Commission cancel James River's CPCN No. ET-179a and release James River from any obligations set forth in the Commission's Order in Case PUE-2007-00092, the case where James River was granted its CPCN, effective upon the date that James River ceases to be the owner of the Existing Facility. The Petitioners also filed a Motion for Protective Order ("Motion") to prevent public disclosure of confidential information contained in the Petition, in accordance with 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure.

City Point is a Delaware special purpose entity that was formed to acquire, own and operate the Existing Facility.

The Petitioners state that the Existing Facility recovers thermal energy from turbines to provide process steam to Honeywell International, Inc. ("Honeywell International"), for use in an adjacent manufacturing plant currently owned by its subsidiary Advansix Resins and Chemicals LLC ("Advansix R&C" together with Honeywell International, "Honeywell"). The Existing Facility sits upon land leased from Honeywell International.¹ James River also bids and dispatches electric energy, capacity, and ancillary services from the Existing Facility into the wholesale market at PJM Interconnection, L.L.C. ("PJM"); its electric rates and services are regulated by the Federal Energy Regulatory Commission.

The Petitioners represent that the proposed sale and transfer of the Existing Facility is the first step in a process that ultimately would result in a new combined heat and power facility which would provide steam for Honeywell and would generate electricity for sale into PJM (the "Project"). The Project is planned in three phases. During Phase 1 (the subject of this Petition), City Point would acquire and operate the Existing Facility and continue its operation until Phase 2 is permitted, constructed, and operational. During Phase 2, City Point would construct and operate a facility that would generate steam for Honeywell but would not produce electricity. Once the Phase 2 facility is operational, the Existing Facility would be taken offline and decommissioned. During Phase 3, City Point would construct and operate a new, approximately 50 megawatt steam and electric generation facility, which would burn a natural/landfill gas

¹ In a letter to Staff, City Point's counsel represented that on October 1, 2016, Honeywell International spun off AdvanSix Inc., AdvanSix R&C's parent, to the shareholders of Honeywell International. As noted in this correspondence, however, the Existing Facility would continue to sell steam to AdvanSix R&C. Additionally, and as a result of the spin-off, AdvanSix R&C would become the lessor of the land on which the Existing Facility is sited. See letter from Bernard L. McNamee, Esquire, to Arlen K. Bolstad, Esquire, dated November 14, 2016, filed in this docket.

mixture (the "New Facility"). City Point will file a separate CPCN application with the Commission seeking authority to construct and operate the New Facility for electric generation.

The Petitioners represent that adequate service to the public at just and reasonable rates would not be impaired or jeopardized by the proposed transaction. As noted above, James River bids and sells energy, capacity, and ancillary services at wholesale from the Existing Facility into the PJM markets. Therefore, the Existing Facility does not serve any Virginia customers other than the steam provided to Honeywell. The Petitioners represent that City Point would continue to produce electricity at the Existing Facility and sell it to PJM during Phase 1 of its Project. The Petitioners also represent that James River has obtained and currently maintains all local, state and federal governmental licenses, permits, approvals and authorizations necessary for the operation of the Existing Facility. City Point has represented that it would obtain all permits required to operate the Existing Facility.

NOW THE COMMISSION, upon consideration of the Petition and comments of the Petitioners and having been advised by its Staff, is of the opinion and finds that the proposed transfer would neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and that the authority requested in the Petition should be granted. We further find that City Point should be issued a CPCN to acquire and to operate the Existing Facility. We find that the issuance of such certificate: (i) would have no material adverse effect upon the rates paid by the customers of any regulated public utility in the Commonwealth; (ii) would have no material adverse effect upon reliability of electric service provided by any such regulated public utility; and (iii) is not otherwise contrary to the public interest. The

Commission also finds that the Applicants' Motion is no longer necessary; therefore, the Motion should be denied.²

Accordingly, IT IS ORDERED THAT:

(1) Pursuant §§ 56-89 and 56-90 of the Code of Virginia, the Petitioners are hereby granted approval of the transfer of the Existing Facility as described herein.

(2) The Commission, having found that the public convenience and the necessity require the acquisition and operation by City Point of the Existing Facility, hereby grants City Point a CPCN therefore, pursuant to the Utility Facilities Act. James River's existing Certificate No. ET-179a shall be cancelled upon transferring the Existing Facility to City Point.

(3) Upon City Point filing the appropriate United States Geological Survey topographical maps detailing the location of the Existing Facility with the Division of Public Utility Regulation ("Division"), the Division shall issue Certificate ET-179b to City Point to acquire and operate the Existing Facility.

(4) Within thirty (30) days of closing of the transfer of the Existing Facilities, the Petitioners shall file a report of action ("Report") with the Commission. The Report shall include the date that the closing of the transaction occurred.

(5) The authority granted herein shall not be deemed to include any authorizations other than the authority to dispose of and acquire the Existing Facility pursuant to the Transfers Act and the granting of a CPCN to acquire and operate the Existing Facility pursuant to the Utility Facilities Act.

² The Commission held the Petitioners' Motion in abeyance and has not received a request for leave to review the confidential information contained in the Petition in this proceeding. Accordingly, we deny the Motion as moot but direct the Clerk of the Commission to retain the confidential information, to which the Motion pertains, under seal.

(6) The Commission's Utility Transfers Act approval shall have no ratemaking implications. Specifically, it shall not guarantee the recovery of any costs directly or indirectly related to the proposed transfer.

(7) This case is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the Commission's file for ended causes.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
 Jacob A. Pollack, James River Genco, LLC, 9405 Arrowpoint Boulevard, Charlotte, North Carolina 28214; Robert F. Riley, Esquire, Williams Mullen, 1666 K Street, N.W., Suite 1200, Washington, D.C. 20006; Paul G. Saunders II, Esquire, Williams Mullen 200 South 10th Street, 16th Floor, Richmond, Virginia, 23218; Mark J. La Fratta, Esquire, and Bernard L. McNamee, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia, 23219; and C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of Attorney General, 202 North Ninth Street, Richmond, Virginia 23219. A copy also shall be delivered to the Commission's Office of General Counsel and Divisions of Utility Accounting and Finance and Public Utility Regulation.