

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION  
AT RICHMOND, OCTOBER 21, 2024

SCC - CLIENTS OFFICE  
CORPORATE CONTROL CENTER

2024 OCT 21 A 3:50

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

CASE NO. PUR-2023-00210

*Ex Parte:* In the matter concerning implementing performance-based adjustments to combined rates of return under §§ 56-585.1 A 2 c and 56-585.8 E of the Code of Virginia

ORDER

On December 12, 2023, the State Corporation Commission ("Commission") entered an Order Establishing Proceeding, which, among other things, established this proceeding for the purpose of developing standards and protocols as directed by certain enactment clauses in Chapters 757, 775, 749, and 776 of the 2023 Virginia Acts of Assembly;<sup>1</sup> invited interested persons and entities to file proposed standards and protocols; and directed Staff of the Commission ("Staff") to conduct a stakeholder meeting and, utilizing input from stakeholders, to submit to the Commission a report ("Staff Report") presenting proposed standards and protocols, for the Commission's consideration.

In accordance with the Order Establishing Proceeding, interested persons and entities filed proposed standards and protocols by April 1, 2024, a stakeholder meeting was convened on May 23, 2024, and Staff filed the Staff Report on August 1, 2024.<sup>2</sup>

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<sup>1</sup> See 2023 Va. Acts of Assembly ch. 757, enactment cl. 5; 2023 Va. Acts of Assembly ch. 775, enactment cl. 5; 2023 Va. Acts of Assembly ch. 749, enactment cl. 4; 2023 Va. Acts of Assembly ch. 776, enactment cl. 4.

<sup>2</sup> Public comments were also filed with the Commission in this docket. In addition to incorporating input received from stakeholders during the stakeholder meeting and the proposed standards and protocols filed with the Commission, the Staff Report also incorporated input from such comments.

As detailed further below, the Commission finds that further proceedings are needed and that the public interest would be better served to implement the to-be-developed protocols and standards for utility biennial reviews filed on or after January 1, 2027.

The Staff Report provides an implementation proposal wherein a separate "Performance Metrics Proceeding" would be used to establish the calculation and results of the proposed performance metrics to be included on a utility's "scorecard," and which could then be utilized by the Commission in the utility's subsequent biennial review proceedings.<sup>3</sup> Alternatively, Staff notes that the Commission could instead review all the performance data, determine the appropriate metrics and benchmarks, and calculate a final scorecard of results, all within each utility's biennial review proceeding.<sup>4</sup> The Commission finds that considering this matter during each utility's biennial review proceeding offers a number of benefits, including judicial economy. Accordingly, the Commission will adopt this approach once the framework for performance-based adjustments to combined rates of return are developed in the current proceeding. The Commission recognizes that consideration of performance-based adjustments is not subject to the same statutory timing constraints applicable to utility biennial reviews.

Second, the Staff Report proposes 12 performance metrics within a scorecard for each utility, with an additional 34 metrics proposed to be provided for informational purposes only, at this time. Broadly, Staff has grouped these metrics into the following categories: (i) reliability; (ii) generating plant performance; (iii) customer service; and (iv) operating efficiency. For purposes of receiving comment, the Commission has provided a "Draft Scorecard" in Appendix A adopting 10 of the 12 performance metrics proposed by Staff. The Commission does not

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<sup>3</sup> Staff Report at 46-47.

<sup>4</sup> Staff Report at 47.

adopt the proposed "operating efficiency – cost effectiveness of utility owned projects" metric which is described in part as a "comparison of the expected construction cost of any future project, or project currently under development or construction, to the actual final costs of construction."<sup>5</sup> In short, while accurate budgeting is important, the Commission invites comments and proposed metrics that might more holistically consider the value of a particular project to ratepayers. Next, the Commission does not adopt the proposed "operating efficiency – Non-fuel O&M expenses (percentage of MWh sales)" metric, which appears to incentivize reducing non-fuel O&M expense without consideration of consequences such as cost shifting (say to capital investments) or fulfillment of compliance obligations. Accordingly, the Commission invites comments and proposed metrics that consider these broader policy goals.

Finally, relative to the additional metrics proposed by Staff to be provided for informational purposes only, at this time, the Commission has exercised its discretion to propose adoption of those metrics specifically designed to shed light on a *utility's* performance and has prepared Appendix B for purposes of receiving comment. However, the Commission will also accept comment on the metrics not proposed in Appendix B, should any individual so desire.

NOW THE COMMISSION, upon consideration of the foregoing, is of the opinion and finds that interested persons and entities should have an opportunity to file comments as detailed in this Order and that Staff should draft proposed regulations taking into consideration such comments.

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<sup>5</sup> Staff Report at 51.

Accordingly, IT IS ORDERED THAT:

(1) Further proceedings are needed and the public interest would be better served to implement the to-be-developed protocols and standards for utility biennial reviews filed on or after January 1, 2027.

(2) The framework for performance-based adjustments to combined rates of return developed in the current proceeding will be used during each utility's biennial review proceeding.

(3) On or before November 15, 2024, any interested person or entity may submit comments on Appendices A and B, suggested metrics for inclusion in the Scorecard (Appendix A), or issues raised in the Staff Report. Submissions shall include the names and email addresses of the stakeholder or their counsel, if available. Comments can be submitted by following the instructions found on the Commission's website: [scc.virginia.gov/casecomments/Submit-Public-Comments](https://scc.virginia.gov/casecomments/Submit-Public-Comments). Those unable, as a practical matter, to submit proposed standards and protocols electronically may file such by U.S. mail to the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All submissions shall refer to Case No. PUR-2023-00210.

(4) Within five (5) business days hereof, Staff shall electronically transit copies of this Order to those persons and entities identified by Staff as potentially having an interest in this matter, including participants in the stakeholder meeting and persons and entities that previously filed proposed standards and protocols. Staff shall promptly file with the Clerk of the Commission a certificate of transmission and include a list of names and addresses of the persons and entities to whom the Order was transmitted.

(5) On or before March 7, 2025, Staff, utilizing input from comments received, shall file proposed draft regulations in this docket for consideration by the Commission.

(6) This matter is continued.

A COPY hereof shall be sent electronically by the Clerk of the Commission to all persons on the official Service List in this matter. The Service List is available from the Clerk of the Commission.

**APPENDIX A – DRAFT SCORECARD**

	Metric	Benchmark	Source	Points
<b>Reliability</b>				
	System Average Interruption Duration Index ("SAIDI") (excluding major events).	Historical – 10 years of data	Utility; US EIA 861	
	System Average Interruption Frequency Index ("SAIFI") (excluding major events).	Historical – 10 years of data	Utility; US EIA 861	
<b>Generating Plant Performance</b>				
	Equivalent Forced Outage Rate on demand, excluding events that are designated as outside management's control ("XEFORd") (non-nuclear).	PJM; NERC – 3 years of historical data	Utility; PJM and NERC eGADs tool	
	Net Capacity Factor (nuclear).	US Nuclear Industry; 800-999 MW PWRs – 3 years of historical data, excluding outages associated with the SLR Program.	Utility	
	Capacity factor (renewables).	Historical – 3 years of historical data	Utility	
<b>Customer Service</b>				
	Billing invoice accuracy: Measures percent of accurate invoices issued to customers.	Number of invoices canceled for controllable reasons/total number of invoices issued – 3 years of historical data	Utility	
	Average days to receive permission to operate for Net Energy Metering ("NEM") interconnections.	Average number of days to receive permission to operate ("PTO") for residential and nonresidential customers – 3 years of historical data <sup>1</sup>	Utility	
	NEM waivers filed with Commission Staff. <sup>2</sup>	Number and percentage of waivers filed for residential and nonresidential – 3 years of historical data	Utility	
	DER Interconnection Processing.	Average days between queue assignment and when interconnection is sent to customer; Average days between interconnection agreement execution and when facilities are made available – 3 years of historical data for each	Utility	
	Customer Satisfaction Survey.	Topics including, but not limited to: billing; communications; corporate citizenship; customer care; power quality and reliability; and price		
<b>Operating Efficiency</b>				
	<i>Seeking comment</i>		Utility	
			<b>Total</b>	<b>+/- 50 points</b>

<sup>1</sup> PTO should be no more than 30 days or 60 days for residential and nonresidential, respectively. 20 VAC 5-315-30 A.

<sup>2</sup> Waivers can be requested by the utility to delay a prospective customer's PTO pursuant to 20 VAC 5-315-30 B.

**APPENDIX B - DRAFT OPTIONAL SUPPLEMENTAL INFORMATION**

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**Reliability**

<b>Metric</b>	<b>Benchmark</b>	<b>Source</b>
SAIDI (including major events)	Historical - Provide 10 years of historical data. No breakdown into subset groups is required but could be provided.	Utility; US EIA 861
SAIFI (including major events)	Historical - Provide 10 years of historical data. No breakdown into subset groups is required but could be provided.	Utility; US EIA 861
Count of customers experiencing multiple interruptions of <i>n</i> quantity of sustained interruptions		Utility
Count of customers experiencing long interruption durations of <i>n</i> duration or longer		Utility
System Average Service Reliability (SASR)		Utility
Increase in on-site energy storage of net metered customers		Utility
Increase in third-party PPA enrollment		Utility

**Generating Plant Performance**

<b>Metric</b>	<b>Benchmark</b>	<b>Source</b>
Equivalent Availability Factor (fossil fuel)	PJM - Provide 3 years of historical data.	Utility and PJM eGADs
Heat rates (Coal and Combined Cycle)	National average US Coal and US CC - Provide 3 years of historical data.	Utility; EIA
Net Capacity Factor (nuclear).	US Nuclear Industry; 800-999 MW PWRs - Provide 3 years of historical data, excluding outages associated with the SLR Program.	Utility
CO <sub>2</sub> e, CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, NO <sub>x</sub> , and SO <sub>2</sub> emissions; and the average CO <sub>2</sub> intensity (as a 12 month by 24-hour profile for total CO <sub>2</sub> emissions), and Mt CO <sub>2</sub> e, Mt CO <sub>2</sub> e/MWh.	Actual emissions from their owned, Virginia jurisdictional, fossil-fuel generation units with a nameplate capacity over 25 MW and producing energy for sale.  Provide 10 years of historical data if available and track for potential future use.	Utility
PM, mercury, lead, emissions and criteria pollutant emission intensity per MWh.	Actual emissions from their owned, Virginia jurisdictional, fossil-fuel generation units with a nameplate capacity over 25 MW and producing energy for sale.  Provide 10 years of historical data if available and track for potential future use.	Utility
MWh of curtailed DER and renewables.		Utility
Percentage of energy delivered annually by storage systems (e.g., battery or pumped hydro) compared to the energy initially supplied to the storage system.		Utility

**Customer Service**

Metric	Benchmark	Source
Average Speed of Answer.		Utility

**Operating Efficiency**

Metric	Benchmark	Source
Large coal plant production costs.		Utility
Combined cycle plant production costs.		Utility
Number of hours managed EV charging was completed during off-peak hours compared to overall charging hours.		Utility
Report annually on the federal programs to which it applied for technical assistance and/or funding for EV/EVSE and clean energy technology deployment and which awards it has obtained.		Utility
Dispatchable demand response (DERMS) for both capacity of demand response available and amount of demand response called.		Utility
MW of peak load reduced, savings (\$) from active DSM programs, incremental demand response capacity (MW), utilization of AMI to manage load, and the percentage of new customer-owned clean energy capacity added annually that is enrolled in utility DSM programs.		Utility
Distribution system losses (losses/MWh), including technical losses (e.g., the energy lost from the system as current moves over it), non-technical losses (e.g., losses from incorrect billing and theft), and contact voltage losses.		Utility
Increased system capacity gained through installation of grid enhancing technologies.		Utility
Average monthly bills by residential and commercial classes.	Historical	Utility
Percent of customers enrolled in time-varying rates by customer class.	Historical	Utility
Efficient spending via total cost, cost per customer, cost per MWh, or cost per line mile for the following measures:  Rate base (\$); O&M cost; Annual revenue growth; Annual fuel costs; Sum of all non-fuel costs tracker revenues (\$); Annual capital expenditures (capex); and Capital cost (i.e., annual depreciation expense + the total return paid by customers).		Utility