

VIRGINIA DEPARTMENT OF ENERGY

2022 VIRGINIA ENERGY PLAN

THE PJM POWER PROVIDERS GROUP¹

September 15, 2022

Director Christopher, thank you for the opportunity to submit comments on the 2022 Virginia Energy Plan. The PJM Power Providers Group (“P3”) is a non-profit organization made up of power providers whose mission is to promote properly designed and well-functioning competitive wholesale electricity markets in the 13-state region and the District of Columbia served by PJM Interconnection, L.L.C. (“PJM”). Combined, P3 members own more than 67,000 megawatts of generation assets in PJM. P3 member companies are generation owners and active suppliers of energy in the state of Virginia.

P3 wholeheartedly agree with Governor Glenn Youngkin’s priority to have a comprehensive Virginia Energy Plan (“VEP”) that considers all energy sources, provides transparent and data-driven information for Virginians about costs, and is an ‘all of the above’ approach. The objectives of this comprehensive energy plan are also well-positioned with its five guiding principles: affordability; innovation; reliability; environmental stewardship; and competition.

In particular, the VEP’s objective to fully consider “all energy sources” in an innovative, environmentally sound and competitive manner will not only ensure affordability for Virginia ratepayers but will also guarantee the necessary reliability of the state’s electricity grid. This approach and commitment stand in stark contrast to some states in the PJM region, like Illinois, that are not allowing an ‘all of the above’ approach and instead, are forcing the early retirement of crucial generation resources that provide needed reliability to the grid. PJM, in response, has issued a very preliminary cost of Illinois’ new Climate and Equitable Jobs Act (“CEJA”) at approximately \$2.0 billion by 2040.²

The VEP’s approach, therefore, of continuing to include all generation resources in order to most reliably and cost-effectively serve the state’s load is, without question, the best path

¹ The views expressed in these comments represent the views of P3 as an organization and do not necessarily reflect the views of individual P3 member companies with respect to any issue. For more information on P3, visit www.p3powergroup.com

² PJM 2022 Illinois Generation Retirement Study. <https://www.pjm.com/-/media/library/reports-notice/special-reports/2022/2022-pjm-illinois-generation-retirement-study.ashx>

forward. Electric Power Research Institute (“EPRI”), an independent and non-profit energy research and development organization, has concluded that the best way to reliably and affordably achieve a zero-emissions electricity grid is to preserve and (in critical locations) even increase powerplants operated on natural gas that are sufficiently flexible to support dramatic increases in renewable resources and quickly respond to the intermittent nature of wind and solar resources. Thus, EPRI has found that:

The supply, delivery, and demand resources of a power system must be able to provide essential reliability services and resiliency characteristics to meet system criteria. Traditionally, this has been done using large synchronous resources. While emerging clean resources have the potential to provide such capabilities, they may not provide as broad a set of reliability services and their provision of grid services often is not as widely understood and tested. As the grid transitions, the resources comprising the grid must provide the required services at every step in the transition.³

P3 is also mindful of the fact that placing too much emphasis on any one resource or generation project can lose the benefits of an “all of the above” approach, as well as be exceptionally expensive for ratepayers. In this regard, P3 shares the Virginia State Corporation Commission’s (“SCC” or the “Commission”) concerns regarding Dominion Energy’s (“Dominion”) proposed \$21.5 billion Coastal Virginia Offshore Wind Project (“CVOW”). While noting that this is a legislatively-mandated energy project, the VCC nevertheless expressed numerous concerns with assuring consumer protections due to the massive customer costs of the CVOW. This is especially needed given the fact that Dominion has chosen a construction and ownership model that places most of the risks of the project on Virginia customers.⁴ P3 supports the Commission’s concerns and efforts to ensure consumer protections for the CVOW.

P3 is also concerned about the increased use of the PJM FRR (“Fixed Resources Requirement”) by Virginia utilities and believes that it is unnecessarily driving up costs for Virginia customers. The FRR is an option that both Dominion and Appalachian Power have used to procure capacity on their own, rather than avail themselves of the interstate capacity market run by PJM. However, history has proven this option to be quite expensive. Consider that as of June 1, 2022, Appalachian Power customers are paying an astonishing \$503.29/MW-day when most consumers in PJM are paying \$50/MW-day.⁵ In 2021, Dominion elected the FRR option. However, to P3’s knowledge, Dominion does not disclose the FRR rates it is charging customers. If Dominion’s numbers are similar to Appalachian Power’s, Virginia consumers could save hundreds of millions of dollars a year by procuring capacity competitively through the PJM markets rather than through the FRR election.

³ EPRI, *Enhancing Energy System Reliability And Resiliency In A Net-Zero Economy*, January, 2022 (p. 4). <http://mydocs.epri.com/docs/public/EPRI-Report-EnhancingEnergySystemReliability-20210804.pdf>

⁴ *Application Of Virginia Electric and Power Company Case No. Pur-2021-00142 Final Order*, Case No. PUR-2021-00142, August 5, 2022, (“SCC CVOW Order”), pp. 14-17.

⁵ See, <https://pjm.com/markets-and-operations/billing-settlements-and-credit/frr-lse-capacity-rates.aspx>.

Finally, P3 applauds the VEP's objective of ensuring that competition remains a core tenet of Virginia's energy landscape. As the Commission has noted, Virginia customers purchase non-renewable energy from a competitive service provider, while some purchase renewable energy from a competitive service provider. See Code §§ 56-577 A and 56-585.5.⁶ P3 continues to be a leading voice for strong energy policies that ensure well-functioning competitive electric markets.

Thank you, again, for the opportunity to submit these comments as you continue to refine and implement the 2022 Virginia Energy Plan.

Respectfully submitted,

On behalf of the PJM Power Providers Group

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⁶ *Id.* p. 18.