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December 6, 2017

**By Electronic Filing**

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

**Application of  
CENTRAL VIRGINIA ELECTRIC COOPERATIVE  
For approval of a community solar tariff  
Case No. PUR-2017-00 \_\_\_**

Dear Mr. Peck:

On behalf of Central Virginia Electric Cooperative, please find enclosed for electronic filing an application for approval of a Community Solar Tariff pursuant to Virginia Code Section 56-585.1:3(C). If you have any questions or need further information, please feel free to contact me.

Sincerely,

Timothy E. Biller

Enclosure

cc: William H. Chambliss, Esq.  
Arlen K. Bolstad, Esq.  
C. Meade Browder, Jr., Esq.  
C. Mitch Burton, Jr., Esq.  
Sam Brumberg, Esq.  
Mr. Gary Wood  
Ms. Amanda Hall

**COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION  
at Richmond**

APPLICATION OF )  
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CENTRAL VIRGINIA ELECTRIC ) Case No. PUR-2017-00 \_\_\_\_  
COOPERATIVE )  
 )  
For approval of a Community Solar Tariff )

**APPLICATION FOR APPROVAL OF COMMUNITY SOLAR TARIFF**

Pursuant to Section 56-585.1:3(C) of the Virginia Code, Central Virginia Electric Cooperative (“CVEC” or the “Cooperative”) respectfully requests that the State Corporation Commission (“Commission”) approve its proposed voluntary companion rate schedule for a community solar pilot program (“Community Solar Tariff”). In support of this Application, CVEC states as follows:

**I. GENERAL INFORMATION**

1. The mailing address for the Cooperative is:

Gary Wood  
President and CEO  
Central Virginia Electric Cooperative  
P.O. Box 247  
Lovington, Virginia 22949

The Cooperative’s counsel for this proceeding is:

Timothy E. Biller, Esquire  
HUNTON & WILLIAMS LLP  
951 East Byrd Street  
Richmond, VA 23219  
tbiller@hunton.com

2. CVEC is a member-owned, electric distribution cooperative that serves 36,011 account holders in portions of 14 Virginia counties: Albemarle, Amherst, Appomattox, Augusta,

Buckingham, Campbell, Cumberland, Fluvanna, Goochland, Greene, Louisa, Nelson, Orange and Prince Edward.

## II. LEGAL BASIS FOR, AND DESCRIPTION OF, THE COMMUNITY SOLAR TARIFF

3. The newly-enacted Section 56-585.1:3 of the Virginia Code (“Code”) creates a framework for electric utilities to develop and implement pilot programs for the development of community solar projects (“Community Solar Act”). Specifically, under the three-year pilot programs contemplated by the Community Solar Act, electric utilities will offer electric energy from solar generating facilities to their customers on a voluntary, subscription basis. Section 56-585.1:3(C) of the Code specifically permits a cooperative to establish a community solar pilot program, subject to approval by the Commission. The Code affords a cooperative with significant flexibility in designing its pilot program as compared to the requirements imposed on investor-owned electric utilities.

4. Pursuant to Section 56-585.1:3(C) of the Code, CVEC submits as Exhibit A its proposed Community Solar Tariff through which it seeks to establish a three-year pilot program. The Community Solar Tariff was designed in coordination with other cooperatives in the Commonwealth and will provide participating member-owners with some of the benefits and attributes that traditional rooftop solar provides, absent the challenges of ownership such as high upfront costs, construction, and financing. The Community Solar Tariff will be available on a completely voluntary basis to CVEC’s members that are receiving electric service under a residential rate schedule (“Subscribers”).<sup>1</sup> The Community Solar Tariff will supplement the applicable standard tariff for participating member-owners.

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<sup>1</sup> The Community Solar Tariff will not be available to members currently participating in the Cooperative’s Net Metering program.

5. Exhibit B to this Application is a resolution of the Cooperative's Board of Directors approving the design and implementation of the Community Solar Tariff and pilot program.

6. The Community Solar Tariff will not adversely impact non-participating member-owners. Specifically, and as the Community Solar Act requires, the Community Solar Tariff has been designed to recover all the costs of the pilot program to ensure that non-participating member-owners are not subsidizing Subscribers.

7. As detailed in Exhibit A, CVEC will offer to make available to Subscribers units of energy in 50 kWh blocks ("Solar Blocks") that are generated from two recently constructed solar generating facilities located in CVEC's service territory. Specifically, CVEC has entered into long-term contracts for the output of two 5 MW solar projects that are both located on, and interconnected with, its distribution system (the "Solar Facilities").

8. CVEC will make available 11,000 Solar Blocks of 50 kWh annually to its member-owners through the Community Solar Tariff. To ensure that as many members as possible have access to the Community Solar Tariff, CVEC anticipates limiting enrollment to no more than 5 Solar Blocks per member, or 250 kWh, until January 1, 2019. Subject to this limit, a Subscriber may purchase energy by subscribing to one or more Solar Blocks up to a level that is not expected to exceed its metered kWh usage in any month. After January 1, 2019, the Cooperative will work with Subscribers to limit subscriptions to no more than that member's expected monthly usage.

9. Under the Community Solar Tariff, each Subscriber will pay a flat and fixed monthly rate per Solar Block ("Fixed Block Charge"). The Fixed Block Charge will remain fixed for the three-year term of the pilot program. The Fixed Block Charge is based on the

actual costs to CVEC of the Solar Facilities as well as the marketing, operations, legal, consulting, and administrative expenses associated with the Community Solar Tariff. For the three-year term beginning in 2018, the fixed charge per Solar Block will be \$4.50 per month. The calculation of this charge is detailed in Exhibit C. Should the pilot program be renewed, extended, or otherwise made permanent, CVEC currently anticipates that this rate could remain unchanged for any extended term as it has been designed to recover the costs of the Solar Facilities and the Community Solar Tariff over the twenty-five year life of the Solar Facilities. At a minimum, should the pilot program be renewed, extended or otherwise made permanent, the portion of the rate related to the long-term contract for the Solar Facilities will remain fixed for participating members for the duration of the Community Solar program.

10. The Subscriber remains subject to the terms and conditions of the applicable standard tariff, except as modified by the Community Solar Tariff, as well as remaining subject to the other basic terms, conditions, and membership agreements of the Cooperative. For purposes of calculating the energy supply service component of its applicable standard rate, the actual kWh usage on which the Subscriber is billed will be reduced up to the cumulative kWh of its subscribed Solar Blocks. Distribution charges will be applied to all kWh used for the month including the energy from the Solar Blocks. Subscribers will be responsible for the fixed monthly charge under the Community Solar Tariff even in months in which their actual usage is less than the size of their Solar Block(s). CVEC intends to work with Subscribers regarding the number of Solar Blocks purchased to prevent Subscribers from paying for more Solar Blocks than their expected usage.

11. CVEC will offer subscriptions with no minimum term. No deposit or up-front charge is required. The Subscriber may cancel a subscription at any time by giving at least 30

days' notice. All cancellations will be effective at the end of the billing period and the Fixed Block Charge will not be prorated.

### **III. MARKETING**

12. CVEC plans to begin marketing the Community Solar Tariff to its members to make them aware of the pilot program and to educate them on the details of the offering. The Cooperative is developing marketing material associated with the Community Solar Tariff that describes the value of participation in the pilot program, including encouraging the development of renewable resources in Virginia and providing CVEC with important feedback concerning the design of community solar and other renewable programs going forward. Consistent with the requirements of the Community Solar Act, the marketing material will outline precisely what Subscribers will be purchasing through the tariff, including making clear that members already receive a small portion of energy from the Solar Facilities under their existing standard tariff and that the Fixed Block Charge represents a premium to the rate available under the member's standard tariff rate.<sup>2</sup>

### **IV. REQUEST FOR STREAMLINED CONSIDERATION**

13. The Cooperative has designed the Community Solar Tariff to ensure that participation is completely voluntary and non-participating ratepayers are not adversely impacted. In addition, CVEC intends to begin a comprehensive marketing effort so that its member-owners are aware of the details of the tariff. Accordingly, CVEC respectfully requests that the Commission waive any requirement for notice of the Community Solar Tariff and not

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<sup>2</sup> See Enactment Clause (4), Chapter 580, 2017 Acts of Assembly.

schedule a Hearing on this matter.<sup>3</sup> If, however, the Commission determines that notice is required, CVEC requests that the Commission limit such notice to publication in the Cooperative's regular member publication, which will provide notice to CVEC's member-owners.

14. Finally, CVEC desires to begin implementing the Community Solar Tariff during the first quarter of 2018, and respectfully requests that the Commission approve the rate schedule as expeditiously as possible.

#### V. CONCLUSION

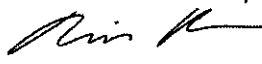
WHEREFORE CVEC respectfully requests that the Commission: (i) approve the Community Solar Tariff, (ii) determine that a hearing and general notice is not required in this proceeding, or in the alternative, limit notice to publication in the Cooperative's regular member publication and/or expeditiously schedule a hearing, and (iii) provide any such additional relief that the Commission may deem just and proper.

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<sup>3</sup> Should the Commission determine that a hearing is necessary, the Cooperative asks that the Commission consolidate this Application with the applications of any other cooperatives that have filed for approval of similar community solar tariffs.

Respectfully submitted,

CENTRAL VIRGINIA  
ELECTRIC COOPERATIVE

By:   
Counsel

December 6, 2017

Timothy E. Biller, Esq.  
HUNTON & WILLIAMS LLP  
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**CENTRAL VIRGINIA ELECTRIC COOPERATIVE  
COMMUNITY SOLAR SUBSCRIPTION RIDER  
SCHEDULE CSR-1**

**I. AVAILABILITY**

Solar energy subscriptions are available on a voluntary basis to Cooperative Customers (“Subscribers”) in good standing receiving electric service under Schedule A – Farm and Home Service, provided the amount of solar energy available from the Cooperative is not fully subscribed.

**II. APPLICABILITY**

Applicable to Subscribers as a rider to the applicable standard tariff.

**III. TERMS OF SUBSCRIPTION**

The Cooperative offers to make available units of energy generated from solar generating resources located in the Cooperative service territory. Units of solar energy in 50 kWh blocks (“Solar Blocks”) are available for resale under this rider. Multiple Solar Block subscriptions will be allowed up to a level that the Cooperative determines is not expected to exceed the Subscriber’s metered kWh usage in any month. Until January 1, 2019, the maximum total number of blocks that may be purchased per account per month shall be 5 Solar Blocks. With at least thirty (30) days’ notice, the Subscriber may elect to decrease the number of subscribed Solar Blocks or increase the number of subscribed Solar Blocks provided the Subscriber’s monthly usage supports the additional Solar Blocks, and subject to Solar Block availability.

A Subscriber may cancel a subscription at any time by giving a least a thirty (30) day notice to the Cooperative. Subscriptions will be cancelled at the end of the billing period and will not be prorated.

Subscribers may transfer their subscriptions only to another eligible account in the Subscriber’s name. Transfers shall take effect at the conclusion of the billing period in which notice was provided to the Cooperative. Except as otherwise provided, Subscribers may not assign, transfer, gift, bequeath, or otherwise transfer any of its rights or obligations under this Agreement to any other individual, account, or entity for any purpose.

Subscribers may cancel their subscription upon voluntary disconnection of electric service and shall pay all amounts due and owing to the Cooperative. If the Subscriber terminates electric service or ceases to be an active member, the subscription(s) shall automatically terminate at the end of the billing period in which said action takes place.

**IV. MONTHLY RATE**

A. Subscription Rate:

\$4.50 per Solar Block

The monthly subscription rate per Solar Block (“Fixed Block Charge”) will be fixed.

**V. CONDITIONS OF SERVICE**

Service hereunder will be subject to the following conditions:

- A. Upon initiating or renewing a subscription, the prevailing Fixed Block Charge will be billed on a monthly basis and will be fixed and not subject to the Power Cost Adjustment, Schedule PCA for the duration of the Fixed Rate Term. Where the Annual Subscription Period extends beyond the Fixed Rate Term, the Fixed Block Charge is subject to change in accordance with this Rider.
- B. Solely for calculating the energy supply service component of the applicable standard rate, Subscribers will receive credit against the actual kWh usage up to the cumulative kWh of the subscribed Solar Blocks. Solar Blocks will not be credited against actual kWh usage for calculating the distribution charges under the standard rate.
- C. Subscribers are obligated to pay the Fixed Block Charge for each subscribed Solar Block regardless of whether actual usage is less than the cumulative size of the subscribed Solar Blocks.
- D. Solar Renewable Energy Certificates (“SRECs”), relating to the Solar Blocks purchased by a Subscriber under this Rider, will be retired on behalf of the Subscriber.
- E. Schedule SSR-1 is a rider to the applicable standard tariff and all provisions of the standard tariff except as modified by this Rider.



**RESOLUTION**

**To Approve a Community Solar Rate Schedule**

**WHEREAS**, § 56-585.1:3 of the Code of Virginia provides in relevant part that an electric cooperative is authorized to file for approval with the Virginia State Corporation Commission (SCC), a voluntary companion rate schedule for the purchase of solar energy as part of a community solar program.

**WHEREAS**, Schedule CSR has been developed in the form of a rider, and a preliminary draft of Schedule CSR has been reviewed by the Board of Directors;

**WHEREAS**, Schedule CSR allows eligible customers to purchase solar energy subscriptions on a voluntary basis and allows for the recovery of pilot program costs;

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Directors of Central Virginia Electric Cooperative does hereby authorize the President and CEO of the Cooperative to further develop said Schedule CSR, does hereby adopt and authorize filing of Schedule CSR (or as hereafter may be reasonably modified by the staff or counsel of the Cooperative) with the SCC, and that, when approved, the Schedule CSR shall be integrated into the Cooperative's currently offered rate schedules.

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**Certificate of Secretary**

I, Gloria W. Vest, Secretary of the Board of Directors of Central Virginia Electric Cooperative, acting pursuant to the relevant bylaws, do hereby certify that the above is a true and correct copy of a resolution adopted by the Board of Directors of Central Virginia Electric Cooperative at a meeting held on September 20, 2017.,

**This, 20th day of September, 2017**

*Gloria W. Vest*

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Gloria W. Vest, Secretary

**Community Solar Subscription Program**  
**Calculation of Central Virginia Electric Cooperative Residential Solar Rates**

	<u>Per year</u>	<u>Total Project</u>	<u>\$/kWh</u>
<b>Total CVEC Community Solar kWh (4,000 kW @.5% panel loss)</b>		166,455,766	
<b>Contracted Term in Years</b>		25	
<b>Project Carrying Cost Per Year</b>	\$ 24,567.00	\$ 614,175.00	\$ 0.0037
<i>Retail excess facilities charge</i>			
<i>Transformers, equipment, relay coordination, metering expenses</i>			
<i>Total upfront Plant investment of \$166,440 @1.23% increase</i>			
<b>Amortized Consulting &amp; Legal Costs</b>	\$ 1,000.00	\$ 25,000.00	\$ 0.0002
<b>Projected On-going Marketing, Operations &amp; Admin Expenses</b>	\$ 6,034.00	\$ 150,850.00	\$ 0.0009
<i>Year 1 Marketing Expense of \$35k</i>			
<i>Year 1 Admin Expense (billing testing, setup, on-boarding) of \$10k</i>			
<i>Subsequent years - \$4300 each</i>			
<i>Annual Expenses</i>			\$ 0.0047
<b>Solar PPA Cost per MWh</b>	75.88		
<b>Solar PPA Cost per Year</b>	\$ 504,027.36	\$ 12,600,684.00	\$ 0.0757
<i>Energy + RECS</i>			
<b>Projected Total Cost per Year</b>	\$ 535,628.36	\$ 13,390,709.00	\$ 0.0804
<b>25-Year Levelized Rate in Cents / kWh</b>			\$ 0.0899
<i>Distribution Line Loss @ 5.6%</i>			
<i>Operating Margins @ 5.2%</i>			
<b>Block Price (per 50 kWh)</b>			\$ 4.50