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TESTIMONY OF LOUIS A. ZELLER, EXECUTIVE DIRECTOR
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Integrated Resource Plans and
Renewable Energy and Energy Efficiency Portfolio Standard Plans for
Duke Energy Progress,
Duke Energy Carolinas, and
Dominion Energy North Carolina

Docket No. E-100 Sub 157

Public Hearing
Monday, February 4, 2019
7:00 p.m.
Hearing Room 2115, Dobbs Building
430 North Salisbury Street, Raleigh

Chairman Finley and Members of the Commission:

On behalf of the Blue Ridge Environmental Defense League and our members in Virginia and North Carolina, I hereby request that the North Carolina Utilities Commission reject the Integrated Resource Plan submitted by Dominion Energy North Carolina ("Dominion" "DENC" "Virginia Electric Power Company" or "VEPCO") and establish a process by which a cleaner, smarter plan can be developed and implemented. Further, we support the similar requests made by other parties in this proceeding directed towards Duke Energy's IRP for its operations in North Carolina and South Carolina.

As you know, integrated resource planning is intended to identify electric power resource options that can be obtained at least cost to consumers consistent with adequate and reliable electric service. Further, NC General Statute § 62-2(a)(3a) requires the Commission to regulate electric utilities and their expansion plans consistent with long-term energy conservation and management policies. However, the plan submitted May 1, 2018 by Dominion falls woefully short of its obligations in critical areas of costs to consumers and reduction of greenhouse gas emissions.

Dominion is Side-stepping Least Coast

In one section of its IRP, Dominion admits that solar power is cheaper than natural gas.

> On the market front, significant emerging developments include the cost effectiveness of solar photovoltaic ("PV") technology, which is currently cost competitive with other more traditional forms of generation like combined-cycle ("CC") natural gas.[1]

[1] VEPCO 2018 IRP Executive Summary Section 1.1, page 3

Yet, in a subsequent section, Dominion states that its integrated resource plan is not necessarily a guide to future action by the company:

> As always, it should be noted that inclusion of a project or resource in any given year's integrated resource plan is not a commitment to construct or implement a particular project, or a request for approval of any particular project. Similarly, inclusion of a unit retirement in a plan should be considered as tentative only; the Company has not made any decision regarding the retirement of any generating unit. Conversely, not including a specific project or retirement in a given year's plan does not preclude the Company from including that project or retirement in subsequent regulatory filings. Rather, an integrated resource plan is a long-term planning document based on current market information and projections, and should be viewed in that context.[2] (Emphasis added)

So, we see that a common element in all five of Dominion's 2018 IRP options incudes "eight combustion turbine plants totaling approximately 3,664 MW by 2033."[3]

The Natural Gas Pipeline Connection Adds Further Costs

A former attorney general for Virginia was openly scornful of Dominion's intent to dump the costs of construction for the natural gas Atlantic Coast Pipeline on ratepayers. He wrote:

> Dominion Energy testified before the Virginia State Corporation Commission in September that the company has not analyzed how much the Atlantic Coast Pipeline will cost its customers. That answer is, frankly, shocking, especially after a non-Dominion expert testified that the pipeline would raise power bills by $2.5 billion over the next 20 years. Dominion intends to charge its customers for all of its Atlantic Coast Pipeline contract costs, regardless of whether it actually uses the pipeline. The only thing standing between us and a $2.5 billion rate increase is the State Corporation Commission, which could protect Virginians by forcing Dominion to absorb its own costs of investment, which any other non-monopoly business would have to do as a matter of course. [4]

Perhaps the former AG's counsel struck a nerve, because on December 7, 2018, the Virginia State Corporation Commission rejected VEPCO's Integrated Resource Plan because "based on the record of this proceeding and applicable statutes, that the Company has failed to establish that its 2018 IRP, as currently filed, is reasonable and in the public interest." Two factors, cost and greenhouse gas emissions, were cited. The rejection was unprecedented. The Virginia Commission's order set a 90-day deadline to re-file.

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[2] VEPCO 2018 IRP Executive Summary Section 1.1, page 4
[3] VEPCO 2018 IRP Executive Summary Section 1.4, page 11
[4] "Virginia has a pipeline problem," By Ken Cuccinelli II, *Washington Post*, November 2, 2018. Cuccinelli was Virginia's attorney general from 2010 to 2014.

The Ball is in North Carolina's Court

Subsequently, in Dominion's motion filed with the NC Utilities Commission on January 22, 2019, the company stated: "DENC intends to file its corrected IRP in North Carolina at the same time it files the corrected IRP in Virginia, and that the due date for that filing is March 7, 2019." *See* NCUC Order Granting Joint Motion for Extension of Time, January 24, 2019.

Meanwhile, Dominion and other electric utilities are facing strong financial headwinds from the private sector. On January 24, 2019, investments manager Sanford C. Bernstein & Co. LLC informed its clients of the bad news for natural gas:

> "We had anticipated that building through [North Carolina and Virginia] would be difficult," Bernstein's midstream analyst Jean Ann Salisbury said in a research note….The costs of the 2-Bcf/d Mountain Valley pipeline and the 1.5-Bcf/d Atlantic Coast pipeline have grown to $4.6 billion and $7 billion, respectively, Bernstein said. These increases may force the operators to charge too high a tariff and make them uncompetitive, according to the firm. "This translates to $1.30-$2.60/MMBtu, almost certainly more than the cost differential to source from another basin," Bernstein said. "To us this suggests that we are nearing the end of the buildout period, and even that possibly only one of these projects will ultimately get done."[5]

Dominion's IRP is out of step with this reality. According to their 2018 IRP, the largest segment in Virginia Electric Power's present capacity mix is natural gas at 38%.[6] In its list of future resources, VEPCO's 2018 IRP also lists more gas-fired combined cycle plants and gas-fired combustion turbines in its busbar curve.[7] And "[T]he Company has executed a precedent agreement to secure firm transportation services on the Atlantic Coast Pipeline, which will supply natural gas to strategic points in the Company's service territory."[8] These strategic points will suffer more than higher costs. Natural gas is not a clean fuel. For a given amount of electricity, emissions of formaldehyde from natural gas are 800% higher than from coal. And formaldehyde is a probable human carcinogen.

Conclusion

Generating electricity with natural gas-powered turbines is a dead-end technology. Clean renewable energy resources, like wind and solar, are cost-competitive and available. Natural gas fuel, once deemed to have advantages over other fossil fuels such as coal, is the wrong thing, in the wrong place, at the wrong time. It will not reduce global warming.

[5] "Bernstein analysts say Mountain Valley, Atlantic Coast pipeline projects may not get finished," Institute for Energy Economics and Financial Analysis, January 29, 2019, accessed at http://ieefa.org/bernstein-analysts-say-mountain-valley-atlantic-coast-pipeline-projects-may-not-get-finished/
[6] 2018 Capacity Resource Mix by Unit Type, VEPCO 2018 IRP, Section 3.1, Figure 3.1.1.3, page 26
[7] Dispatchable Resources, VEPCO 2018 IRP, Section 5.1.2, page 73
[8] Gas Supply, VEPCO 2018 IRP Section 4.7, page 70

Rising levels of greenhouse gases—carbon dioxide and methane—require a halt to the burning of all types of fossil fuel: coal, oil and natural gas. At the 2014 UN Climate Summit, Archbishop Desmond Tutu said, “The destruction of the earth’s environment is the human rights challenge of our time.”

The question is: Will the NC Utilities Commission follow the lead of the Virginia State Corporation Commission and send Dominion back to the drawing board and give electric customers least-cost, clean, renewable electricity?

Thank you for the opportunity to speak today. We are planning to intervene in this matter.

Respectfully submitted.

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The Blue Ridge Environmental Defense League, Inc. is an independent, non-profit environmental organization founded in 1984. We are incorporated in North Carolina and Virginia and have many chapters, members and projects in both states. Our legal actions include *inter alia* an ongoing challenge to the certification of the Mountain Valley Pipeline by the Federal Energy Regulatory Commission, now before US Court of Appeals for the District of Columbia Circuit (Case No. 17-1271).[9]

[9] *Appalachian Voices et al. v. Federal Energy Regulatory Commission*, Case No. 17-1271 (Consolidated with Nos. 18-1002, 18-1175, 18-1177, 18-1186, 18-1216, and 18-1223) filed 09/04/18 (Parties include Appalachian Voices, Sierra Club, Blue Ridge Environmental Defense League, Bold Petitioners, Newport Petitioners and Craig Petitioners.)