COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, NOVEMBER 25, 2025

APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY CASE NO. PUR-2025-00037

For approval of certificates of public convenience and necessity to construct and operate the proposed Chesterfield Energy Reliability Center electric generation and related transmission facilities pursuant to §§ 56-580 D and 56-46.1 of the Code of Virginia and for approval of a rate adjustment clause, designated Rider CERC, under § 56-585.1 A 6 of the Code of Virginia

FINAL ORDER

On March 3, 2025, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an application and supporting documents (collectively, the "Application") for approval of a certificate of public convenience and necessity ("CPCN") to construct and operate the Chesterfield Energy Reliability Center ("CERC"), an approximately 944 megawatt ("MW") nominal flexible fuel electric generating facility in Chesterfield County, Virginia, and its related transmission[1] and interconnection facilities ("Project" or "CERC Project"), pursuant to §§ 56-580 D and 56-46.1 of the Code of Virginia ("Code") and the Commission's Filing Requirements in Support of Applications for Authority to Construct and Operate an Electric Generating Facility, 20 VAC 5-302-10 *et seq*. The Company also requested approval of a rate adjustment clause ("RAC"), designated Rider CERC, under Code § 56-585.1 A 6, for timely and current recovery of the costs of the proposed Project.

[1] Based on the scope of the transmission facilities for the Project, the Company asserts these are "ordinary extensions or improvements in the usual course of business" under Code § 56-265.2 and that a CPCN is not required. Ex. 2 (Application) at 1, n.1.

According to the Application, the CERC would be an approximately 944 MW (nominal) flexible fuel electric generating facility comprising four natural gas-fired, General Electric Vernova 7-F combustion turbines.[2] Dominion asserted that the proposed Project would be located within the footprint of a recently retired coal unit (Unit 6), and alongside two existing gas-fired combined cycle units (Units 7 and 8), at the Company's existing Chesterfield Power Station site in Chesterfield, Virginia.[3] Dominion projected the CERC could be commercially operational by June 1, 2029.[4]

Dominion asserted the proposed Project is needed to provide system reliability.[5] Specifically, Dominion asserted that current resources are inadequate to ensure such reliability going forward, particularly given projected demand growth; the changing nature of the supply portfolio; and dynamics within the Company's service territory, its transmission delivery zone ("DOM Zone"), and in PJM Interconnection, LLC ("PJM"), the Regional Transmission Organization ("RTO"). The Company further asserted that there is a critical need for new, fully dispatchable generation to meet the needs of the Company's customers, particularly during times of peak demand, and the proposed Project is the only viable resource that can meet those needs by 2030.[6]

Finally, pursuant to § 56-585.1 A 6 of the Code ("Subsection A 6"), Dominion sought approval of a RAC, designated Rider CERC, for recovering, on a timely and current basis, the

[2] Ex. 2 (Application) at 4-5.

[3] *Id.* at 5.

[4] *Id.*

[5] *Id.*

[6] *Id.*

costs of financing construction of the proposed Project, including the transmission facilities necessary to interconnect the facility with the Company's transmission system.[7]

As estimated by the Company, the total projected cost of the Project is $1.47 billion, excluding financing costs.[8] The proposed rate year for this proceeding is January 1, 2026, through December 31, 2026 ("Rate Year").[9] The total revenue requirement requested for recovery in this proceeding is $35,739,807.[10] Dominion stated that the three key components of the revenue requirement in this proceeding are the Projected Cost Recovery Factor, the Allowance for Funds Used During Construction Cost Recovery Factor, and the Actual Cost True-Up Factor.[11] According to the Application, implementation of the proposed Rider CERC, if approved by the Commission, would increase the monthly bill of a typical residential customer using 1,000 kilowatt-hours of electricity by $0.60.[12] Dominion asserted that in calculating Rider CERC's proposed revenue requirement, it used the Company's 9.7% general rate of return on common equity authorized by the Commission in Case No. PUR-2023-00101.[13]

On April 22, 2025, the Commission issued an Order for Notice and Hearing, which, among other things: docketed the Company's Application; established a procedural schedule; directed Dominion to provide notice of its Application to interested persons and the public;

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[7] *Id*. at 9.

[8] Ex. 6 (Miscikowski Direct) at 15.

[9] Ex. 2 (Application) at 9.

[10] *Id.* at 10.

[11] *Id.* at 9. The Actual Cost True-Up Factor for proposed Rider CERC is $0. *See* Ex. 36 (Morgan Direct) at 3.

[12] Ex. 2 (Application) at 10.

[13] *Id.* at 9. *See Application of Virginia Electric and Power Company, For a 2023 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia,* Case No. PUR-2023-00101, 2024 S.C.C. Ann. Rept. 542, Final Order (Feb. 28, 2024).

scheduled a public witness hearing and an evidentiary hearing for the purpose of receiving testimony and evidence on the Application; provided interested persons an opportunity to file comments on the Application or participate as respondents; and directed the Commission's Staff ("Staff") to investigate the Application and file testimony and exhibits containing its findings and recommendations.

Staff requested that the Department of Environmental Quality ("DEQ") coordinate an environmental review of the proposed Project by the appropriate agencies and provide a report on the review.[14] On May 7, 2025, DEQ filed its report on Dominion's Application ("DEQ Report"), which includes the Wetland Impact Consultation provided by DEQ's Office of Wetlands and Stream Protection.

The Commission received timely notices of participation from the following respondents: Sierra Club; the Virginia Committee for Fair Utility Rates ("Committee"); Appalachian Voices,[15] the National Association for the Advancement of Colored People, and Mothers Out Front (collectively, the "Joint Respondents"); the Chesapeake Bay Foundation ("CBF"); Advanced Energy United ("Advanced Energy"); and the Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel").

On July 25, 2025, Sierra Club, the Joint Respondents, Advanced Energy, CBF, and Consumer Counsel all filed testimony. Staff filed the testimony of five witnesses on

[14] Letter from Andrew F. Major, State Corporation Commission, dated March 5, 2025, to David L. Davis, Department of Environmental Quality, filed in Case No. PUR-2025-00037; Letter from Andrew F. Major, State Corporation Commission, dated March 5, 2025, to Bettina Rayfield, Department of Environmental Quality, filed in Case No. PUR-2025-00037.

[15] Appalachian Voices originally filed as a lone respondent on April 29, 2025, before filing with the other Joint Respondents on May 13, 2025.

August 19, 2025. Dominion filed rebuttal testimony on September 2, 2025. The Commission received several hundred public comments on Dominion's Application.

A public evidentiary hearing was convened in the Commission's courtroom on September 23, 2025. Dominion, the Committee, Staff, Sierra Club, the Joint Respondents, Advanced Energy, CBF, and Consumer Counsel participated in the hearing. Post-hearing briefs were filed pursuant to the direction of the Commissioners[16] by Staff, Dominion, Consumer Counsel, the Joint Respondents, Advanced Energy, CBF, and the Sierra Club on October 27, 2025.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds as follows.

Applicable Law

Code § 56-580 D states in relevant part:

> The Commission shall permit the construction and operation of electrical generating facilities in Virginia upon a finding that such generating facility and associated facilities (i) will have no material adverse effect upon reliability of electric service provided by any regulated public utility, (ii) are required by the public convenience and necessity . . . and (iii) are not otherwise contrary to the public interest. In review of a petition for a certificate to construct and operate a generating facility described in this subsection, the Commission shall give consideration to the effect of the facility and associated facilities on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact as provided in § 56-46.1[.]

[16] Tr. 1230.

The Virginia Clean Economy Act ("VCEA")[17] placed additional restrictions on a utility's ability to construct an electric generating facility that emits carbon dioxide. Specifically, Code § 56-585.1 A 5 ("Subsection A 5") states in relevant part:

> Notwithstanding any other provision of law, unless the Commission finds in its discretion and after consideration of all in-state and regional transmission entity resources that there is a threat to the reliability or security of electric service to the utility's customers, the Commission shall not approve construction of any new utility-owned generating facilities that emit carbon dioxide as a by-product of combusting fuel to generate electricity unless the utility has already met the energy savings goals identified in § 56-596.2 and the Commission finds that supply-side resources are more cost-effective than demand-side or energy storage resources.

Enactment Clause 9 of the VCEA ("Enactment Clause 9") further provides "[t]hat nothing in this act shall require the utilities or the State Corporation Commission to take any action that, in the State Corporation Commission's discretion and after consideration of all in-state and regional transmission entity resources, threatens the reliability or security of electric service to the utility's customers."

Code § 56-46.1 A states in relevant part:

> Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact. In order to avoid duplication of governmental activities, any valid permit or approval required for an electric generating plant and associated facilities issued or granted by a federal, state, or local governmental entity charged by law with responsibility for issuing permits or approvals regulating environmental impact and mitigation of adverse environmental impact or for other specific public interest issues such as building codes, transportation plans, and public safety, whether such permit or approval is granted prior to or after the Commission's decision, shall be deemed to satisfy the requirements of this section with respect to all matters that (i) are governed by the permit or approval

[17] 2020 Va. Acts chs. 1193 and 1194.

> or (ii) are within the authority of, and were considered by, the governmental entity in issuing such permit or approval, and the Commission shall impose no additional conditions with respect to such matters. Nothing in this section shall affect the ability of the Commission to keep the record of a case open. Nothing in this section shall affect any right to appeal such permits or approvals in accordance with applicable law. . . . In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted pursuant to Article 3 (§ 15.2-2223 et seq.) of Chapter 22 of Title 15.2. Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, including but not limited to furtherance of the economic and job creation objectives of the Commonwealth Clean Energy Policy set forth in § 45.2-1706.1, and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Subsection A 6, pursuant to which the Company applied for a RAC, includes the following:

> To ensure the generation and delivery of a reliable and adequate supply of electricity, to meet the utility's projected native load obligations and to promote economic development, a utility may at any time, after the expiration or termination of capped rates, petition the Commission for approval of a rate adjustment clause for recovery on a timely and current basis from customers of the costs of . . . (ii) one or more other generation facilities[.]

According to Subsection A 6, "[t]he costs of the facility, other than return on projected construction work in progress and allowance for funds used during construction, shall not be recovered prior to the date a facility constructed by the utility . . . begins commercial operation. . . ." Allowance for funds used during construction shall be calculated "utilizing the utility's actual capital structure and overall cost of capital. . . ."

Finally, Code § 2.2-235 states, "[i]t is the policy of the Commonwealth to promote environmental justice and ensure that it is carried out throughout the Commonwealth, with a focus on environmental justice communities and fenceline communities."

Analysis

In this case the Commission is called upon to evaluate the first natural gas-fired generation resource since the General Assembly's enactment of the VCEA in 2020. Since that time the Commission has approved Company requests to build or purchase energy from approximately 3,500 MW of solar and 2,500 MW of offshore wind assets. In addition to extensive testimony offered by Staff and the parties to this proceeding, we have received and reviewed nearly 2,000 written comments from the public and heard live testimony from 83 public witnesses. Some members of the public support the CERC Project; many oppose it. Ultimately, our task is to make a determination – based on an evaluation of all record evidence – that, within the statutory parameters of the VCEA, aligns with the public interest.

This case therefore is not about choosing CERC over compliance with the VCEA (or CERC versus renewable generation, demand-side management, or batteries, for that matter). Instead, the Commission is called upon to determine whether a "threat to the reliability or security of electric service to the utility's customers" exists, such that the CERC Project is required to obviate such threat. As discussed herein, the evidence in this case clearly establishes that there is an imminent reliability threat for Dominion and its customers and that the CERC Project addresses that threat in a manner that is in accordance with the public interest and the VCEA.

It also bears noting that based on the evidence in this case, data center development in Virginia, while not an insignificant contributing factor, is not the only factor underlying the need

for the CERC Project. In addition to Virginia-specific load growth, the integration of renewable energy resources, which have been and will be developed pursuant to the VCEA, and the supply and demand dynamics occurring and projected to occur in the greater PJM region are both primary drivers of the need for new dispatchable capacity resources.[18] While the present facts and circumstances support a verifiable reliability need for the CERC Project in this proceeding, the Commission reminds the Company of its burden in any future CPCN filing triggering Code § 56-585.1 A 5 to demonstrate sufficiently a "threat to the reliability or security of electric service to the utility's customers." To meet this future burden, the Company must ensure an open and transparent RFP process and should engage in a robust analysis that goes beyond relying on its most-recent IRP.

Need

We recognize the significant statutory hurdles that must be cleared before approval of construction of a new fossil fuel generation facility. In general, a utility must first meet the statutory energy savings targets established pursuant to Code § 56-596.2 before petitioning for the construction of such a facility. Only if there is a threat to reliability or security may a utility avoid this requirement. No case participant disputes that the Company has not met the energy savings goals prescribed by § 56-596.2 of the Code.[19] We therefore must assess, after consideration of all in-state and regional transmission entity resources, whether there is a threat to the reliability or security of electric service to Dominion's customers.[20]

[18] *See* Dominion's Post-Hearing Brief at 10.

[19] Ex. 39 (Boehnlein Direct) at 4; Ex. 23 (Glick Direct) at 8.

[20] *See* Code § 56-585.1 A 5 c.

Neither Staff[21] nor the respondents[22] that addressed need[23] dispute the Company's need for new generating capacity. It is clear that Dominion's service territory ("DOM LSE"), the DOM Zone, and the PJM footprint more broadly, are experiencing a period of significant load growth that will continue through the current planning horizon. The Company projects the DOM LSE to grow 2.9% per year over the next 15 years.[24] PJM's load forecasts for the DOM Zone have increased dramatically since 2021.[25] The DOM Zone is now the fastest growing zone within the PJM footprint and is expected to grow approximately 5% per year over the next 15 years (2025-2039), doubling between 2024 and 2039.[26] Forecasted load growth across PJM is likewise on the rise, with summer and winter peak demand expected to increase by 19.3% and 25.1%, respectively, by 2030.[27]

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[21] *See e.g.,* Ex. 38 (Smith Direct) at 30-31 (recognizing PJM's modeling of the Company as a constrained load deliverability area ("LDA") and concluding that "[t]he Company's constrained LDA status is a good indication that the Company is resource deficient, and that additional generation and transmission resources are needed within the DOM Zone, due to transmission constraints."). *Id*. *See also* Staff's Post-Hearing Brief at 2 ("the evidence supports a finding that Dominion has forecasted significant growth that will render the Company short of necessary generating capacity").

[22] Consumer Counsel concluded that "Dominion has reasonably demonstrated it will have a need for the 944 MW (nominal) of generating capacity that would be provided by the CERC Project before and after the project is placed in service in June of 2029." Ex. 33 (Norwood Direct) at 3-4. Joint Respondents witness Deyoe testified "[w]hile it is true that the Company is facing substantial load growth and will likely require new resources in the coming years, Dominion's application does not demonstrate that [CERC] is the only viable option." Ex. 26 (Deyoe Direct) at 4. Advanced Energy witness Roumpani concluded that "reliability is of critical importance and dispatchable capacity is needed" though she asserted that "CERC is neither the only, nor the optimal, resource to provide that capacity." Ex. 32 (Roumpani Direct) at 4. Sierra Club witness Glick argues that "Dominion can meet its energy, capacity, and reliability needs with an alternative portfolio," but acknowledges there are energy, capacity and reliability needs. Ex. 23 (Glick Direct) at 61.

[23] CBF did not address whether CERC is needed.

[24] Ex. 8 (Crabtree Direct) at 6.

[25] *Id*. at 4, Figure 1.

[26] *Id*. at 4.

[27] PJM's Comments at 3.

While forecasts are no guarantee of future outcomes – and market dynamics suggest that load growth forecasts may be overstated by some degree, particularly in later years – recent occurrences in the regional capacity market clearly indicate that there are very real and significant pressures in meeting the near- and medium-term anticipated loads. The PJM Base Residual Auction ("BRA") experienced record high clearing prices for the 2025/2026 and 2026/2027 delivery years,[28] and the 2025/2026 BRA failed to clear sufficient accredited capacity within the DOM Zone to meet PJM's reliability requirement.[29] Additionally, PJM has moved to an Effective Load Carrying Capability methodology that emphasizes a resource's contributions to the system during critical hours of system stress.[30] These dynamics suggest a tightening of supply coupled with increased demand necessitating additional generation resources, particularly in the DOM Zone.

There is little doubt that Dominion's need for additional generation assets is urgent. Consumer Counsel noted that "under Dominion's 2024 [Integrated Resource Plan ("IRP")] peak demand forecast with PJM's minimum reserve margin requirement, the Company forecasts that it would be approximately 2,000 MW short of its projected system capacity requirements in the 2029-2031 period, even if the CERC Project capacity is added along with other generating capacity additions either approved by the Commission or planned by the Company."[31] According to PJM, "[t]he Dominion [LDA], which encompasses much of Virginia, is one of the

[28] Ex. 39 (Boehnlein Direct) at 7.

[29] Ex. 10 (Coyle Direct) at 13; Dominion's Post-Hearing Brief at 21.

[30] Ex. 10 (Coyle Direct) at 6.

[31] Ex. 33 (Norwood Direct) at 11. *See also* Tr. 868 (Norwood).

most capacity-constrained areas in the PJM Region."[32] The RTO further assessed near-term capacity constraints in the region as follows:

> Up to 40 [gigawatt ("GW")] of existing generation [in PJM's footprint] is projected to retire by 2030 due to policy, economic, and operational pressures, and new generation is not coming online at a sufficient pace. In 2024, under 5 GW of new generation entered commercial operation across the entire PJM footprint – not just in Dominion. A significant portion of PJM's interconnection queue consists of intermittent resources with lower capacity values and historically low completion rates. These trends create a substantial and time-sensitive challenge in PJM's ability to support resource adequacy, particularly in constrained areas such as Virginia.[33]

It is also telling that (i) Dominion was designated as a constrained LDA in the 2025/2026 BRA,[34] and (ii) an analysis by the North American Electric Reliability Corporation shows the PJM region experiencing reserve shortfalls under extreme weather conditions for the 2025-2029 forecast period.[35]

The current landscape of forecasted load growth in Dominion's service territory, the DOM Zone, and PJM; Dominion's projected capacity shortfalls; spiking capacity prices in PJM's recent BRAs, particularly in the DOM Zone; significant additions of intermittent resources on the Company's system; and fossil fuel-based dispatchable generation retirements both by Dominion[36] and, more broadly, in the PJM region, bring into focus the reliability threat

[32] PJM Comments at 4. *See also* Consumer Counsel's Post-Hearing Brief at 10.

[33] PJM Comments at 3. *See also* Consumer Counsel's Post-Hearing Brief at 10.

[34] Ex. 39 (Boehnlein Direct) at 10. As Staff explains, "this means that PJM believes that the Company has inadequate resources, both transmission and generation, to meet its reliability requirement." *Id.*

[35] Ex. 10 (Coyle Direct) at 3.

[36] Since 2020, Dominion has retired over 2,500 MW of conventional generators, which includes mostly coal and oil-fired units. *See* Ex. 3 (Green Direct) at 7.

facing the Company and its customers. This threat is further supported by an analysis produced by Dominion's outside consultant ("Brattle Analysis"), which projects,

> …the Company would start to experience capacity requirement violations during times of extreme weather – both during summer heatwaves and during winter cold snaps – at or before the time when the CERC Project is planned to be placed in service in 2029. Without the CERC Project, the projected capacity violations would result in controlled load shedding by PJM during extreme weather events.[37]

Dominion's in-house modeling of a hypothetical 2030 cold snap ("Cold Snap Analysis") did not contradict the conclusion that, without CERC, the Company may not have sufficient resources during severe weather events to meet its customers' needs.[38] Accordingly, we conclude that there is a threat to reliability sufficient to warrant the approval of a fossil fueled generation resource, per Subsection A 5.

Potential Alternatives

Respondents in this proceeding suggest that portfolios of increased solar generation, energy storage, demand-side management, and energy efficiency obviate the need for a fossil fueled generation resource such as CERC. The near-term reliability concerns motivating the CERC Project, however, cannot be addressed by non-carbon-emitting resources.[39] The viability of such alternatives is constrained by the realities of build and interconnection challenges that

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[37] Ex. 13 (Sheilendranath Direct) at 5.

[38] *See* Ex. 8 (Crabtree Direct) at 23-26. Staff and other case participants raised concerns about analyses used by the Company to support the need for CERC – particularly the Cold Snap Analysis – and offered recommendations to address these concerns. *See, e.g.,* Staff's Post-Hearing Brief at 13-14. While we decline to prescribe how the Company conducts its supporting analyses, and conclude that the Company has met its burden under the facts and circumstances in this case, we recognize Staff's and respondents' concerns about these studies. Should Dominion request approval of future similar generation resources, the Commission expects the Company to bear these concerns in mind as appropriate when addressing the need for such resources.

[39] *See* Ex. 39 (Boehnlein Direct) at 7 ("It is unlikely, in Staff's opinion, that renewable energy development alone will suffice to serve the Company's forthcoming energy and capacity needs. . . .").

would preclude the construction of solar and storage assets at the scale and in the timeframe required to address the identified need.[40] And as recent Dominion Renewable Portfolio Standard cases demonstrate, construction of such renewable resources is proceeding at a steady pace; there is no indication that viable projects are not being brought forward. Other constraints include limited flexibility of capacity import and export parameters[41] and the current limitations of emergent technologies.[42] While we are hopeful that resources such as small modular reactors, nuclear fusion, and long-duration battery storage can become meaningful components of the Commonwealth's generation portfolio, they are not currently deployable commercial technologies that can meet the near-term need to address current reliability concerns. Further, existing demand-side options such as high load flexibility and customer demand-side management programs – over which the Company has little control – are currently insufficient to address the reliability issue at hand[43] and cannot offset the need in this case.[44]

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[40] *See* Ex. 8 (Crabtree Direct) at 12. *See also* Dominion's Post-Hearing Brief at 26; Tr. at 567, 571 (Sheilendranath).

[41] *See* Dominion's Post-Hearing Brief at 30-31. *See also* Ex. 3 (Green Direct) at 7-8.

[42] *See* Dominion's Post-Hearing Brief at 31-33. *See also* Ex. 3 (Green Direct) at 7 ("Emerging technologies for dispatchable, carbon-free generation may help further to meet such needs in the longer-term, but are not viable short-term options.").

[43] The Commission's December 12, 2025, technical conference is intended to address potential pathways for large loads to participate in new demand-side management or other similar programs. However, the record in this proceeding does not demonstrate that implementation of additional load flexibility programs or curtailments would be sufficient to mitigate the reliability threat identified in this case. *Commonwealth of Virginia, ex rel. State Corporation Commission,* Case No. PUR-2024-00144, Scheduling Order and Notice of Technical Conference on Large Load Flexibility (Oct. 23, 2025).

[44] The Commission's finding that alternative portfolios of renewable resources, battery storage, demand-side management and energy efficiency cannot meet the need addressed by CERC is further supported by an examination of the alternative portfolios proposed by the Sierra Club in this proceeding. The Sierra Club asserted that CERC is not needed to avoid a reliability threat in 2032 based on alternative portfolios modeling a full and half replacement of CERC. Ex. 23 (Glick Direct) at 51-54. However, a Company witness testified at the evidentiary hearing that Sierra Club's Full CERC Replacement alternative portfolio, while including additional solar, storage, and energy efficiency, also includes a CERC-sized natural gas combustion turbine unit as well as a new natural gas combined cycle unit. Dominion's witness further explained that the Sierra Club's model assumed continuous long-duration

While we conclude, based on the evidence presented in this case – including consideration of all in-state and RTO resources – that there is a threat to reliability of electric service absent CERC, and the CERC Project is needed to address that threat, we are cognizant of the 1,923 written public comments we received about the Project (the majority of which were opposed) and the live public witness testimony received from 83 witnesses (of whom approximately 75% were opposed). We also recognize that while the reliability and capacity benefits of CERC will extend to PJM, the RTO neither needs to pay for it nor live near it. We cannot, however, ignore the substantial evidence in this case of the Company's near-term need for new generation resources; that renewable resource alternatives are not suitable to meet that need; and the imminent reliability threat absent the CERC Project. Accordingly, we conclude that a resource of this type is needed at this time to address the reliability threat facing Dominion and its customers.

CPCN

Pursuant to § 56-580 D of the Code, the Commission may only permit the construction and operation of an electrical generating facility if it determines that (i) such generating facility has no material adverse effect upon reliability of electric service; (ii) is required by the public convenience and necessity; and (iii) is not otherwise contrary to the public interest. Further, our inquiry into whether a proposed facility is "required by the public convenience and necessity" includes "both an evaluation of the need for the project as well as the reasonableness of the cost."[45] We conclude that these statutory elements are satisfied by the record evidence.

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dispatch of limited-duration battery storage assets (*e.g.*, a 150 MW four-hour storage asset discharging at full capacity for 15 hours). Tr. at 1010-13 (Sheilendranath).

[45] *Petition of Virginia Electric and Power Company, For approval and certification of the proposed US-3 Solar Projects pursuant to §§ 56-580 D and 56-46.1 of the Code of Virginia, and for approval of a rate adjustment clause,*

Several case participants emphasize that the VCEA mandates retirement of Dominion's fossil fuel generation units by 2045 unless the Commission finds that such a retirement would "threaten the reliability or security of electric service to customers."[46] We recognize that statutory deadlines may curtail the facility's useful life, and that such an outcome would have financial implications. However, there is a demonstrated near-term need for a dispatchable resource in the DOM Zone. A resource such as CERC, which is designed to operate in a peaking capacity as opposed to a baseload function, is better positioned to supplement intermittent renewable generation resources in a complementary manner. Therefore, should there be a continued need for a fossil fueled generation asset following the date set forth in Code § 56-585.5 B 2, the Project is comparatively well-positioned. Moreover, we conclude that the CERC Project is the best of the alternatives presented from the Company's Request for Proposal ("RFP") based on its use of the existing footprint of a recently-retired coal-fired unit;[47] its ability to interconnect with existing natural gas pipeline and electric transmission infrastructure, thus reducing additional cost as well as environmental impacts;[48] and the existing capacity injection rights that can be assigned to the facility, which allow for ease and speed of interconnection.[49]

Dominion has significantly increased its portfolio of renewable resources. Since enactment of the VCEA in 2020, the Commission has approved the addition of approximately 3,500 MW of solar and 2,500 MW of offshore wind assets to the Company's portfolio of

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designated Rider US-3, under § 56-585.1 A 6 of the Code, Case No. PUR-2018-00101, 2019 S.C.C. Ann. Rept. 239, 243, Order Granting Certificates (Jan. 24, 2019).

[46] Code § 56-585.5 B 3.

[47] *See* Ex. 6 (Miscikowski Direct) at 3.

[48] *See* Ex. 19 (Ericson Direct) at 3.

[49] *See* Ex. 6 (Miscikowski Direct) at 4.

generation resources.[50] Staff observed that because such intermittent resources "have variability in their output, the increasing, cumulative variance in performance of this resource type requires a set of dispatchable resources on standby in order to maintain the balance and maintain system frequency."[51] As the Company transitions its fleet of generating resources in accordance with the VCEA, additional dispatchable generation is needed to complement renewable resources and stabilize the grid. The CERC Project addresses this need.

While an IRP cannot provide the basis for a CPCN, we note that the addition of a facility such as CERC is consistent with Dominion's 2024 IRP.[52] Gas-fired combustion turbines were economically selected by modeling software in each the Company's four primary portfolios.[53] When natural gas resources were excluded from selection, the model would not solve which, as

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[50] *See Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Establishing 2020 RPS Proceeding for Virginia Electric and Power Company,* Case No. PUR-2020-00134, 2021 S.C.C. Ann. Rept. 242, 243, Final Order (Apr. 30, 2021); *Petition of Virginia Electric and Power Company, For approval of the RPS Development Plan, approval and certification of the proposed CE-2 Solar Projects pursuant to §§ 56-580 D and 56-46.1 of the Code of Virginia, revision of rate adjustment clause, designated Rider CE, under § 56-585.1 A 6 of the Code of Virginia, and a prudence determination to enter into power purchase agreements pursuant to § 56-585.1:4 of the Code of Virginia,* Case No. PUR-2021-00146, 2022 S.C.C. Ann. Rept. 309, Final Order (Mar. 15, 2022); *Petition of Virginia Electric and Power Company, For approval of its 2022 RPS Development Plan under § 56-585.5 D 4 of the Code of Virginia and related requests,* Case No. PUR-2022-00124, 2023 S.C.C. Ann. Rept. 217, Final Order (Apr. 14, 2023; *Petition of Virginia Electric and Power Company, For approval of its 2023 RPS Development Plan under § 56-585.5 D 4 of the Code of Virginia and related requests,* Case No. PUR-2023-00142, 2024 S.C.C. Ann. Rept. 188, Final Order (Mar. 29, 2024); *Petition of Virginia Electric and Power Company, For approval of its 2025 RPS Development Plan under § 56-585.5 D 4 of the Code of Virginia and related requests,* Case No. PUR-2024-00147, Doc. Con. Cen. No. 250420083, Final Order (Apr. 15, 2025)*;* and *Application of Virginia Electric and Power Company, For approval and certification of the Coastal Virginia Offshore Wind Commercial Project and Rider Offshore Wind, pursuant to § 56-585.1:11, § 56-46.1, § 56-265.1 et seq., and § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2021-00142, S.C.C. Ann. Rept. 287, Final Order (Aug. 5, 2022).

[51] Ex. 38 and 38 ES (Smith Direct) at 11. Staff further observed that renewable energy development alone is unlikely sufficient to address Dominion's forthcoming energy and capacity needs. *See* Ex. 39 (Boehnlein Direct) at 7.

[52] *See Virginia Electric and Power Company, 2024 Integrated Resource Plan*, Case No. PUR-2024-00184, Integrated Resource Plan (Oct. 15, 2024) ("2024 IRP").

[53] Ex. 8 (Crabtree Direct) at 17.

the Company explained, means "there were not adequate alternative resources of any type nor market purchases available in a sufficient quantity to keep the lights on."[54]

Turning to the cost of the CERC Project, Dominion estimates that the generating facility, associated demolition costs,[55] and related transmission facilities will cost approximately $1.47 billion, excluding financing costs.[56] We find this estimated capital cost to be reasonable.[57] In addition to the reliability and locational benefits discussed herein, we recognize that the CERC Project will provide dispatchable generation at times of peak need, has quick ramp capability that complements intermittent resources on Dominion's system, is equipped with back-up fuel supply to mitigate the risks of pipeline disruptions, and will utilize proven technologies with environmental controls.[58] In addition, we note the Turbine Supply Agreement and Engineering, Procurement and Construction contracts are both fixed-price contracts that provide for performance guarantees, liquidated damages, and on-schedule completion provisions.[59]

Staff supports a $1.47 billion cost cap on the CERC Project.[60] In this case, we conclude that the Project is in the public interest up to the identified cost of $1.47 billion, excluding financing costs. To the extent Project costs exceed, or are expected to exceed, this estimate, the Company shall provide both testimony and supporting cost details as part of any application for

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[54] Ex. 48 (Crabtree Rebuttal) at 3.

[55] According to Staff, demolition costs account for a small portion of the overall cost of the Project and would not be capitalized. *See* Staff's Post-Hearing Brief at 4.

[56] *See* Ex. 6 (Miscikowski Direct) at 4.

[57] Neither Staff nor Consumer Counsel questioned the reasonableness of CERC's estimated capital cost.

[58] *See* Ex. 6 (Miscikowski Direct) at 4.

[59] *See id.* at 10-11.

[60] Ex. 36 (Morgan Direct) at 4.

recovery of those costs to demonstrate their reasonableness and prudence. All costs must be reasonably and prudently incurred, and the Company bears the burden to establish this reasonableness and prudence.

Lastly, Code § 56-580 D imposes certain limitations on the Commission's review in a CPCN proceeding:[61]

> In order to avoid duplication of governmental activities, any valid permit or approval required for an electric generating plant and associated facilities issued or granted by a federal, state or local governmental entity charged by law with responsibility for issuing permits or approvals regulating environmental impact and mitigation of adverse environmental impact or for other specific public interest issues such as building codes, transportation plans, and public safety, whether such permit or approval is prior to or after the Commission's decision, shall be deemed to satisfy the requirements of this section with respect to all matters that (i) are governed by the permit or approval or (ii) are within the authority of, and were considered by, the governmental entity in issuing such permit or approval, and the Commission shall impose no additional conditions with respect to such matters.

CBF urges the Commission to consider air emissions modeling issues related to CERC. The CERC Project requires review by DEQ under the Prevention of Significant Deterioration ("PSD") Permit Program for particulate matter less than 2.5 microns in diameter, carbon monoxide, volatile organic compounds, and greenhouse gasses.[62] The Company has filed a PSD air permit application for the CERC Project with DEQ.[63] Air emissions modeling issues raised by CBF are properly considered by DEQ, are beyond the scope of the Commission's expertise and mandate, and we decline to duplicate DEQ's emissions-related efforts here.[64]

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[61] Similar anti-duplication language is found in Code § 56-46.1 A.

[62] *See* Ex. 19 (Ericson Direct) at 4.

[63] *See id.*

[64] On September 2, 2025, Dominion filed a Motion to Strike Testimony of CBF witnesses Steven Klafka and Chris Lim ("Motion to Strike"), which is pending before the Commission. While we deny Dominion's Motion to Strike

Based on the record developed herein, and in accordance with our findings above, the Commission concludes that the CERC Project: (i) will have no material adverse impact upon reliability of electric service;[65] (ii) is required by the public convenience and necessity; and (iii) is not otherwise contrary to the public interest.

Environmental Justice

The Virginia Environmental Justice Act ("VEJA") provides that "[i]t is the policy of the Commonwealth to promote environmental justice and ensure that it is carried out throughout the Commonwealth, with a focus on environmental justice communities and fenceline communities."[66]

The record reflects adequate consideration of environmental justice issues. The Company's environmental justice study area encompassed a three-mile radius around the proposed Project boundary.[67] The study area boundary intersects with 24 census block groups ("CBGs"), of which 19 are located in Chesterfield County and three are located within Henrico County.[68] Twenty-two of the 24 CGBs evaluated meet at least one criterion of the VEJA's definition of an environmental justice community.[69]

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herein and the testimonies of these CBF witnesses are admitted as part of the record in this case, it is appropriate for the Commission to defer to the permitting agencies that are tasked, by law, with reviewing air emissions issues pertaining to the CERC Project and have the requisite expertise to do so.

[65] In finding that there is a threat to reliability of electric service without the CERC Project we likewise find, based on the evidence presented in this proceeding and consistent with § 56-580 D of the Code, that the CERC Project will have no material adverse effect upon reliability of electric service provided by any regulated utility. No participant or Staff argued that reliability would be harmed.

[66] Code § 2.2-235.

[67] *See* Ex. 20 (MacCormick Direct) at 5.

[68] *See id.* at 5-6.

[69] *See id.* at 6.

Based on this analysis, the Company developed and implemented a robust outreach plan.[70] Staff reviewed Dominion's outreach efforts and concluded that "affected and vulnerable community residents, at least within a three-mile radius of the CERC site, did have access and opportunities to participate in the decision-making process, and that Dominion, as the project manager, sought out and considered such participation."[71] We agree. We also find that the geographic scope (three-mile radius) of the Company's environmental justice analysis is appropriate under the circumstances of this case.

We further conclude that Dominion appropriately considered environmental justice factors in its evaluation of the various RFP responses. The Company recognized that CERC presented environmental justice challenges and scored it accordingly. However, on balance, the Project remained the most advantageous. Notably, had the CERC scored even less favorably on the environmental justice category, the outcome of the RFP's evaluation would not have changed. Importantly, we recognize several siting and design features of the CERC Project that minimize its environmental impact – specifically, its location on a brownfield site at the existing Chesterfield Power Station;[72] a significant buffer of industrial, commercial, and forested land between the Project site and residences;[73] the use of advanced combustion-turbine technology and add-on emissions controls that will reduce carbon dioxide, nitrogen oxide, and volatile

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[70] *See id.* at 8. Dominion initiated public outreach on the CERC Project in June 2023. The Company's outreach efforts included a public facing informational website, project announcement letters and open house invitations sent to addresses within a three-mile radius of the Project site, nine community open house meetings in varying locations, "office hours" sessions, and one-on-one meetings with community members and organizations representing a wide demographical range. Many of these communication channels were presented in English and Spanish. Dominion stated outreach efforts will continue through development and permitting of the Project. *Id.*

[71] Ex. 39 (Boehnlein Direct) at 21.

[72] *See* Ex. 19 (Ericson Direct) at 2-3.

[73] *See* Ex. 20 (MacCormick Direct) at 7.

organic compound emissions;[74] and its ability to use existing natural gas pipeline and electric transmission infrastructure.[75] We acknowledge that the Project's development will expand the footprint of active infrastructure over the status quo; however, such expansion would be a net decrease from the maximum footprint of the coal-based facilities that, until recently, operated from the Chesterfield Power Station site.[76] Similarly, fuel delivery to the CERC – which will be largely by pipeline – is less intrusive than ground transport fuel to the former Chesterfield 6 unit.

DEQ Report

The DEQ Report contained several recommendations intended to minimize environmental impacts of the proposed project.[77] The Company requested that the Commission reject the following recommendation as unnecessary, redundant, and unreasonable:[78]

> To best protect Colonial Waterbirds from adverse impacts associated with this project, perform a visual assessment throughout the project area and adjacent lands to determine if rookeries are present within the project site or adjacent to it. [Department of Wildlife Resources ("DWR")] also recommends checking the [Center for Conservation Biology ("CCB")] Mapping Portal for the newest (2018) data on the locations of Colonial Waterbird Colonies in the Commonwealth. DWR recommends a time-of-year restriction (TOYR) from February 15 through July 31 on project activities within 0.25 mile of a rookery. DWR also recommends maintaining an undisturbed naturally vegetated buffer of at least 500 feet around the rookery.[79]

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[74] *See* Ex. 19 (Ericson Direct) at 4. While siting and design characteristics of a proposed generation facility are fundamental to the Commission's review of a requested CPCN and the environmental justice analysis attendant thereto, the VEJA is applicable to DEQ, and DEQ is charged with considering environmental justice in its review process. *See* Code § 10.1-1183 B (4). It is appropriate for the Commission to defer to DEQ's analysis of environmental justice issues in those areas (*e.g.*, air quality) for which DEQ has primary responsibility.

[75] *See* Ex. 19 (Ericson Direct) at 3.

[76] *See* Ex. 3 (Green Direct) at 16; Ex. 6 (Miscikowski Direct) at 6.

[77] *See* Ex. 34 (DEQ Report) at 6 (summarizing DEQ's recommendations).

[78] *See* Ex. 56 (Ericson Rebuttal) at 3.

[79] Ex. 34 (DEQ Report) at 23.

Dominion asserted that adherence to this recommendation would result in additional costs and potential delay of the Project.[80] The Company further represented that it reviewed the CCB Mapping Portal for the 2018 data and determined there are no Colonial Waterbird colonies within 0.25 mile of the Project.[81] We therefore decline to adopt the above-cited recommendation; however, the Commission finds that, as a condition to the CPCN granted in this case, the Company shall follow all other DEQ recommendations contained in the DEQ Report.

Economic Development

The Commission has considered the impact that the CERC Project will have on economic development within the Commonwealth including, but not limited to, reliability benefits and local and non-local construction-related jobs.[82] We find these impacts supportive of our approval of the Project in this case.

RFP

Dominion does not oppose the following prospective changes to its RFP process for dispatchable generation, respectively:

> (1) the Company's engagement, following consultation with the Staff, of a third-party Independent Monitor to participate in the formulation of the RFP criteria and review of its results in any RFP where the Company is submitting a self-build proposal . . .; and, (2) conduct an annual RFP for dispatchable generation, as opposed to episodic RFPs, structured similarly to the CE Solicitations. . . ."[83]

[80] Ex. 56 (Ericson Rebuttal) at 3.

[81] *Id*. at 3-4.

[82] *See* Ex. 6 (Miscikowski Direct) at 6.

[83] Dominion's Post-Hearing Brief at 41.

We agree that these recommendations will enhance Dominion's RFP process and direct the Company to implement them.

We are also mindful of Staff's assertion "that a longer RFP timeframe is more appropriate for generation sources of this magnitude, and that the RFP should be distributed to the market early enough to also permit development and consideration of wholly new resources."[84] While we decline to establish a date certain by which Dominion must initiate its next RFP for dispatchable generation,[85] the Commission expects that the Company will act with the expediency dictated by the circumstances and necessary for meaningful third-party participation.

Rider CERC

Dominion requested to recover costs associated with the CERC Project through proposed Rider CERC. Staff is not opposed to the Company's proposed cost allocation and rate design methodology and found that it is consistent with the approved methodology used to calculate rates for the Company's dispatchable generation riders.[86] There is also no disagreement between Staff and Dominion with regard to the Rider CERC Rate Year revenue requirement of $35.7 million.[87] Accordingly, we find (i) that the Company's proposed rate design for Rider CERC should be approved, and (ii) that a Rate Year revenue requirement of $35.7 million is appropriate and should be approved.

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[84] Staff's Post-Hearing Brief at 10. Sierra Club's Post-Hearing Brief at 1-2. Post-Hearing Brief of Advanced Energy United at 17.

[85] Staff proposes that the Commission "require the Company to start and finalize the RFP process . . . not later than six (6) months after the final order in this proceeding." Staff Post-Hearing Brief at 10.

[86] *See* Ex. 37 (Ellis Direct) at 4.

[87] *See* Ex. 36 and 36 ES (Morgan Direct) at 2.

In its post-hearing brief, Joint Respondents argued that the Company cannot recover the cost of the CERC Project through Rider CERC – a Subsection A 6 rider – based on the following provision of Subsection A 6:

> A utility seeking approval to construct or purchase a generating facility that emits carbon dioxide shall demonstrate that it has already met the energy savings goals identified in § 56-596.2 and that the identified need cannot be met more affordably through the deployment or utilization of demand-side resources or energy storage resources and that it has considered and weighed alternative options, including third-party market alternatives, in its selection process.

Joint Respondents posit that "[t]he Subsection A 6 provision is addressing what the utility needs to show in order to recover under a Subsection A 6 rider ('The utility shall demonstrate . . .'), whereas the Subsection A 5 c provision refers to things that potentially limit the Commission's ability to approve a CPCN application in the first place ('[T]he Commission shall not approve . . .')."[88]

First, the Commission's approval of CERC's construction is based on our threshold finding of a reliability threat facing the Company and its customers, consistent with Subsection A 5. The Subsection A 5 requirement that the Commission make such a finding before approving construction of a fossil fuel-based generation resource is preceded with "[n]otwithstanding any other provision of law" and, as opposed to Subsection A 6, is the operable provision under which we review Dominion's request to construct CERC. Second, we do not read into Subsection A 6 a requirement that the Company must meet the statutory energy savings goals in order to recover the costs of CERC through a Subsection A 6 rider. We find that the proposed Rider CERC is the appropriate vehicle for cost recovery for the CERC Project,

[88] Joint Respondents' Post-Hearing Brief at 102. Sierra Club advanced similar arguments which we likewise find unpersuasive. *See* Sierra Club's Post-Hearing Brief at 34-40.

particularly given the projected in-service date of June 1, 2029, and the near-term reliability threat discussed herein.[89]

Accordingly, IT IS ORDERED THAT:

(1) Dominion's Motion to Strike is denied.

(2) Dominion's request for approval of a rate adjustment clause, designated Rider CERC, is approved as set forth herein with a Rate Year revenue requirement of $35,739,807.

(3) To the extent Project costs exceed or are expected to exceed the $1.47 billion cost estimate, Dominion shall provide both testimony and supporting cost details as part of the initial application for recovery of those costs to demonstrate their reasonableness and prudence.

(4) Rider CERC, as approved herein, shall be effective for usage on and after January 1, 2026.

(5) Pursuant to §§ 56-46.1, 56-265.2, and related provisions of Title 56 of the Code, the Company's request for approval of the necessary CPCN to construct and operate the Chesterfield Energy Reliability Center is granted as provided herein, subject to the requirements set forth herein, and the Commission issues the following generation CPCN to Dominion:

> Certificate No. EG-DEV-CHE-2025-A, which authorizes Virginia Electric and Power Company to construct and operate the Chesterfield Energy Reliability Center, an approximately 944 MW nominal flexible fuel electric generating facility in Chesterfield County, Virginia, located within the footprint of a recently retired coal unit (Unit 6) at the Company's existing Chesterfield Power Station site.

[89] We further note that the VCEA's Enactment Clause 9 does not require the Commission to take any action that "threatens the reliability or security of electric service to [Dominion's] customers." Any delay of the CERC Project – including any potential delay resulting from alternative cost recovery mechanisms – would, in our view, produce such a threat under the circumstances of this case.

(6) Within thirty (30) days from the date of this Final Order, the Company shall provide to the Commission's Division of Public Utility Regulation an electronic map that shows the generation station approved herein. The map shall be submitted to Allison Samuel, Deputy Director, Division of Public Utility Regulation, allison.samuel@scc.virginia.gov.

(7) Upon receiving the map directed in Ordering Paragraph (4), the Commission's Division of Public Utility Regulation forthwith shall provide the Company copies of the CPCN issued in Ordering Paragraph (5) with the map attached.

(8) This case is dismissed.

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.