COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, APRIL 30, 2026

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PETITION OF

VIRGINIA ELECTRIC AND POWER COMPANY CASE NO. PUR-2025-00079

For approval to revise its net metering program
pursuant to § 56-594 of the Code of Virginia

FINAL ORDER

On May 1, 2025, Virginia Electric and Power Company ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") a petition ("Petition"), pursuant to § 56-594 E of the Code of Virginia ("Code") and the Commission's order in Case No. PUR-2024-00047,[1] for approval of its proposed revisions to its net energy metering ("net metering" or "NEM") reform proposal, NEM 2.0.[2] The Net Metering Order required Dominion's Petition to address, analyze, and provide prefiled testimony and data to support certain items identified therein as they relate to net metering, consistent with the requirements of Code § 56-594 E.[3] This included, in part, a proposed rate structure related to net metering to govern compensation related to all eligible customer-generators, eligible agricultural customer-generators, and small agricultural generators, except low-income utility customers, that interconnect after the effective date established in the Commission's final order in the net

[1] *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Future net energy metering proceedings of Appalachian Power Company and Virginia Electric and Power Company pursuant to Code § 56-594*, Case No. PUR-2024-00047, Doc. Con. Cen. No. 240510149, Order (May 6, 2024) ("Net Metering Order").

[2] Ex. 2 (Petition) at 1.

[3] *See* Net Metering Order at 3-4.

metering proceeding.[4] The Company asserted that its Petition and supporting direct testimony addressed each of the required net metering considerations laid out in the statute and in the Commission's Net Metering Order.[5]

In its Petition, Dominion asserted that its NEM 2.0 proposal contains two key changes from the Company's existing NEM program ("Legacy NEM Program"): (1) a transition from annual to real-time netting, and (2) an Export Credit Rate to compensate customers for excess electricity exported to the grid.[6] In addition, the Company proposed changes to its Net Metering Terms and Conditions, including an application fee and an administrative charge of $1.00 per month.[7]

Dominion proposed that exported power be compensated at an Export Credit Rate, which would reflect an avoided cost the Company could otherwise pay under a power purchase agreement ("PPA") for a comparable product.[8] According to the Petition, this Export Credit Rate would be set at an amount equal to the weighted-average of first year prices for purchases from Distributed Solar PPAs executed in response to the Company's most recent Rider CE Request for Proposals, which was $95.53 per megawatt hour in the most recent Rider CE.[9] Dominion asserted that this represents the appropriate avoided cost, as it is representative of the

[4] Ex. 2 (Petition) at 3-4 (*citing* Net Metering Order at 2-3).

[5] Ex. 2 (Petition) at 4.

[6] *Id.* at 6.

[7] *Id.* at 8-9.

[8] *Id.* at 7.

[9] *Id.* at 7-8.

price the Company could otherwise pay for a comparable product.[10] Dominion proposed to collect the energy cost of these credits through the fuel factor.[11]

According to the Petition, the Export Credit Rate included the value of the energy as well as renewable energy credit value.[12] Dominion asserted that the proposed payment to NEM 2.0 customers also reflects the value of an avoided renewable energy purchase.[13] The Company requested that the Commission allow the Company to reduce its annual renewable energy portfolio standard ("RPS") program compliance obligation by the total amount of kilowatt hours ("kWh") exported by NEM 2.0 customers to recognize the energy those customers would contribute to the grid.[14] The Company asserted that this approach would benefit all other customers by reducing the net RPS program compliance costs as well as by ensuring that the Company and its customers would receive the RPS benefit for the export power.[15] Pursuant to the Petition, the Export Credit Rate that is related to RPS value would flow through account 557 and be recovered through Rider RPS.[16]

The Company proposed a $100 application fee for NEM 2.0 customers with generating facilities of less than 250 kilowatts ("kW") and $750 for customers with facilities of 250 kW and greater.[17] The Company also proposed an administrative charge for customers served under

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[10] *Id.* at 8.

[11] *Id.*

[12] *Id.*

[13] *Id.*

[14] *Id.*

[15] *Id.*

[16] *Id.*

[17] *Id.* at 9.

NEM 2.0 of $1.00 per month as a placeholder rate.[18] The Company asserted there are costs associated with the development and operation of an alternate billing mechanism for future customers under the Company's NEM 2.0 program in parallel with the Legacy NEM Program.[19]

On June 26, 2025, the Commission issued an Order for Notice and Hearing ("Procedural Order") in this case that, among other things, docketed this matter; directed Dominion to provide public notice of its Petition; scheduled hearings for the purpose of receiving testimony and evidence on the Petition; provided interested persons an opportunity to file comments on the Petition or to participate as respondents in this proceeding; directed Commission Staff ("Staff") to investigate the Petition and file testimony and exhibits containing its findings and recommendations thereon; and appointed a Hearing Examiner to rule on all discovery matters or motions *pro hac vice* that might arise during the course of the proceeding.

The Commission received numerous comments on the Petition and received notices of participation from the following parties in this docket: Appalachian Voices; Virginia Distributed Solar Alliance ("VA-DSA"); Piedmont Environmental Council, Sierra Club, Vote Solar and Solar United Neighbors (together, "Joint Advocates"); Advanced Energy United, Solar Energy Industries Association and Chesapeake Solar and Storage Association (together, "Clean Energy Solutions Coalition" or "CESC"); Prince Edward County; Loudoun County; and the City of Alexandria. On August 7, 2025, Dominion filed its proof of notice and service as directed by the Procedural Order.

On October 30, 2025, Appalachian Voices, the Joint Advocates, the City of Alexandria, and the Clean Energy Solutions Coalition filed respondent testimony. Staff filed the testimony

[18] *Id.*

[19] *Id.*

of two witnesses on December 12, 2025. On January 5, 2026, Dominion filed rebuttal testimony, which included two additional NEM proposals: a Modified NEM 2.0 Proposal and an Alternative NEM 2.0 Proposal.

The Commission convened an evidentiary hearing on January 20 through January 21, 2026, in the Commission's courtroom with counsel for Dominion, Appalachian Voices, the Joint Advocates, CESC, VA-DSA, Loudoun County, the City of Alexandria, and Staff present. The Commission heard testimony from 24 public witnesses.[20]

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.[21] Code § 56-594 requires the Commission to make several determinations, discussed below.

***COSTS AND BENEFITS OF THE CURRENT NET METERING PROGRAM***

Code § 56-594 I 1 requires the Commission to "[i]nvestigate and determine the costs and benefits of [Dominion's] current net energy metering program." In evaluating the costs and benefits of the net metering program,[22] the Commission considered the evidence in the record regarding: (i) the aggregate impact of customer-generators on the electric utility's long-run marginal costs of generation, distribution, and transmission;[23] (ii) the cost of service implications of customer-generators on other customers within the same class, including an evaluation of

[20] Tr. 7-95. VA-DSA and Loudoun County were excused from the hearing following opening statements. Tr. 32, 37.

[21] The Commission has fully considered the evidence and arguments in the record. *See also Board of Supervisors of Loudoun County v. State Corp. Comm'n*, 292 Va. 444, 454 n.10 (2016) ("We note that even in the absence of this representation by the Commission, pursuant to our governing standard of review, the Commission's decision comes to us with a presumption that it considered all of the evidence in the record.") (citation omitted).

[22] Code § 56-594 J.

[23] *E.g.*, Ex. 3 (Gaskill Direct); Ex. 10 (Beach Direct) at 20-43; Ex. 12 (Hoyle Direct) at 19-27, 38-47.

whether customer-generators provide an adequate rate of return to the electrical utility compared to the otherwise applicable rate class when, for analytical purposes only, examined as a separate class within a cost of service study;[24] and (iii) the direct and indirect economic impact of the net energy metering program to the Commonwealth.[25]

The Commission made several findings related to these criteria in Case No. PUR-2024-00161, Appalachian Power Company's net energy metering proceeding.[26] Specifically related to the costs and benefits of APCo's net metering program, the Commission found that net metering "provides several benefits to utility customers, including avoided costs associated with energy, capacity, transmission, and ancillary services."[27] The Commission finds that the evidence in the record shows that Dominion's net metering program provides similar benefits.[28] The Commission also finds that the net metering program reduces RPS program compliance costs through load-reduction and reducing the number of Renewable Energy Certificates ("RECs") that Dominion will be required to purchase.[29]

Separate from the establishment of a new net metering rate, Code § 56-594 E directs the Commission to "evaluate and establish . . . (c) the direct and indirect economic impact of net metering to the Commonwealth." The Company presented an economic impact analysis using

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[24] *E.g.*, Ex. 7 (Miller Direct) at 3-6; Ex. 16 (Kennerly Direct) at 58-61.

[25] *E.g.*, Ex. 4 (Shannon Direct) at 14 and Schedule 7; Ex. 16 (Kennerly Direct) at 46-51.

[26] *Petition of Appalachian Power Company, For approval to revise its net metering program pursuant to § 56-594 of the Code of Virginia*, Case No. PUR-2024-00161, ("APCo's NEM Proceeding") Doc. Con. Cen. No. 250870054, Final Order at 6-7 (Aug. 29, 2025) ("APCo Final Order").

[27] *Id.* at 6.

[28] Ex. 10 (Beach Direct) at 43.

[29] Ex. 12 (Hoyle Direct) at 27-29.

IMPLAN examining a single historical test year of 2024.[30] The Commission agrees with Staff that while this data is beneficial to understanding concrete impacts, this analysis is an incomplete evaluation of the true economic impacts of net metering.[31] The Commission finds that the benefits identified exist beyond the single historical test year presented by the Company.[32] Economic benefits identified in the record include spending related to the purchase, installation, and maintenance of solar systems by NEM customers,[33] avoided fuel costs, reduced reliance on carbon generation, enhanced reliability and resiliency for the grid through increased transmission and distribution capacity, and fewer line losses.[34] These factors, including reduced carbon emissions, reflect that the current net metering program provides positive economic and societal benefits.

***COMPENSATION RATE FOR NET EXCESS GENERATION***

Code § 56-594 I 3 requires the Commission to "[d]etermine a specific avoided cost for customer-generators, the different type of customer-generator technologies where the Commission deems it appropriate, and establish the methodology for determining the compensation rate for any net excess generation determined according to the applicable net measurement interval for any new tariff."

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[30] Ex. 4 (Shannon Direct) at 14.

[31] Ex. 16 (Kennerly Direct) at 51.

[32] *Id.* at 48.

[33] Ex. 4 (Shannon Direct) at 14. The Company's analysis shows a net positive impact of $132.3 million in Gross Regional Product.

[34] Ex. 10 (Beach Direct) at 37-51.

The Commission finds that the compensation rate for net excess generation shall be based on the value proposed in the Company's Modified NEM 2.0 of $0.04829/kWh.[35] This avoided cost rate includes values for energy and capacity, and excludes the value of RECs. However, the Commission finds that the avoided RPS program compliance costs shall be incorporated into the Company's NEM 2.0 tariff avoided cost calculation, as such an avoided cost represents a tangible benefit of the Company's current net metering program.[36] Net Metering resources result in reduced electric sales, and in turn reduced REC requirements, by the amount of the electricity offset by customer-generators.[37] Accordingly, the Commission finds that the value of avoiding the need for purchasing additional RECs to comply with Code § 56-585.5 shall be recognized and included in the compensation rate for net excess generation. Based on the record established in this case, the Commission finds that these avoided RPS program compliance costs are valued at $0.01 per kilowatt hour.[38] Added to the Modified NEM 2.0 proposal, this creates a compensation value of $0.05829/kWh. The Commission declines at this time to incorporate any other benefits into the analysis related to the Company's NEM 2.0 compensation rate for net excess generation.

Consistent with the decision to use the Modified NEM 2.0 export credit rate, while the Commission finds that avoiding REC purchases is a benefit of the net metering program, the Commission recognizes that the Company does not *own* the RECs created by customer generators. The Company's request to reduce its RPS REC compliance obligations by the total

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[35] Ex. 19 (Gaskill Rebuttal) at 4.

[36] Ex. 10 (Beach Direct) at 41-43.

[37] *Id.*

[38] *Id.* at 70.

amount of kWhs exported by net metering customers could result in those RECs being double counted for compliance purposes.[39] Accordingly, the Commission denies this request.

***THE APPROPRIATE NET METERING INTERVAL***

Based on statutory changes[40] from 2020, Code § 56-594 I 2 requires the Commission to "[e]stablish an appropriate netting measurement interval for a successor tariff that is just and reasonable in light of the costs and benefits of the net metering program in aggregate, and applicable to new requests for net energy metering service[.]"

Dominion proposes to transition from what it describes as "annual netting" of its Legacy NEM program to "real time netting" in NEM 2.0. Annual netting offsets, over the course of the Net Metering Period,[41] a NEM customer's delivered energy usage by the energy that customer exports to the grid. To the extent that a Legacy NEM customer is a net exporter of energy during a monthly billing period, the customer receives a billing period credit—measured in kWh—to be applied in a later billing period during which the customer is a net consumer of energy. This process continues over the course of an annual Net Metering Period and, at the end of such period, the customer either (i) "cashes out" any remaining credits pursuant to a purchase power agreement between the customer and the Company or (ii) carries the credits forward for future use, subject to certain restrictions.

[39] Ex. 16 (Kennerly Direct) at 103; Ex. 19 (Gaskill Rebuttal) at 4.

[40] *See* 2020 Va. Acts chs. 1187, 1188, 1189, 1193, 1194, and 1239.

[41] Defined as "the 12-month period following the date of final interconnection of the eligible customer-generator's or eligible agricultural customer-generator's system with an electric service provider, and each 12-month period thereafter." Code § 56-594 B.

Dominion's NEM 2.0 proposal comprises two distinct components.[42] Most significantly, it would structurally alter the net metering program from what is, effectively, an annual netting construct to a real time (30-minute) construct. The Company describes annual netting as representing a "12-month net metering period, with excess exports carrying over from month to month." The Company describes real time netting as resulting "in customers being billed monthly for all energy consumed and compensated for all energy exported at a 30-minute interval." In this manner, the Company proposes to transition from an energy-netting paradigm to a fiscal-netting paradigm. As the Company describes it, "[i]f a customer is a net exporter in a half-hour, that net production amount is added to the exported energy register. Conversely, if a customer is a net consumer in that half-hour, the net consumption for that half-hour is added to the consumed energy register."[43] In other words, at the end of each 30-minute interval, the customer's energy register will record the difference as a *monetary value*. All these intervals would be totaled at the end of the monthly billing period to produce either a net consumption or net export figure. If the summation of the intervals results in net exports, the associated credits—measured as a dollar amount rather than kWh—are carried forward as described above. This is an important distinction between the Company's Legacy NEM Program and NEM 2.0 proposal, particularly given the disparity between the retail rate Dominion would charge a NEM 2.0 customer for energy consumption and the Export Credit Rate Dominion would compensate a NEM 2.0 customer for net exports. The Company asserts that this change is made possible by

[42] Ex. 21 (Shannon Rebuttal) at 3.

[43] Ex. 4 (Shannon Direct) at 7.

the adoption of advanced metering infrastructure ("AMI") deployed throughout the service territory over the last several years.[44]

We find that a 30-minute netting interval can be consistent with the net metering statute, subject to the conditions below. Measuring metering data at a more granular level may—as the Company asserts—provide greater transparency for the program and allow the Company to better evaluate cost shifts between participating and non-participating customers. However, we do not approve Dominion's proposal to carry forward export credits on a dollar basis.

The proposed transition from energy netting to what certain respondents have described as "two-channel billing"[45] is not required by statute, and the Commission declines to reconfigure the net metering program so significantly at this time. It is not the Commission's understanding that the widescale rollout of AMI (and the attendant costs to customers) was undertaken to *reduce* the advantages of customers seeking alternatives to traditional service, such as net metering. Rather, in addition to improved outage detection and meter-reading, multiple benefits of AMI were to *empower* customers through programs like time-varying rates, demand response, energy efficiency, and conservation.[46] While this is not to say that AMI cannot be used in the manner described by Dominion, the existence of AMI itself, standing alone, is not sufficient reason to reconfigure the program. And, as described further below, while the nature of the program as currently designed entails some degree of cost shifting, we do not find on the

[44] *See e.g.*, Ex. 3 (Gaskill Direct) at 5-6.

[45] *See e.g.,* Ex. 11 (Rabago Direct) at 43.

[46] *Petition of Virginia Electric and Power Company, For approval of a plan for electric distribution grid transformation projects pursuant to § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2018-00100, Doc. Con. Cen. No. 190130074, Final Order at 11 (Jan. 17, 2019).

evidence presented that such cost shifting is "unreasonable," as contemplated in Code § 56-594 I 4.

Although we do not find that the cost shift at this time is unreasonable, the Commission recognizes that, at increased levels of NEM penetration, cost-shifting becomes a larger concern. That has been the experience of both California and Arizona.[47] As net metering continues to evolve, and more customers seek to avail themselves of the program, measures will likely be required in the future to ensure that cost shifting is frozen or reduced to allow for NEM to be a greater part of Virginia's energy generation portfolio.

In addition, the Commission is cognizant that its approval of the Company's significant capital investment in AMI was justified by, among other things, the enabling of dynamic time-of-use rates for customers. The system-wide implementation of such time-of-use rates was identified as a key benefit in proposing system-wide AMI.[48] Accordingly, the Commission expects that rates paid by all types of customers will become increasingly dynamic based on the cost of electricity in the hour it is consumed. The Commission recognizes that as dynamic time-of-use rates see increased adoption from all customer types, this could exacerbate cost shift dynamics between net metering customers and non-participating customers. To the extent the Company's proposals result in significant adoption of time-of-use rates, the Commission recognizes the mechanics of the NEM program approved herein may need to be reevaluated.

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[47] Tr. 232; *see also* Argosino, Fischer J. Espiritu and Christopher R. Knittel, *Renewables and Electricity Affordability: Untangling Correlation from Causation*, MIT Center for Energy and Environmental Policy Research (Dec. 1, 2025), at 10-11 (noting that "while most states [with rooftop solar programs] experience changes too small to materially affect rates, the handful of high-adoption states experience sizeable upward pressure on prices consistent with the magnitude of the estimated rooftop-solar effect.").

[48] *See Petition of Virginia Electric and Power Company, For approval of a plan for electric distribution grid transformation projects pursuant to § 56-585.1 A 6 of the Code of Virginia*, Case No. PUR-2021-00127, 2022 S.C.C. Ann. Rept. 271, 274-275, Final Order (Jan. 7, 2022).

The Company should also update Commission Staff annually on its calculation of cost shifts occasioned by the NEM programs.

***PREVENTING UNREASONABLE COST-SHIFTING***

Code § 56-594 I 4 requires the Commission to "[m]ake all reasonable efforts to ensure that the net energy metering program does not result in unreasonable cost-shifting to nonparticipating electric utility customers." The Commission, upon consideration of the evidence, finds that properly configuring the components of the compensation rate for net excess generation, as the Commission has done herein, mitigates against unreasonable cost-shifting to nonparticipating electric utility customers.[49]

In a similar vein, Code § 56-594 L requires that "[t]he Commission . . . review and evaluate the continuing need for the imposition of standby or other charges on eligible customer-generators or eligible agricultural customer-generators in any net energy metering proceeding conducted pursuant to subsection E." The Commission exercises its discretion not to impose any additional charges contemplated in Code § 56-594 L at this time.

Code § 56-594 E (a) requires the Commission to "evaluate and establish . . . an amount customers shall pay on their utility bills each month for the costs of using the utility's infrastructure." The Commission approves the Company's request to add a $1.00 per month

[49] The Commission notes that customers in Dominion service territory can install an electrical generating facility that may produce no more than 150 precent of expected annual energy consumption. Code § 56-594 B. Compensation to the eligible customer-generator for generation in excess of annual energy consumption, however, is limited to the lower excess credit rate. Code § 56-594 E. Further, with respect to mitigating any cost shifting, the law provides that any eligible customer-generator, in the service territory of Dominion, with an electrical generating facility with a capacity that exceeds 15 kilowatts shall pay to its supplier, in addition to any other charges authorized by law, a monthly standby charge. The amount of the standby charge and the terms and conditions under which it is assessed shall be in accordance with a methodology developed by the supplier and approved by the Commission. Code § 56-594 F.

administrative charge to cover certain costs related to administering NEM accounts.[50] However, the Commission denies the Company's request to charge an additional application fee.[51] The Commission finds the current customer charge, along with the proposed administrative charge of $1.00 per month, is reasonable for such purposes at this time. The Commission acknowledges that as net metering penetration increases, this charge may need to be revisited.

Finally, in this regard, the Commission has evaluated the six percent aggregate net metering cap and finds that such cap shall continue.

***NEM 2.0***

The Commission approves the creation of a NEM 2.0 tariff as described herein.[52] The Company shall recalculate its agreed-to compensation rate for net excess generation to include RPS benefits as addressed above. Code § 56-594 states "[n]othing in the Commission's final order shall affect any eligible customer-generators, eligible agricultural customer-generators, and small agricultural generators who interconnect before the effective date of such final order." Accordingly, all current NEM customers may choose to stay on the current tariff or permanently switch to taking service under NEM 2.0 at their discretion. Low-income customers will be able to interconnect under the terms of either tariff that is most favorable to them, and the Company shall include specific tariff language that makes this choice clear.

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[50] The Commission understands that Dominion proposed a $1.00 administrative charge as a placeholder until such time as the costs are quantified in more detail. The Commission approves this charge as a reasonable estimation of the administrative services required to implement the net metering program, however the Company may propose an alternative administrative charge in a future proceeding, once the specific costs are more concretely understood.

[51] Ex. 2 (Petition) at 9.

[52] For purposes of satisfying Code § 56-594 E (b), the Commission finds that this framework "appropriately compensate[s] the customer . . . for the total benefits such facilities provide."

Accordingly, IT IS ORDERED THAT:

(1) NEM 2.0 is approved as described herein. The Company shall revise the NEM 2.0 tariff language in accordance with the findings of this Order, including but not limited to incorporating avoided RPS costs into the excess generation compensation methodology and adopting the Company's net metering interval as set forth above. NEM 2.0 shall be applicable only to new customers and customers grandfathered in the current net metering program who choose to switch, and the relevant tariff language shall make this clear. In drafting such revised tariffs, the Company shall coordinate with Staff to ensure this Order's directives are met.

(2) The Company shall, within 90 days of this Order's publication, file revised tariffs, terms and conditions of service, and supporting workpapers, with the Clerk of the Commission and submit the same to the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance, as are necessary to comply with the directives set forth in this Order. The Clerk of the Commission shall retain such filings for public inspection in person and on the Commission's website: scc.virginia.gov/case-information.

(3) This case is dismissed.

A COPY hereof shall be sent 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.