

**Virginia State Corporation Commission
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Case Name (if known)	Petition of Virginia Electric and Power Company, For approval to reinstate and update the rate adjustment clause designated Rider RGGI, pursuant to § 56-585.1 / 5 e of the Code of Virginia
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WITNESS DIRECT TESTIMONY SUMMARY

Witness: Lisa R. Crabtree

Title: Director –Strategic Planning

Summary:

Company Witness Lisa R. Crabtree provides a general overview of the Regional Greenhouse Gas Initiative (“RGGI”), explaining that it is a collaborative effort among certain states to cap and reduce CO₂ emissions from the power sector. Virginia will re-join RGGI in July 2026 and the Company owns RGGI regulated emissions sources that it operates on behalf of customers, so it must comply with RGGI by obtaining and surrendering a CO₂ emission allowance for every short ton of CO₂ emitted during a control period. She explains that these costs are necessary for the Company to comply with state environmental laws and regulations.

Next, Ms. Crabtree provides the forecast of CO₂ emissions from the Company’s generation facilities used to determine the projected volume of CO₂ allowances needed to meet RGGI obligations and the forecasted price of CO₂ allowances based on Intercontinental Exchange (“ICE”) forward market prices. Ms. Crabtree explains that the Company used PLEXOS modeling software to simulate the economic dispatch of the Company’s generating units to meet projected load requirements. Modeling indicates that approximately 51 million CO₂ allowances will be required from July 1, 2026, through December 31, 2028. This includes approximately 10.4 million CO₂ allowances from July to December 2026, 21 million CO₂ allowances for January through December 2027, and 20 million CO₂ allowances for January through December 2028.

Next, Ms. Crabtree explains that the Company recognizes that the magnitude of the calculated Rider RGGI revenue requirement and the resulting customer bill impact from these compliance costs is significant. Consistent with the Company’s commitment to affordability and to help mitigate the customer bill impact and improve rate stability, she introduces the Company’s voluntary proposal to spread recovery of emissions allowance costs incurred between July 1, 2026 and February 28, 2027 (the “Pre-Rate Year Costs”) over a two-year period, rather than over a standard one-year period (“Mitigation Proposal”). Ms. Crabtree notes that the Mitigation Proposal lowers the monthly bill impact by approximately 20.3%, from \$13.00 to \$10.36 for a typical residential customer using 1,000 kWh a month, as presented by Company Witness M. Robert Hines.

Finally, Ms. Crabtree introduces the other Company witnesses in this proceeding.

**DIRECT TESTIMONY
OF
LISA R. CRABTREE
ON BEHALF OF
VIRGINIA ELECTRIC AND POWER COMPANY
BEFORE THE
STATE CORPORATION COMMISSION OF VIRGINIA
CASE NO. PUR-2026-00085**

1 **Q. Please state your name, position of employment, and business address.**

2 A. My name is Lisa R. Crabtree and I am the Director of Strategic Planning at Dominion
3 Energy Services, Inc., testifying on behalf of Virginia Electric and Power Company
4 (“Dominion Energy Virginia” or the “Company”). My business address is 120 Tredegar
5 Street, Richmond, Virginia 23219. A statement of my background and qualifications is
6 attached as Appendix A.

7 **Q. Please describe your areas of responsibility.**

8 A. The Company’s Strategic Planning group develops generation portfolio plans to serve
9 customers’ future energy and capacity needs. The Strategic Planning group also monitors
10 fuel expenses and provides forecast operational data to various groups within the
11 Company. My team also conducts various long-term planning initiatives in support of
12 regulatory filings.

13 **Q. What is the purpose of your testimony in this proceeding?**

14 A. I am testifying in support of the Company’s petition for approval to update and reinstate
15 its rate adjustment clause (“RAC”), designated Rider RGGI, under § 56-585.1 A 5 e of
16 the Code of Virginia (“Va. Code”) to recover projected and actual costs related to the
17 purchase of allowances through the Regional Greenhouse Gas Initiative (“RGGI”)

1 market-based trading program for carbon dioxide (“CO₂”) emissions, a program in which
2 the Company is required to participate.

3 Specifically, I support the forecast of CO₂ emissions from the Company’s generation
4 facilities and the forecasted price of CO₂ allowances.

5 In addition, I will introduce the Company’s voluntary proposal for the recovery of
6 emissions allowance costs incurred between July 1, 2026 and February 28, 2027 (“Pre-
7 Rate Year Costs”), just prior to the start of the Rider RGGI rate year of March 1, 2027
8 through February 29, 2028 (“Rate Year”). Consistent with the Company’s commitment
9 to affordability and to help mitigate the impact to customers, the Company has developed
10 a voluntary proposal to spread the recovery of the Pre-Rate Year Costs over a two-year
11 period (the “Mitigation Proposal”), rather than a standard one-year period.

12 Lastly, I will introduce the other Company witnesses in this proceeding.

13 **Q. During the course of your testimony, will you introduce an exhibit?**

14 A. Yes. Company Exhibit No. __, LRC, consisting of Schedule 1, was prepared under my
15 supervision and direction, and is accurate and complete to the best of my knowledge and
16 belief. I also sponsor Filing Schedule 46A, which provides projected costs associated
17 with Rider RGGI and documentation supporting those costs. In addition, I am
18 sponsoring Exhibit 1 to the Petition, which presents an analysis of how the Company’s
19 RGGI compliance corresponds to its Renewable Energy Portfolio Standard (“RPS”) plan
20 filings, as directed by the Commission’s August 4, 2021, Order Approving Rate
21 Adjustment Clause in Case No. PUR-2020-00169.

1 **Q. Please provide background on RGGI.**

2 A. Initiated in 2009, RGGI is the first mandatory market-based program in the United States
3 designed to reduce greenhouse gas emissions. RGGI is a collaborative effort among the
4 states of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New
5 Jersey, New York, Rhode Island, Vermont, and Virginia (effective July 1, 2026) to cap
6 and reduce CO₂ emissions from the power sector. CO₂ allowances are created by RGGI
7 member states and sold through quarterly, regional auctions.

8 **Q. Please provide an overview of the Commonwealth's participation in RGGI.**

9 A. In May 2019, the Virginia Department of Environmental Quality ("DEQ") issued a final
10 rule establishing a state carbon regulation program linked to RGGI (the "DEQ Carbon
11 Rule"). During the 2020 Regular Session, the General Assembly passed the Clean
12 Energy and Community Flood and Preparedness Act, Senate Bill No. 1027 and House
13 Bill No. 981, which authorized Virginia to become a full participant of RGGI and
14 authorized the DEQ to implement the DEQ Carbon Rule. The legislation became
15 effective July 1, 2020 and the Commonwealth was previously a RGGI member from
16 2021 to 2023.

17 As more fully explained in Exhibit 1 to the Petition, Virginia then withdrew from RGGI
18 and the Company's former Rider RGGI was reset to zero on July 12, 2024.

19 On February 20, 2026, Governor Spanberger signed the Budget Bill (also referred to as
20 HB29). This bill required the Commonwealth of Virginia to re-join RGGI in 2026 and

1 for the DEQ Carbon Rule to be reissued or reinstated within 90 days of the bill's signing¹
2 (the DEQ Carbon Rule was published in the Virginia Register on May 18, 2026).²

3 As explained in further detail by Company Witness George E. Hitch, on and after July 1,
4 2026, regulated emissions sources—including certain of the Company's generators—
5 within Virginia must obtain and surrender one CO₂ allowance for every short ton of CO₂
6 emitted.

7 **Q. How did the Company determine the projected volume of CO₂ allowances needed to**
8 **meet its obligation under RGGI?**

9 A. PLEXOS modeling software was used to simulate the economic dispatch of the
10 Company's generating units to meet projected load requirements. The projected CO₂
11 emission production was then pulled for each eligible Company-owned CO₂-emitting
12 resource located in Virginia. The Company did not include CO₂ emissions from its units
13 in West Virginia (*i.e.*, Mt. Storm), North Carolina (*i.e.*, Rosemary), or Virginia units not
14 subject to RGGI (*i.e.*, biomass generation, and units smaller than 25 MW), consistent
15 with the current Model Rule.³ During the three-year control period, if the CO₂ emissions
16 from a generator subject to RGGI exceed the number of allowances surrendered for the
17 control period, the generator must surrender additional allowances for three times the
18 number of excess emissions.

¹ 2026 Acts of Assembly, Chapter 07, § 1-16 R of Item 365.

² Vol. 42, Issue 20. Available here: <https://register.dls.virginia.gov/vol42/iss20/v42i20.pdf>.

³ More information on the Model Rule is available here: <https://www.rggi.org/program-overview-and-design/program-review>.

1 **Q. What is the projected volume of CO₂ allowances that the Company expects to**
2 **require after June 30, 2026?**

3 A. The Company projects approximately 51 million CO₂ allowances will be required from
4 July 1, 2026, through December 31, 2028. This includes approximately 10.4 million CO₂
5 allowances from July to December 2026, 21 million CO₂ allowances for January through
6 December 2027, and 20 million CO₂ allowances for January through December
7 2028. Schedule 46A details the CO₂ allowance requirements by month.

8 **Q. Did Virginia rejoining RGGI affect the forecasted dispatch of the Company's**
9 **generation units?**

10 A. Yes, it did. Regulated sources (*i.e.*, the Company's carbon-emitting generating units that
11 are subject to RGGI) must purchase a CO₂ allowance for every CO₂ short ton emitted
12 during a specific compliance period. All else being equal, adding the cost of CO₂
13 allowances to the PJM market offers for regulated emissions sources results in those units
14 dispatching less. In modeling space, PLEXOS takes this into account by adding a
15 forecasted cost of CO₂ allowances to its generating units in Virginia subject to RGGI. As
16 the carbon-emitting generating units dispatch less, PLEXOS replaces the lost generation
17 with market purchases and out of state generation.

18 **Q. How did the Company forecast the price of CO₂ allowances?**

19 A. The Company's forecasted RGGI allowance prices in this case are based exclusively on
20 forward price data obtained from the Intercontinental Exchange ("ICE") Futures Daily
21 Market Report as of April 28, 2026. Based on this data, the Company assumes CO₂
22 allowance prices ranging from \$37.04 to \$38.32 per allowance over the July 2026
23 through December 2028 period, as reflected in Schedule 1. For clarity, Schedule 1

1 presents the projected CO₂ allowance prices incorporated into the Company's PLEXOS
2 modeling framework.

3 The Company's standard forecasting approach for commodity prices utilizes a blend of
4 observable forward market prices and fundamental long-term forecasts developed by ICF
5 International, Inc. ("ICF"). Specifically, the Company's blended methodology consists
6 of: (i) 18 months of forward market prices, (ii) a subsequent 18-month transition period
7 blending forward market prices with ICF forecast values, and (iii) ICF forecast prices
8 exclusively beginning in month 37 of the forecast horizon.

9 For purposes of this Rider RGGI filing, however, the Company determined that a change
10 from its standard methodology was warranted. Here, the forecast period at issue—July
11 2026 through December 2028—is limited in duration and is characterized by recent and
12 material volatility in the RGGI allowance market. Reliance on observable forward
13 market prices for the near-term forecast period ensures that the projected costs reflect
14 current market expectations and incorporates the most recent information available to
15 market participants. In addition, use of transparent, exchange-traded pricing data
16 enhances the objectivity and verifiability of the forecast. Accordingly, the Company
17 determined that use of ICE forward market prices for CO₂ allowances is consistent with
18 sound forecasting practices for the relevant period.

19 **Q. Did the Company prepare a longer-term forecast of RGGI compliance costs as part**
20 **of this filing?**

21 A. Yes. The Company modeled five years of projected RGGI compliance costs, which are
22 shown in Schedule 46A. The Company's projections rely on available market forward

1 prices for RGGI allowances, energy, and related inputs, which are currently only
2 available through approximately 2028, and extend those through 2030 to give additional
3 longer-term detail. The Company did not analyze costs beyond 2030 due to the
4 significant uncertainty associated with key cost drivers beyond that timeframe regarding
5 the number of allowances that will be available to Virginia in future RGGI auctions given
6 the evolving regulatory and policy landscape, as well as considerable uncertainty
7 surrounding future allowance pricing.

8 **Q. Are the projected costs associated with the Company's procurement and surrender**
9 **of RGGI allowances necessary to comply with state environmental laws or**
10 **regulations?**

11 A. Yes, they are. The Company is following the law as required.

12 **Q. Did you provide the projected costs to Company Witness Casey L. Teconchuk for**
13 **use in preparing the proposed revenue requirement in this case?**

14 A. Yes, I did. As Company Witness Teconchuk more fully explains, the Company's Rider
15 RGGI revenue requirement is typically comprised of two components: the Projected Cost
16 Recovery Factor and the Actual Cost True-up Factor. While no Actual Cost True-Up
17 Factor is included in this Petition, the Company anticipates that any true-up for calendar
18 year 2026 will be included in the Company's 2027 Rider RGGI filing.

19 **Q. What costs are included in the Company's proposed Projected Cost Recovery**
20 **Factor?**

21 A. Broadly, these include Pre-Rate Year Costs (projected RGGI allowance costs incurred
22 during the eight-month period from when Virginia re-joins RGGI and the start of the Rate

1 Year (July 1, 2026 through February 28, 2027)),⁴ financing costs, and the cost of RGGI
2 allowances during the Rate Year ending February 29, 2028. Thus, the revenue
3 requirement is designed to recover approximately 20 months of RGGI-related costs over
4 the Rate Year. As detailed by Company Witness Teconchuk, the total Virginia
5 Jurisdictional revenue requirement is \$1,179,089,492.

6 **Q. Please address the Company's alternative Mitigation Proposal for recovery of Pre-**
7 **Rate Year Costs.**

8 A. The Company recognizes that the magnitude of the revenue requirement and the resulting
9 customer bill impact from these compliance costs is significant. One driver of the
10 revenue requirement is the need to recover 20 months of costs over a 12 month period.
11 Consistent with the Company's commitment to affordability and to help mitigate the
12 customer bill impact and improve rate stability, the Company has developed a voluntary
13 proposal to spread the Pre-Rate Year Costs over a two-year period, rather than recovering
14 over a standard one-year period.

15 My Figure 1 provides a graphical depiction of this deferred recovery Mitigation Proposal
16 for the Virginia jurisdictional revenue requirement. I would note that the Rate Year 2
17 estimates are based on current modeling and projections and should be expected to be
18 updated in any subsequent filing.

⁴ Some RGGI allowances may be purchased in June 2026 in advance of Virginia joining RGGI.

1

Figure 1

2

*Current estimate only; subject to refinement in future Rider RGGI filings

3 As reflected in Figure 1, the Company believes the alternative Mitigation Proposal could
 4 improve rate stability by recovering 16 months of RGGI-related costs in each of the first
 5 two rate years, rather than recovering 20 months of costs in the first Rate Year followed
 6 by 12 months of costs in the next rate year.

7 Ms. Teonchuk addresses the extent to which the Mitigation Proposal reduces the Rate
 8 Year revenue requirement in this case, lowering it by approximately 20.3%, from
 9 \$1,179,089,492 to \$939,747,667. Company Witness M. Robert Hines, in turn, addresses
 10 the corresponding reduction in customer bills under the Mitigation Proposal, lowering the
 11 monthly bill impact by approximately 20.3%, from \$13.00 to \$10.36 for a typical
 12 residential customer using 1,000 kWh a month.

13 **Q. Do you have any additional comments regarding the alternative Mitigation
 14 Proposal?**

15 A. Yes. As noted above, the Company has developed the voluntary Mitigation Proposal for
 16 the Commission's consideration in the interest of lessening the immediate increase to

1 customer bills and promoting rate stability over the next two rate years for Rider RGGI.
2 Based on current market prices and projections, the proposal is designed to reasonably
3 achieve these objectives. That said, the Company will be closely monitoring the
4 dynamics of the upcoming RGGI quarterly auctions and RGGI futures prices. The results
5 of the June auction were released on June 4, and the results of the September and
6 December auctions will be released while this proceeding is pending. If prices in the
7 upcoming auctions continue to increase such that a significant under-recovery would be
8 expected for the Rate Year, the Mitigation Proposal may no longer be in customers' best
9 interest. The Company will keep the Commission Staff apprised of these auction results
10 as the case proceeds.

11 **Q. What other Company witnesses are filing testimony in this case?**

12 A. The Company is presenting the testimony of the following additional witnesses:

- 13 • George E. Hitch, Senior Market Originator, provides a general overview of RGGI
14 and the mechanics of the RGGI auctions, and explains how the Company plans to
15 meet its obligations under RGGI.
- 16 • Casey L. Teonchuk, Regulatory Analyst III, sponsors the development of the
17 revenue requirements associated with Rider RGGI for the Rate Year under the
18 Mitigation Proposal and for standard recovery.
- 19 • M. Robert Hines, Director – Regulation, presents the calculation of the Rider
20 RGGI rates based on standard recovery as well as the Company's alternative
21 Mitigation Proposal, along with their corresponding impacts on customer bills.

1 **Q.** Does this conclude your pre-filed direct testimony?

2 **A.** Yes, it does.

**BACKGROUND AND QUALIFICATIONS
OF
LISA R. CRABTREE**

Lisa Crabtree assumed the role of Director of Strategic Planning on March 1, 2025. In this role, Ms. Crabtree is responsible for conducting long-term planning initiatives in support of regulatory filings, production cost modeling in support of large-scale investments, and developing integrated resource plans to serve the Company's customers' capacity and energy needs.

Ms. Crabtree previously served as Senior Counsel in the Dominion Energy Law Department within the State Regulatory group, where she was responsible for overseeing legal proceedings for Dominion Energy Virginia before the State Corporation Commission of Virginia, including rate cases, integrated resource and grid transformation plans, certificates for public convenience and necessity for clean energy projects, prudence review of power purchase agreements, rural broadband, energy storage, demand-side management programs, annual fuel factor updates, experimental tariffs and rate schedules, PIPP, and cases involving compliance with the Virginia Clean Economy Act.

Ms. Crabtree graduated from the University of Richmond with honors in 2007. In 2012, Ms. Crabtree earned her juris doctorate from the University of Notre Dame School of Law.

Virginia Electric and Power Company
 Rider RGGI

CO₂ Volume and Price Forecast

	Tons CO₂	Allowance Price
Jul-26	2,402,537	37.04
Aug-26	2,152,876	37.04
Sep-26	1,619,017	37.04
Oct-26	1,117,227	37.04
Nov-26	1,127,936	37.04
Dec-26	1,983,465	37.04
Jan-27	2,469,209	37.44
Feb-27	2,195,875	37.44
Mar-27	1,497,211	37.44
Apr-27	1,003,588	37.44
May-27	1,276,105	37.44
Jun-27	1,920,757	37.44
Jul-27	2,418,713	37.44
Aug-27	2,189,658	37.44
Sep-27	1,788,229	37.44
Oct-27	1,066,716	37.44
Nov-27	1,060,322	37.44
Dec-27	2,092,807	37.44
Jan-28	2,132,753	38.32
Feb-28	1,993,635	38.32
Mar-28	1,163,601	38.32
Apr-28	868,272	38.32
May-28	1,520,441	38.32
Jun-28	1,852,513	38.32
Jul-28	2,410,123	38.32
Aug-28	2,266,908	38.32
Sep-28	1,759,709	38.32
Oct-28	685,508	38.32
Nov-28	1,202,349	38.32
Dec-28	2,030,215	38.32