

WITNESS DIRECT TESTIMONY SUMMARY

Witness: Nathan J. Frost

Title: Director of New Technology and Energy Conservation

Summary:

Company Witness Nathan J. Frost presents the Company's proposal in the current Application. First, he provides an overview and updates to the Company's approach to DSM. More specifically, Mr. Frost explains how the Company has conducted DSM Programs in Virginia and explains how the Virginia Clean Economy Act ("VCEA") amended which customers are required to pay for costs of, and by extension participate in energy efficiency programs, by removing the automatic exemption under Subsection A 5 c for large commercial and industrial customers. The VCEA, through Va. Code § 56-596.2, further directs that at least 15% of costs be for programs designed to benefit low-income and elderly, disabled individuals, or veterans. The VCEA also specifies total annual energy savings targets, starting in year 2022 through 2025, with savings targets to be set by the Commission thereafter.

Mr. Frost further discusses the Company's participation in the independent moderator-led stakeholder group, which the VCEA extended the scope of the group to include feedback and input on, for example, best practices for evaluation, measurement, and verification ("EM&V") services. The Company incorporates stakeholder input into its requests for proposals ("RFP") and has made adjustments to the DSM process and planned administration of Programs in line with stakeholder feedback.

He then provides an overview of the Company's request for approval of DSM Phase XI, the proposed streamlining of its DSM Portfolio, and the associated cost caps. Mr. Frost highlights each of the new programs and discusses the underlying rationale for the four new Program Bundles.

Mr. Frost next addresses the VCEA's energy savings targets and discusses efforts underway to enhance Program performance and increase energy savings. Mr. Frost also provides an overview of the Company's cost recovery request for the rate year period of September 1, 2023, through August 30, 2024, through Riders C1A, C2A, C3A, and C4A, and describes the Company's compliance with the Commission's order and directives in the 2020 DSM proceeding, the 2021 DSM proceeding, and the 2020 EM&V proceeding (as applicable to this proceeding). Finally, Mr. Frost introduces the other witnesses presenting direct testimony in support of the Company's Application.

**DIRECT TESTIMONY
OF
NATHAN J. FROST
ON BEHALF OF
VIRGINIA ELECTRIC AND POWER COMPANY
BEFORE THE
STATE CORPORATION COMMISSION OF VIRGINIA
CASE NO. PUR-2022-00210**

1 **Q. Please state your name, business address, and position with Virginia Electric and**
2 **Power Company (“Dominion Energy Virginia” or the “Company”).**

3 A. My name is Nathan J. Frost, and my business address is 600 East Canal Street,
4 Richmond, Virginia 23219. I am Director of New Technology and Energy Conservation
5 for the Company. A statement of my background and qualifications is included as
6 Appendix A.

7 **Q. Please describe your areas of responsibility with Dominion Energy Virginia.**

8 A. I am responsible for delivering Demand-Side Management (“DSM”) programs
9 (individually, “DSM Program” or “Program,” collectively, “DSM Portfolio” or
10 “Portfolio”) for the Company. In addition, my responsibilities include the administration
11 of the integration of distributed generation resources on to the distribution grid.

12 **Q. Please describe the purpose of your testimony in this proceeding.**

13 A. My testimony supports the Company’s petition for approval to (1) implement DSM
14 “Phase XI,” which includes new Programs to supplement the overall Portfolio, new
15 Program Bundles, as well as associated requests for additional funding; and (2) update
16 and continue rate adjustment clauses (“RACs”) designated Riders C1A, C2A, C3A, and
17 C4A (collectively, the “Application”). Although we are still using the Phased approach
18 for purposes of cost caps and implementation, we are continuing to move to the newly

1 proposed seven program approach that the Company’s consultant, Cadmus,
2 recommended in the Company’s Long-Term Plan (“DSM LTP” or “LTP”).

3 Specifically, the purpose of my testimony is to:

- 4 (1) Provide an overview and updates to the Company’s approach to DSM;
- 5 (2) Present an overview of the Company’s request for approval of DSM Phase XI and
6 proposed streamlining of its DSM Portfolio;
- 7 (3) Address the Virginia Clean Economy Act (“VCEA”) energy savings targets and
8 discuss efforts underway to enhance program performance and increase energy
9 savings;
- 10 (4) Provide an overview of the Company’s cost recovery request for the rate year
11 period of September 1, 2023 through August 30, 2024 (“Rate Year”) through
12 Riders C1A, C2A, C3A, and C4A;
- 13 (5) Describe the Company’s compliance with the Virginia State Corporation
14 Commission’s (the “Commission”) order and directives in the 2021 DSM
15 proceeding, the 2020 DSM proceeding, and the 2020 evaluation, measurement,
16 and verification (“EM&V”) proceeding; and
- 17 (6) Introduce the other witnesses presenting testimony and summarize the requests
18 presented by the Company with this Application.

19 **Q. Are you sponsoring an exhibit in this proceeding?**

20 A. Yes. Company Exhibit No. __, NJF, consisting of Schedules 1-2, was prepared under my
21 direction and supervision, and is accurate and complete to the best of my knowledge and
22 belief.

23 **Q. How is your testimony organized?**

24 A. My testimony is organized as follows:

- 25 I. Overview and Update to Company’s DSM Approach
- 26 II. Request for Approval of Proposed Phase XI Programs and Proposed
27 Bundling of DSM Portfolio

- 1 III. VCEA Targets & Efforts to Enhance Performance and Increase Energy
- 2 Savings
- 3 IV. Cost Recovery Request
- 4 V. Additional Compliance with the Commission’s Orders
- 5 VI. Introduction of Company Witnesses and Summary of Requests

6 **I. OVERVIEW AND UPDATE TO COMPANY’S DSM APPROACH**

7 **Q. Please provide background on how the Company has conducted DSM Programs in**
8 **Virginia.**

9 A. In March 2007, a voluntary energy efficiency goal of 10% electricity savings was enacted
10 by the Virginia General Assembly. To achieve this goal, Dominion Energy Virginia
11 launched its DSM Programs, consisting of energy efficiency and peak shaving programs.
12 Dominion Energy Virginia offers voluntary energy conservation programs and useful
13 information to help residential and non-residential customers make energy efficient
14 improvements and reduce demand during peak periods.

15 Customers are required to meet specific eligibility criteria described in the terms and
16 conditions and program materials for each DSM Program. The terms and conditions,
17 Frequently Asked Questions, as well as other program materials, are developed post-
18 Commission approval to assist customers in understanding eligibility and program
19 expectations. The field implementation and administration services for the DSM
20 Programs are provided by third-party implementation vendors, which currently include
21 Bidgely, ClearResult, EnergyHub, Honeywell, ICF, Itron, Resource Innovations, and
22 PowerSecure. Each vendor is under contract with Dominion Energy Virginia to
23 implement and operate certain field-service-level functions for each DSM Program.

1 Dominion Energy Virginia’s Energy Conservation Department program managers have
2 oversight responsibility to ensure the third-party implementation vendors are operating in
3 accordance with the Commission’s approval and contracted responsibilities.

4 Energy savings associated with the Company’s DSM Programs are determined by
5 EM&V each year by the Company’s independent, third-party EM&V vendor, DNV. The
6 Company continues to file annual EM&V reports detailing energy and demand
7 reductions, as well as spending, participation, and other performance indicators, by
8 program via other performance reporting dashboards.

9 In 2021, approximately 116,300 residential and non-residential customers participated in
10 the Company’s DSM Programs and over 3.8 million LED bulbs were discounted. The
11 Company also provided over 24,000 appliance rebates to our residential customers. In
12 addition, the Residential Customer Engagement Program provided home energy reports
13 to over 300,000 residential customers. Overall, approximately \$34.5 million were
14 disbursed in rebate payments across the active programs. This resulted in Dominion
15 Energy Virginia customers saving approximately 184 gigawatt-hours of energy last year.

16 My Schedule 1 provides an executive summary of the Company’s 2021 DSM Portfolio
17 performance and is provided as part of this filing, consistent with the Commission’s
18 Order in Case No. PUR-2020-00156. This executive summary or “dashboard” was
19 created based on comments from stakeholders regarding which metrics were of most
20 interest to them. The data is for the prior calendar year—here 2021—and has been fully
21 audited via the Company’s processes and EM&V.

1 **Q. Please provide an overview of the VCEA as it relates to the Company’s DSM**
2 **Programs.**

3 A. The VCEA became effective on July 1, 2020, and contains several provisions that
4 amended the laws related to DSM programs. According to Subsection A 5 c of the
5 VCEA, a petition for energy efficiency programs shall include a “proposed budget for the
6 design, implementation, and operation of the energy efficiency program, including
7 anticipated savings from and spending on each program, and the Commission shall grant
8 a final order on such petitions within eight months of initial filing.” This subsection also
9 includes provisions that the Commission shall allow a margin for recovery on operating
10 expenses for energy efficiency programs until January 1, 2022, after which a margin is
11 dependent on what the Company has proposed, what the Commission has approved, and
12 whether the Company has met its total annual savings targets.

13 The VCEA also amended which customers are required to pay for costs of, and by
14 extension participate in energy efficiency programs, by removing certain automatic
15 exemption language, redefining the definition of Large General Service (“LGS”)
16 Customer, and directing the Commission to establish an opt-out procedure for eligible
17 customers implementing energy efficiency on their own. This change allowed the
18 Company to offer its DSM Programs to a broader group of non-residential customers. In
19 its Final Order in the 2020 DSM proceeding issued on September 7, 2021, the
20 Commission approved expanding eligibility for existing programs to the LGS Customers.

21 Also, as part of the VCEA, Virginia Code § 56-596.2 indicates that at least 15% of
22 energy efficiency program costs should be designed to benefit low-income and elderly,
23 disabled individuals, or veterans. Moreover, the VCEA specified total annual energy

1 savings targets for the Company to achieve, starting in year 2022 through 2025, with
2 savings targets to be set by the Commission thereafter. I will address these savings
3 targets and progress towards them later in my testimony.

4 Lastly, the VCEA expanded the scope of the stakeholder group to include feedback and
5 input on (i) the development of energy efficiency programs and portfolios of programs;
6 (ii) compliance with total annual energy savings targets and effect on integrated resource
7 plans; (iii) recommended policy reforms to ensure maximum and cost-effective energy
8 efficiency; and (iv) best practices for EM&V services. Section 56-596.2 also provides
9 that a utility must use a third-party evaluator to perform EM&V on total annual savings
10 targets and requires a third-party evaluator to provide reports on its findings concurrently
11 to the Commission and the utility.

12 **Q. Can you comment further on the Company’s participation in the independent**
13 **moderator-led DSM stakeholder group process?**

14 A. Yes. The Company continues to participate in stakeholder group meetings led by the
15 Commission-hired independent moderator, and in numerous subgroup meetings on a
16 variety of subject areas of most interest to stakeholders. During the meetings,
17 stakeholders provide input on areas of focus for energy efficiency programs and specific
18 conservation measures. The Company incorporates stakeholder input into its requests for
19 proposals (“RFP”) and has made adjustments to the DSM process and planned
20 administration of Programs in line with stakeholder feedback. For example, as discussed
21 later in my testimony, the Company’s proposed Non-residential Custom Program idea
22 came further to fruition with the help of the stakeholder process. In addition, in the most
23 recent stakeholder meeting on October 12, 2022, the Company solicited stakeholders for

1 new pilot ideas by suggesting a framework for stakeholders to work with the Company to
2 develop a novel pilot program. Company Witness Michael T. Hubbard addresses the
3 stakeholder and RFP processes further in his testimony and schedules, including the
4 process of moving from stakeholder idea to pilot or program proposal.

5 **II. REQUEST FOR APPROVAL OF PROPOSED PHASE XI PROGRAMS AND**
6 **PROPOSED BUNDLING OF DSM PORTFOLIO**

7 **Q. What are the Programs and Program Bundles for which the Company is seeking**
8 **approval through this Application?**

9 A. Consistent with the LTP, Phase XI includes five new Programs and two new Program
10 Bundles to streamline the DSM Portfolio. Additionally, there is one new Phase VIII
11 Program Bundle, as well as one new Phase IX Program Bundle. The five new Programs
12 are (i) Residential Customer Engagement (EE); (ii) Residential Energy Efficient Products
13 Marketplace (EE); (iii) Residential Peak Time Rebate (DR); (iv) Non-residential Custom
14 (EE); and (v) the Residential Electric Vehicle (“EV”) Telematics (Pilot). The four new
15 Program Bundles are the: (i) Residential Income and Age Qualifying Bundle (EE); (ii)
16 Non-residential Income and Age Qualifying Bundle (EE); (iii) Non-residential
17 Prescriptive Bundle (EE); and (iv) Residential Home Retrofit Bundle (EE).

18 The direct testimony and schedules of Company Witness Hubbard provide additional
19 detail regarding these Programs, the Program Bundles, and the measures included
20 therewith, as well as the projected participation and energy and demand savings.
21 Additionally, the direct testimony of Company Witness Edmund J. Hall provides
22 additional detail regarding the cost/benefit modeling and scores for these Programs.

1 However, I would like to highlight each of the new programs and discuss the rationale for
2 the streamlining into program bundles.

3 **Q. Please briefly elaborate on the Company’s new non-pilot Program requests.**

4 A. The proposed Residential Customer Engagement Program design will target certain high
5 energy usage customers and provide them with educational insights into their energy
6 consumption via a Home Energy Report (online and/or paper version). It will also ensure
7 continuation of this offering, which has proven very beneficial to customers.

8 The proposed Residential Energy Efficient Products Marketplace Program provides
9 residential customers with an incentive to purchase specific energy efficient appliances
10 with a rebate through an online marketplace and through stores. Building upon the
11 success of the Company’s Phase VII Residential Efficient Products Marketplace
12 Program, the proposed Phase XI program is a new program design that incorporates a
13 handful of new program measures.

14 The Residential Peak Time Rebate Program (“PTR”) has been an important element of
15 the Company’s Grid Transformation Plan (“GT Plan”), specifically with its most recent
16 2021 GT Plan Phase II filing (Case No. PUR-2021-00127) in which the Company
17 included program parameters for a future PTR program. This initiated the Company’s
18 solicitation of program designs for a PTR Program in its most recent 2022 DSM RFP.
19 See Filing Schedule 46C, Statement 1.

20 Accordingly, the Company is proposing a PTR Program to leverage the functionalities of
21 Advanced Metering Infrastructure, which would enable residential customers to reduce

1 their energy usage consumption during peak time periods as called upon by the
2 Company.

3 Lastly, the Non-residential Custom Program has continued to be an important program
4 concept that has been explored and noted through various stakeholder channels such as
5 the Company's LTP, the stakeholder process, as well as the Company's latest Market
6 Potential Study. The proposed Program design would provide qualifying non-residential
7 customers, with a focus on larger facilities with demand greater than 300 kW, with the
8 technical support and incentives needed to pursue non-standard, more complex energy
9 efficiency projects. Through this proposed Program, the Company can help qualifying
10 customers develop tailored projects that best meet their unique facility and organizational
11 goals while achieving savings from a diverse mix of measures. This program idea
12 resulted from the stakeholder process and fills a gap in the Company's DSM Portfolio.

13 **Q. Finally, please explain the Company's request for approval of the proposed**
14 **Residential EV Telematics Pilot.**

15 A. The Company has continued to stay informed and engaged on the latest market trends
16 pertaining to electric vehicles ("EV"). As such, the Company is proposing a pilot that
17 would complement the Company's existing Residential EV Demand Response Program
18 and leverage vehicle telematics to throttle charging when signaled. Instead of
19 communicating with the electric vehicle charger, the proposed Pilot Program would allow
20 for integration with the onboard vehicle telematics to capture charging data and control
21 the charging rate during load curtailment events dispatched by the Company.

1 **Q. What was the Company’s underlying rationale for the four Program Bundles**
2 **presented in this proceeding?**

3 A. In its 2021 DSM Final Order, the Commission approved the Company’s proposed
4 reorganization and consolidation of its DSM Portfolio consistent with the Company’s
5 LTP.¹ As noted in the LTP, the reorganization and streamlining of programs will help
6 improve budget management, produce more comprehensive participation options, offer
7 more comprehensive programs, expand outreach to residential customers and large non-
8 residential customers and thus enhance performance and energy savings. With these
9 goals in mind, the Company developed four new Program Bundles: (i) the Residential
10 Income and Age Qualifying Bundle (EE); (ii) the Non-residential Income and Age
11 Qualifying Bundle (EE); (iii) the Non-residential Prescriptive Bundle (EE); and (iv) the
12 Residential Home Retrofit Bundle (EE).

13 For example, with the Residential Income and Age Qualifying (“IAQ”) Bundle, the
14 Company has taken concrete steps to consolidate all IAQ offerings into one program
15 including both the pre-existing measures and several new program measures. This
16 Bundled Program approach will allow homes to be treated more comprehensively and
17 offer qualifying customers the opportunity to implement a wider variety of energy
18 efficiency measures during the in-home energy assessment stage. Likewise, the
19 Residential Home Retrofit Bundle will include prior measures from the Company’s DSM
20 Phase VII Residential Home Energy Assessment Program, which is concluding at the end
21 of 2024, as referenced in Company Witness Hubbard’s Direct Testimony, as well as

¹ *Petition of Virginia Electric and Power Company, For approval of its 2021 DSM Update pursuant to § 56-585.1 A 5 of the Code of Virginia, Case No. PUR-2021-00247, Final Order at 5, 6, 10 (Aug. 10, 2022) (“2021 DSM Final Order”).*

1 some new program measures, allowing residential customers to have a better experience
2 and optimal participation in the Company's offerings designed to make their homes more
3 efficient. Additionally, offering the Non-residential Prescriptive Bundle takes non-
4 residential programs that are difficult to market as stand-alone measures and adds them as
5 measures with the larger Prescriptive Bundle. This approach offers qualifying non-
6 residential customers the ease of implementing a wide variety of energy efficiency
7 measures specific to their needs while participating in just one program.

8 **Q. What is the proposed cost cap for the Phase XI Programs?**

9 A. The proposed five-year cost cap for the Phase XI Programs in the aggregate is
10 approximately \$149.5 million and \$170.5 million with the 15% variance allowance (5%
11 for the Residential Home Retrofit Bundle and the Non-residential Prescriptive Bundle).
12 Information regarding the individual proposed cost caps for each Program, and the
13 associated details, are provided by Company Witness Jarvis E. Bates. Consistent with the
14 Commission's approval in the 2021 DSM Update Final Order, the Company requests the
15 Commission allow spending flexibility up to 15% above the proposed caps. Doing so
16 would allow the Company to embrace popular and successful Programs and unlock
17 greater energy efficiency savings in those instances than may have otherwise been
18 achieved.

19 **Q. What are the closure dates proposed for the Phase XI Programs and the Program**
20 **Bundles?**

21 A. The Company is not proposing predetermined program closure dates, consistent with the
22 Commission's Order in Case No. PUR-2021-00247; however, five-year budgets are
23 being submitted for each program.

1 **III. VCEA TARGETS & EFFORTS TO ENHANCE PERFORMANCE AND**
2 **INCREASE ENERGY SAVINGS**

3 **Q. Earlier you referenced the energy efficiency savings targets the VCEA established**
4 **for 2022 through 2025 and beyond. Could you please explain what those targets**
5 **are?**

6 A. With the passage of the VCEA, the General Assembly has set aggressive carbon
7 reduction targets through the expansion of renewable generation resources, storage, and
8 energy efficiency. Specifically with respect to energy efficiency, the General Assembly
9 established the following total annual energy savings targets:

10 a. In calendar year 2022, at least 1.25 percent of the average
11 annual energy jurisdictional retail sales by that utility in
12 2019;

13 b. In calendar year 2023, at least 2.5 percent of the average
14 annual energy jurisdictional retail sales by that utility in
15 2019;

16 c. In calendar year 2024, at least 3.75 percent of the average
17 annual energy jurisdictional retail sales by that utility in
18 2019;

19 d. In calendar year 2025, at least 5.0 percent of the average
20 annual energy jurisdictional retail sales by that utility in
21 2019; and

22 For the time period 2026 through 2028, and for every
23 successive three-year period thereafter, the Commission
24 shall establish new energy efficiency savings targets.

25 It is unclear, at this time, whether the targets should apply to “gross” savings or “net”
26 savings. Gross savings account for all energy efficiency savings achieved by all program
27 participants; whereas net savings are gross savings adjusted for market effects, including
28 reductions for any energy efficiency savings that are attributed to “free riders,” who
29 would have achieved the energy savings regardless of the DSM Program. Although the

1 Company and parties to last year’s proceeding sought a determination from the
2 Commission whether the savings targets would be measured on a net or gross basis, the
3 Commission concluded through the 2021 DSM Update Final Order, “when Dominion
4 seeks findings on the savings achieved for purposes of this statute, the Company must
5 factually establish the amount of savings that occurred *as the result* of its programs and
6 measures.”²

7 Therefore, the Company will not know whether the target will be measured on a net or
8 gross savings basis until the 2023 DSM proceeding, where a final order is entered in the
9 third quarter of 2024, at the soonest, for the first savings target for calendar year 2022.

10 **Q. In its Final Order in the 2020 DSM proceeding, Case No. PUR-2020-00274, and as**
11 **restated in the Commission’s Preliminary Order in the 2021 DSM proceeding, the**
12 **Commission directed that the Company’s next DSM filing include “[an] exhibit**
13 **measuring Dominion’s actual and projected compliance or noncompliance with the**
14 **total energy savings requirements in Code § 56-596.2, using both net and gross**
15 **savings metrics.” Has the Company done so in this proceeding?**

16 A. Yes. In my Schedule 2, the Company is presenting its current estimation of energy
17 efficiency savings. It should be noted that this information reflects a snapshot in time and
18 it does not yet incorporate all of the improvements to energy efficiency savings that will
19 result from the Company’s implementation of the many recommendations in the DSM
20 LTP. The Company remains committed to doing everything practicable, in consultation
21 with a full range of stakeholders, to identify additional programs and process

² 2021 DSM Update Final Order at 9 (emphasis in original).

1 improvements to increase energy savings. As shown in my Schedule 2 and in Tables 1
 2 and 2 below, the Company is currently on track to achieve the energy efficiency savings
 3 target established for 2022 of 1.25% on either a net or gross basis.

Table 1

Net	Year	VCEA Target MWh	VCEA Target %	Approved DSM MWh	DSM 11 MWh	DSM12 MWh*	Opt-Outs MWh	Total DSM Forecast MWh	DSM Target %
	2022	852,892	1.25%	927,126	-	-	58,754	985,880	1.4%
	2023	1,705,783	2.50%	1,286,454	-	-	59,854	1,346,307	2.0%
	2024	2,558,675	3.75%	1,561,221	37,241	-	60,954	1,659,416	2.4%
	2025	3,411,567	5.00%	1,800,169	91,916	33,662	62,054	1,987,801	2.9%

Table 2

Gross	Year	VCEA Target MWh	VCEA Target %	Approved DSM MWh	DSM 11 MWh	DSM12 MWh*	Opt-Outs MWh	Total DSM Forecast MWh	DSM Target %
	2022	852,892	1.25%	1,266,029	-	-	58,754	1,324,783	1.9%
	2023	1,705,783	2.50%	1,703,430	-	-	59,854	1,763,284	2.6%
	2024	2,558,675	3.75%	2,005,103	40,080	-	60,954	2,106,137	3.1%
	2025	3,411,567	5.00%	2,252,895	100,964	40,228	62,054	2,456,141	3.6%

* DSM Phase 12 assumes same forecast as DSM Phase 9 only additional years in the future

4 **Q. Please describe how the Company’s customer awareness initiative is designed to**
 5 **enhance program performance and increase energy savings.**

6 A. The LTP emphasized the significance of a broad customer awareness campaign on the
 7 Company’s ability to achieve the VCEA energy savings targets. To that end, the
 8 Commission approved the Company’s recent request to direct funding toward improving
 9 customer awareness and marketing as well as program enrollment in the 2021 DSM
 10 Update Final Order. This increased funding is expected to drive greater awareness,
 11 changes to improve customer experience, and enrollment in DSM Programs, with early
 12 updates underway and additional enhancements to take place throughout 2023. Over the
 13 past year, the Company has taken steps to improve customer awareness including, but not

1 limited to, various promotional materials and bill inserts, attending community and
2 regional events, and optimizing and simplifying the Company's website.

3 In addition to leveraging existing program awareness efforts and opportunities, the
4 Company has partnered with an experienced marketing firm, West Cary Group, to
5 develop and execute an overarching and comprehensive portfolio marketing and outreach
6 strategy, which was most recently shared with stakeholders in the October 2022
7 stakeholder meeting. This strategy will be informed by the LTP and stakeholders and
8 will expand participation in DSM programs while simplifying enrollment in the
9 Company's bundled DSM program portfolio (described in Company Witness Hubbard's
10 testimony). These enhancements will improve the overall customer experience—from
11 program awareness to rebate/incentive fulfillment. Furthermore, West Cary Group is
12 already engaged in an initial 90-day plan to identify and implement near-term
13 enhancements that leverage the Company's existing marketing and communication
14 channels. Additionally, a~~A~~ more comprehensive review is also underway that will
15 inform an overall awareness strategy that will be implemented in 2023 and beyond.

16 **Q. Has the Company engaged its implementation vendors regarding ways to enhance
17 program performance and increase savings?**

18 A. Yes, the Company continues to collaborate with implementation vendors to implement
19 improvements that will further enhance program participation and customer awareness.
20 For example, the Company most recently identified an opportunity to increase program
21 participation in the Company's Phase IX Non-residential Agricultural Program (EE).
22 Since the launch of the Program, the implementation vendor learned that there are
23 agrarian and equestrian locations, some family farms for example, that are interested in

1 the program and its measure mix, but those customers are receiving service under a
2 residential tariff. Consequently, the Company has presented the results of a revised
3 program design and cost/benefits results in the direct testimony of Company Witness Hall
4 and is requesting that the Commission allow the Company to expand eligibility for the
5 Program to offer it to residential customers, in addition to the non-residential customers.

6 Another example is the Company's continued commitment to working with the
7 implementation vendors to address unexpected workforce shortages and limited technical
8 expertise within the residential energy audit sector that may impact program
9 performance. During the past year, it has become apparent that there is a shortage of
10 Business Performance Institute ("BPI") certified auditors to assist with the Company's
11 Residential Home Retrofit Program. The Company is working with the program
12 implementation vendor to increase its contractor network's BPI certification throughout
13 the trade ally network to bolster individual contractor awareness and training while also
14 increasing program participation. Special training sessions are being provided for
15 interested individuals within the Company's contractor networks/trade allies to address
16 this need.

17 **Q. The LTP also identified strengthening the continuous improvement framework as a**
18 **way to potentially enhance program participation and increase savings. Please**
19 **address the Company's efforts in this regard.**

20 A. Strengthening the continuous improvement framework requires the Company to assess,
21 improve, and track the effectiveness of our Programs' design and delivery. This helps the
22 Company optimize Programs over time. The Company is in regular and consistent
23 communication with its implementation providers to gauge performance of the Programs

1 and discuss opportunities for improvement where needed. The Company is also actively
2 coordinating with DNV to conduct several baseline reviews and impact evaluations. The
3 Company is further planning for more comprehensive process evaluations on selected
4 programs. This step directly aligns with the recommendation in the LTP that targeted
5 process evaluations of high-priority Programs would help the Company to optimize
6 Programs and continually improve their effectiveness.

7 The Company sees the continuous improvement framework as ~~an~~ ~~major~~ area where
8 increased energy efficiency savings may be achieved over the next several years and
9 beyond, and we are excited to embark upon a more comprehensive review and feedback
10 process regarding our DSM Programs. An important next step will be to identify
11 programs for process evaluation, which the Company will initiate in early 2023. The
12 Company will continue to engage stakeholders, including the vendor network delivering
13 programs, on this important initiative.

14 **Q. Also, as part of the VCEA, Virginia Code § 56-596.2 indicates that at least 15% of**
15 **energy efficiency program costs should be designed to benefit low-income and**
16 **elderly, disabled individuals, or veterans. With the filing of this application, what is**
17 **the Company's progress towards this goal?**

18 A. As detailed and supported by Company Witness Bates, including the Phase XI Programs
19 and Bundles, the Company has exceeded this statutory goal with these program costs
20 comprising 15.4% of its DSM Portfolio costs.

1 **Q. Separate from the VCEA energy efficiency savings targets, the GTSA requires the**
2 **Company to propose a minimum of \$870 million towards energy efficiency between**
3 **2018-2028. With the filing of this Application, what level of energy efficiency**
4 **specific spending has the Company proposed?**

5 A. As detailed by Company Witness Bates, and inclusive of the programs proposed in this
6 Application, the Company has proposed approximately \$713 million (including \$107
7 million requested with this Application) of spending on energy efficiency programs since
8 the passage of the GTSA, meaning the Company is well on its way to meeting the
9 proposed spending target.

10 **IV. COST RECOVERY REQUEST**

11 **Q. Please provide an overview of the Company’s cost recovery request.**

12 A. With this Application, the Company requests recovery through Riders C1A, C2A, C3A,
13 and C4A of (i) Rate Year costs associated with its Phase II, III, IV, V, VI, VII, VIII, IX,
14 X, and XI Programs and Bundles; and (ii) True-up of actual costs and revenues for the
15 period of January 1, 2021 through December 31, 2021, for eligible programs through a
16 Monthly True-Up Adjustment.

17 The total revenue requirement requested in this proceeding is \$107,442,503 and is
18 detailed in Company Witness Justin A. Wooldridge’s pre-filed direct testimony.
19 Company Witness Christopher C. Hewett addresses the proposed allocation methodology
20 for the revenue requirement, which is consistent with the methodology previously
21 approved by this Commission. Lastly, Company Witness Emilia L. Catron presents the
22 Riders C1A, C2A, C3A, and C4A and associated estimated customer bill impacts.

V. ADDITIONAL COMPLIANCE WITH THE COMMISSION’S ORDERS

Q. As applicable to this proceeding, please discuss the Commission’s Final Order in the 2020 DSM proceeding, Case No. PUR-2020-00274, and the Company’s 2021 DSM proceeding, Case No. PUR-2021-00147, and how the Company has complied with the directives therein.

A. In the 2020 DSM Final Order and the 2021 DSM Final Order, the Commission directed the Company to comply with certain requirements. Please see the table below for a summary of how the Company complied with each filing requirement relevant to this instant filing.

Filing Requirement (Order)	Company Compliance
Provide an exhibit measuring the Company’s actual and projected compliance or noncompliance with the total energy savings requirements in Va. Code § 56-596.2, using both net and gross savings metrics (2020 DSM Final Order)	As mentioned above, my Schedule 2 provides the requested information.
Provide information reflecting how EM&V plans are developed in conjunction with DSM program design rather than after such DSM programs are implemented (2020 DSM Final Order)	Please see the direct testimony of Company Witness Dan Feng.
Provide with its next DSM filing a chart that summarizes the following for all active programs through the end of the True-up period: (i) total incentives; (ii) incentive cost per participant; (iii) non-incentive cost per participant; (iv) margin cost per participant; (v) total cost per participant; and (vi) the percentage of margin and non-incentive costs in relation to total costs (2020 DSM Final Order)	Please see the direct testimony of Company Witness Jarvis Bates for the requested information and his related schedules.

Filing Requirement (Order)	Company Compliance
Provide detailed supporting cost information for the measures included in its IAQ Programs going forward (2020 DSM Final Order)	Please see the direct testimony of Company Witness Michael Hubbard for the requested information. Specifically, please see his Schedules 1 - 4 for the supporting costs of the IAQ Programs.
Calculate return on equity (“ROE”) only for purposes of the True-Up and do not include margin as part of the calculation for the Projected Cost Recovery Factor; exclude margin for Company’s operations and maintenance (“O&M”) costs until the Commission determines the Company has met its annual energy efficiency standards and margin will be applied as part of the future true-up (2020 DSM Final Order)	Please see the direct testimony of Company Witness Justin Wooldridge for the requested information and his related schedules.
Provide additional information in future EM&V Reports to evaluate how programs are performing (2021 DSM Final Order)	Please see the direct testimony of Company Witness Dan Feng.
Include updated cost/benefit analysis of the DSM programs, along with a comparison of the updated cost/benefit analysis to the original cost/benefit analysis when the Program was approved, as well as the results of cost/benefit analyses from prior EM&V Reports (2021 DSM Final Order)	Please see the direct testimony of Company Witness Edmund J. Hall.

1 **Q. In Case No. PUR-2020-00156, which reviewed the Company’s EM&V practices, the**
2 **Commission directed additional filing requirements with respect to the Company’s**
3 **DSM updates. Has the Company adhered to these requirements?**

4 A. Yes. Company Witness Dan Feng addresses the additional filing requirements issued by
5 the Commission in the EM&V proceeding and how the Company complied with the
6 necessary requirements for this DSM Update filing. Please see the table below for a

1 summary of how the Company complied with each filing requirement relevant for this
 2 instant filing.

Filing Requirement	Company Compliance
Provide an executive summary dashboard in the December filing and in May with the EM&V Report, which will present a summary of the Company’s 2021 DSM Portfolio performance	As noted above, please see my Schedule 1 for the requested information.
Provide a sample data chart for existing and proposed programs, which will present a mix of verified persistent savings and projections for future years	Please see the direct testimony of Company Witness Michael Hubbard for the requested information. The data chart is provided as his Schedule 7.
File the EM&V Report in the Company’s December DSM filing (in electronic form for the December filing) and in May ³ of the docket of the prior complete DSM update case	Please see the direct testimony of Company Witness Dan Feng. Ms. Feng sponsors the EM&V Report as her Appendix C. The EM&V Report is provided electronically on an eRoom designated for this proceeding.

3 **Q. Lastly, in the 2017 DSM Final Order, the Commission directed the Company to (i)**
 4 **conduct biennial internal audits of the controls surrounding incentive and rebate**
 5 **payments with regard to each of the Company’s DSM programs, and (ii) provide to**
 6 **Staff the audit report with supporting documentation, including a detailed**
 7 **description of how the audit findings have been addressed. Please comment.**

8 A. The Company completed the most recent internal biennial audit as part of last year’s
 9 DSM case and reviewed the results in detail with Staff. The next scheduled internal audit

³ On May 13, 2022, the Commission granted the Company’s motion to extend the filing date of its EM&V Reports from May 15, 2022 to June 15, 2022 each year. *Petition of Virginia Electric and Power Company, For approval of its 2021 DSM Update pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUR-2021-00247, Order on Motion (May 13, 2022).

1 will be conducted in 2023 and reported to Staff, with an update to the Commission in the
2 DSM proceeding in December of 2023.

3 **VI. INTRODUCTION OF COMPANY WITNESSES AND SUMMARY OF REQUESTS**

4 **Q. What other Company witnesses are filing direct testimony in this proceeding?**

5 A. The Company is pre-filing direct testimony of the following eight witnesses in addition to
6 my own:

- 7 • Company Witness Michael T. Hubbard will present testimony regarding the status
8 of the Company's approved and active DSM Programs and address the
9 Company's efforts to bring forward cost-effective program designs in our current
10 case. Company Witness Hubbard will also provide an update on the Company's
11 quality assurance and quality controls process for its DSM Programs.
- 12 • Company Witness Edmund J. Hall will discuss the Company's processes for
13 screening and selecting DSM Programs, including screening criteria for
14 evaluation of DSM Programs. Company Witness Hall will also present the results
15 of the cost/benefit test results for the Phase XI Programs and provide updated
16 cost/benefit test results for the ongoing DSM Programs.
- 17 • Company Witness Jarvis E. Bates will provide cost projections for the Rate Year
18 and proposed cost caps for the Phase XI Programs. Mr. Bates will also present
19 the actual costs of the approved DSM Programs.
- 20 • Company Witness Justin A. Wooldridge will present the revenue requirement for
21 Riders C1A, C2A, C3A, and C4A over the Rate Year, including the True-up for
22 calendar year 2021.
- 23 • Company Witness Christopher C. Hewett will explain the Company's allocation
24 and assignment of costs for its DSM Programs to the Virginia Jurisdiction and
25 customer classes.
- 26 • Company Witness Emilia L. Catron will present the calculation of Riders C1A,
27 C2A, C3A, and C4A.
- 28 • Company Witness Dan Feng of DNV will sponsor the EM&V Plans for the
29 proposed Phase XI Programs.
- 30 • Company Witness Terry M. Fry of Cadmus will discuss updates to the
31 Company's approach to analyzing the cost-effectiveness of the proposed Phase XI
32 DSM programs.

1 **Q. Please summarize the requests the Company is making with this 2022 DSM**
2 **Application.**

3 A. The Company's Application in this proceeding requests the following approvals from the
4 Commission:

- 5 • Authorization to offer five new Phase XI DSM Programs and four Program
6 Bundles to eligible customers;
- 7 • Approval of the aggregate Phase XI DSM Program cost cap of \$149.5 million, the
8 individual cost caps presented by Company Witness Bates, and the ability to
9 exceed the cost cap by no more than 15%;
- 10 • Authorization to operate Phase XI DSM Programs and Program Bundles without
11 a predetermined closure date;
- 12 • Allow the Company to offer the DSM Phase IX Agricultural Program to its
13 residential customers, in addition to non-residential customers;
- 14 • Approval of the Rate Year beginning September 1, 2023 and ending August 31,
15 2024;
- 16 • Approval of a revenue requirement of \$107,442,503 to be recovered through
17 revised Riders C1A, C2A, C3A, and C4A over the Rate Year;
- 18 • Approval of the same allocation methodology as previously-approved in 2021
19 DSM proceeding;
- 20 • Approve the Company's request to continue Riders C1A, C2A, C3A, and C4A to
21 be effective for billing purposes on the latter of September 1, 2023, or the first
22 day of the month which is at least 15 days following the date of any Commission
23 order approving Riders C1A, C2A, C3A, and C4A; and
- 24 • Approval of Phase XI Program EM&V Plans.

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

26 A. Yes, it does.

**BACKGROUND AND QUALIFICATIONS
OF
NATHAN J. FROST**

Nathan J. Frost graduated from James Madison University with a Bachelor of Business Administration in Finance. He joined Dominion Energy in 2005 and has held numerous positions in the areas of Enterprise Risk Management, Producer Services, Investor Relations, and Power Delivery. Mr. Frost assumed his current position as Director – New Technology and Energy Conservation for Dominion Energy Virginia in January 2019. In this position, Mr. Frost is responsible for delivering demand side management solutions and administering the integration of distributed generation resources on to the distribution grid.

Mr. Frost has previously testified before the State Corporation Commission of Virginia.