

**State Corporation Commission
2025 General Assembly Session
State Fiscal Impact Statement**

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ORIGINAL

Bill Number: HB2346 **Patron:** Hernandez
Bill Title: Electric utilities; virtual power plant pilot program.

Bill Summary: Requires Dominion Energy Virginia and Appalachian Power to petition the State Corporation Commission for approval to conduct a pilot program to evaluate methods to optimize demand through various technology applications, including the establishment of virtual power plants. The bill requires the pilot program to evaluate electric grid capacity needs and the ability of such virtual power plants to provide grid services, including peak-shaving, during times of peak electric demand.

Budget Amendment Necessary: No **Items Impacted:** 476 (NGF 02080)
Explanation: The fiscal impact of HB2346 would occur in FY2028. A budget amendment is not needed for the current budget bill.

Fiscal Summary: Fiscal impact estimate is preliminary.

General Fund Expenditure Impact: None

Nongeneral Fund Expenditure Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
SCC				\$95,000		
TOTAL				\$95,000		

Position Impact: None

Fiscal Analysis: The requirements of the bill would require the use a consultant to assist with the final review of the data and results, lessons learned in relation to implementation of Federal Energy Regulatory Commission Order 2222 by PJM Interconnection, and the proceeding to establish a permanent program for each electric utility. Additionally, the use of an FTE in lieu of a consultant may be evaluated if the cumulative workload of this and other related bills were to pass.

The costs to the State Corporation Commission (SCC) to implement the requirements in this bill will impact its Public Utility Fund (02080). The current rate cap authorization (58.1-2900) as approved by the General Assembly (GA) is not sufficient to generate the revenue needed for the Fund to cover the costs of this bill’s requirements. However, bills HB2663 and SB1336 have been introduced in the 2025 GA session to adjust electric consumption rate caps to fund SCC existing expenses and potential new expenses from electric utility

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SCC oversight legislation passed during the 2025 GA Session. The costs associated with HB2346 can be absorbed from the revenue that would result from the passage of HB2663/SB1336.

Other: None