State Corporation Commission 2025 General Assembly Session State Fiscal Impact Statement

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Bill Number: SB893 Patron: Surovell

Bill Title: Renewable energy portfolio standard program; geothermal heating and cooling systems;

report.

Bill Summary: For purposes of the renewable energy portfolio standard program, requires Dominion Energy Virginia and American Electric Power to procure and retire certain percentages of renewable energy certificates from geothermal heating and cooling systems, as defined in the bill, beginning with the 2026 compliance year and thereafter. The bill amends the method by which renewable energy certificates from geothermal heating and cooling systems are calculated and requires the State Corporation Commission to identify an appropriate formula for such calculation that is supported by a geothermal industry trade organization.

The bill directs the Commission on Electric Utility Regulation to prepare and deliver a report evaluating the procurement and retirement of renewable energy certificates from geothermal heating and cooling systems in the Commonwealth on or before November 1, 2027.

The bill also directs the Real Estate Appraiser Board to evaluate the development of a continuing education curriculum for licensees that includes how to calculate the value of energy efficiency equipment for the purposes of real estate appraisal.

Budget Amendment Necessary: Yes **Items Impacted:** 476 (NGF 02080)

Explanation: There will be a fiscal impact on the State Corporation Commission (SCC) due to increased

workload and potential retaining of an expert.

Fiscal Summary:

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		\$50,000				
TOTAL		\$50,000				

Position Impact: None

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Fiscal Analysis: A proceeding will be needed to establish a formula for geothermal Renewable Energy Certificates (RECs) which will result in additional workload for the State Corporation Commission. The requirement for the Commission to identify an appropriate formula for RECS from geothermal heating and cooling systems is to be supported by a geothermal industry trade organization. This requirement could necessitate the retaining of an expert in the geothermal trade organization industry to ensure compliance with this new language. Experts have previously cost approximately \$50,000.

The SCC costs 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 SCC oversight legislation passed during the 2025 GA Session. The costs associated with SB893 can be absorbed from the revenue that would result from the passage of HB2663/SB1336.

The bill directs the Commission on Electric Utility Regulation (CEUR) to prepare and deliver a report evaluating the procurement and retirement of renewable energy certificates from geothermal heating and cooling systems in the Commonwealth on or before November 1, 2027. The CEUR anticipates being able to absorb the evaluation report into the normal operating activities of the Commission, either through internal staff or through contract agreement(s) funded by the CEUR's budget.

The bill also directs the Real Estate Appraiser Board to evaluate the development of a continuing education curriculum for licensees that includes how to calculate the value of energy efficiency equipment for the purposes of real estate appraisal. Any fiscal impact on the Department of Professional and Occupational Regulation is not yet available.

Other: None