State Corporation Commission 2025 General Assembly Session State Fiscal Impact Statement

PUBLISHED: 1/27/2025 12:19 PM ORIGINAL

Bill Number: SB1047 Patron: Roem

Bill Title: Electric utilities; demand response programs for certain customers.

Bill Summary: Requires each investor-owned utility to implement a demand response program under which any customer whose demand during the most recent calendar year was 25 megawatts or greater or whose anticipated annual demand is 25 megawatts or greater is required to participate. The bill requires each utility to petition the State Corporation Commission for approval of its demand response program by January 1, 2026, and requires that the petition include a reasonable timeline for the implementation of the program and participation by all such customers.

Under the bill, any such demand response program must (i) meet the minimum reliability and resource adequacy standards set by the regional transmission entity of which the utility is a member, (ii) reduce customers' energy consumption during the grid's emergency events or when called upon, (iii) not increase local air pollution through the use of fossil fuels generators, and (iv) be cost-effective.

The Commission is required to issue its final order regarding the petition within six months following the date of the filing.

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

Explanation: Fiscal Impact Estimate is Preliminary

Fiscal Summary: The State Corporation Commission anticipates three simultaneous filings to address the requirements of the bill. Accordingly, this bill may necessitate the use of a consultant due to workforce and timing constraints.

General Fund Expenditure Impact: None

Nongeneral Fund Expenditure Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	FY2027	<u>FY2028</u>	<u>FY2029</u>	FY2030
SCC		\$75,000				·
TOTAL		\$75,000				

Position Impact: None

Fiscal Analysis: The State Corporation Commission anticipates three simultaneous filings to address the requirements of the bill within the required timeline. Accordingly, this bill may necessitate the use of an outside consultant due to workforce and timing constraints. Additionally, the use of a full-time employee in lieu of a consultant may be evaluated if the cumulative workload of this and other related bills were to pass.

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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 SB1047 can be absorbed from the revenue that would result from the passage of HB2663/SB1336.

Other: None