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

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Bill Number: HB2744 H1 Patron: Sickles

**Bill Title:** Electric utilities; energy efficiency upgrades.

**Bill Summary:** States that it is the policy of the Commonwealth to reduce, wherever feasible and cost-effective, heating-related costs of living for low-income residents. The bill requires Dominion Energy and Appalachian Power Company to make best, reasonable efforts to provide prescriptive efficiency measures, as defined in the bill, and related efficiency improvements to at least 30 percent of the qualifying households identified by the utility by December 31, 2030, provided that the State Corporation Commission (Commission) determines that such upgrades are in the public interest.

The Commission may in its discretion provide performance-based incentives to a Phase I or Phase II Utility including early action credit for prescriptive efficiency measures installed before January 1, 2029, and the Commission may, at any time before January 1, 2029, make a determination on whether the target for prescriptive efficiency measures and related efficiency improvements is feasible and, based on that determination, may adjust the target at its sole discretion. The Commission shall not penalize a utility for its inability to meet the 30 percent target.

The bill also requires Dominion Energy and Appalachian Power Company to report, no later than January 1, 2027, and in any recurring filing that the Commission deems appropriate, activities, plans, and progress regarding the provisions of the bill.

A Phase I or Phase II Utility shall consult directly with the Department of Energy to utilize, wherever feasible, state-derived or federally derived sources of funding for the purposes of implementation.

**Budget Amendment Necessary:** No **Items Impacted:** None

**Explanation:** Not Applicable

**Fiscal Summary:** This bill will result in additional work for the State Corporation Commission, but the increased workload is indeterminate.

**General Fund Expenditure Impact:** None

Nongeneral Fund Expenditure Impact: Indeterminate

Position Impact: None

**Fiscal Analysis:** This legislation requires Phase I and Phase II utilities to identify qualifying low-income customers who store and use on-site fuel and provide them with prescriptive energy efficiency measures. Utilities will file for approval from the Commission for such programs and provide progress reporting annually

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starting no later than January 1, 2027. This will increase the overall workload of the Commission as it requires new proceedings for approval of these types of programs and potentially targets related to them.

There are several legislative proposals advancing in the 2025 Regular Session that involve a proceeding, new regulations, or direct the Commission to lead a work group or author a report. The cumulative effect of enactment of these types of proposals will exceed the capacity of Commission Staff responsible for public utility regulation and may result in the need for additional appropriations, positions, or both.

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. Any costs associated with HB2744 can be absorbed from the revenue that would result from the passage of HB2663/SB1336.

Other: None