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1 **HOUSE BILL NO. 903**

2 Offered January 14, 2026

3 Prefiled January 13, 2026

4 *A BILL to require the State Corporation Commission to convene a work group to design an effective*
5 *regulatory framework to improve electric utility performance in the Commonwealth; report.*

6 Patron—Sullivan

7 Committee Referral Pending

8 **Be it enacted by the General Assembly of Virginia:**9 **1. § 1. That the State Corporation Commission (the Commission) shall convene a work group to design an**
10 **effective regulatory framework to improve electric utility performance in the Commonwealth and develop**
11 **related legislative recommendations. The work group shall base its efforts on the Commission's report on**
12 **Opportunities for Performance-Based and Alternative Regulatory Tools in Virginia and shall:**13 **1. Assess the feasibility of consolidating existing rate adjustment clauses and identify any legislative**
14 **actions necessary to implement such consolidation. In conducting such assessment, the work group shall (i)**
15 **identify which costs investor-owned electric utilities are currently authorized to recover through rate**
16 **adjustment clauses, including under § 56-585.1 of the Code of Virginia, that the work group determines**
17 **would be more appropriately recovered through base rates and (ii) evaluate which existing rate adjustment**
18 **clauses can be appropriately consolidated while retaining sufficient transparency;**19 **2. Evaluate the incentives for fuel cost management by investor-owned electric utilities and implement or**
20 **recommend fuel cost-sharing mechanisms and develop related legislative recommendations;**21 **3. Evaluate the incentives for investor-owned electric utilities to comply with the energy efficiency targets**
22 **and renewable energy portfolio standards established by Chapters 1193 and 1194 of the Acts of Assembly of**
23 **2020 and develop related legislative recommendations, incorporating strategies that incentivize cost**
24 **containment;**25 **4. Identify and recommend a set of performance-incentive mechanisms with incentives for reasonably**
26 **challenging, but achievable, priority outcomes. The Commission may meet the requirements of this**
27 **subdivision by expanding the use of performance-incentive mechanisms through Case No. PUR-2023-00210;**28 **5. Develop an all-source competitive procurement framework to make additional progress toward desired**
29 **outcomes, including peak demand reduction, cost efficiency, and competitive market outcomes, and identify**
30 **related legislative updates necessary for resource planning or certificate of public convenience and necessity**
31 **requirements to ensure a common approach; and**32 **6. Design the primary structures of a potential performance-based regulation framework based on**
33 **principles proposed by the Commission for stakeholder consideration and develop related legislative**
34 **recommendations.**35 **The work group shall include representatives from Phase I and Phase II Utilities, as such terms are**
36 **defined in subdivision A 1 of § 56-585.1 of the Code of Virginia, all electric service customer classes,**
37 **Commission staff, the Office of the Attorney General, environmental organizations, consumer protection**
38 **groups, and local communities. The Commission shall facilitate and document the proceedings of the work**
39 **group and submit a written report, including any findings and recommendations, to the Chairmen of the**
40 **House Committee on Labor and Commerce and the Senate Committee on Commerce and Labor on or before**
41 **October 31, 2026, and make a copy of such report publicly available on the Commission's website at the**
42 **same time as such submission.**

INTRODUCED

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