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SENATE BILL NO. 251

Offered January 14, 2026

Prefiled January 12, 2026

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

Patron—Surovell

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. § 1. That the State Corporation Commission (the Commission) shall convene a work group to design an effective regulatory framework to improve electric utility performance in the Commonwealth and develop related legislative recommendations. The work group shall base its efforts on the Commission's report on Opportunities for Performance-Based and Alternative Regulatory Tools in Virginia and shall:

1. Assess the feasibility of consolidating existing rate adjustment clauses and identify any legislative actions necessary to implement such consolidation. In conducting such assessment, the work group shall (i) identify which costs investor-owned electric utilities are currently authorized to recover through rate adjustment clauses, including under § 56-585.1 of the Code of Virginia, that the work group determines would be more appropriately recovered through base rates and (ii) evaluate which existing rate adjustment clauses can be appropriately consolidated while retaining sufficient transparency;

2. Evaluate the incentives for fuel cost management by investor-owned electric utilities and implement or recommend fuel cost-sharing mechanisms and develop related legislative recommendations;

3. Evaluate the incentives for investor-owned electric utilities to comply with the energy efficiency targets and renewable energy portfolio standards established by Chapters 1193 and 1194 of the Acts of Assembly of 2020 and develop related legislative recommendations, incorporating strategies that incentivize cost containment;

4. Identify and recommend a set of performance-incentive mechanisms with incentives for reasonably challenging, but achievable, priority outcomes. The Commission may meet the requirements of this subdivision by expanding the use of performance-incentive mechanisms through Case No. PUR-2023-00210;

5. Develop an all-source competitive procurement framework to make additional progress toward desired outcomes, including peak demand reduction, cost efficiency, and competitive market outcomes, and identify related legislative updates necessary for resource planning or certificate of public convenience and necessity requirements to ensure a common approach; and

6. Design the primary structures of a potential performance-based regulation framework based on principles proposed by the Commission for stakeholder consideration and develop related legislative recommendations.

The work group shall include representatives from Phase I and Phase II Utilities, as such terms are defined in subdivision A 1 of § 56-585.1 of the Code of Virginia, all electric service customer classes, Commission staff, the Office of the Attorney General, environmental organizations, consumer protection groups, and local communities. The Commission shall facilitate and document the proceedings of the work group and submit a written report, including any findings and recommendations, to the Chairmen of the House Committee on Labor and Commerce and the Senate Committee on Commerce and Labor on or before October 31, 2026, and make a copy of such report publicly available on the Commission's website at the same time as such submission.