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1 **HOUSE BILL NO. 1275**

2 Offered January 14, 2026

3 Prefiled January 14, 2026

4 *A BILL to amend the Code of Virginia by adding a section numbered 56-585.1:17, relating to electric*
5 *utilities; recovery of certain project development costs; contingent expiration date.*

6 Patron—Phillips

7 Committee Referral Pending

8 **Be it enacted by the General Assembly of Virginia:**9 **1. That the Code of Virginia is amended by adding a section numbered 56-585.1:17 as follows:**10 **§ 56-585.1:17. Recovery of project development costs associated with certain electric generation**
11 **facilities; exemption.**12 A. As used in this section, "project development costs" means all costs associated with the development of
13 one or more electric generation facilities, regardless of fuel source, including costs of evaluation, design,
14 engineering, federal approvals and licensing, environmental analysis and permitting, early site permitting,
15 equipment procurement, and authorized rate of return.16 B. Notwithstanding any limitation under subdivision A 6 of § 56-585.1, an investor-owned utility may
17 petition the Commission at any time for approval of a rate adjustment clause pursuant to subdivision A 6 of
18 § 56-585.1 for the recovery of project development costs for the construction or purchase and operation of an
19 electric generation facility, regardless of fuel source. Investor-owned electric utilities may petition the
20 Commission for up to five electrical generation facilities pursuant to this section. Any utility that petitions the
21 Commission for recovery of project costs under this section shall demonstrate that such utility has evaluated
22 funding opportunities from the U.S. Department of Energy. In determining whether to approve such cost
23 recovery, the Commission shall determine whether the electric generation facility and any associated
24 facilities (i) are necessary for the reliability of electric grid systems in the Commonwealth, (ii) represent the
25 most reasonable and cost-effective option available to electric utilities and customers, and (iii) are consistent
26 with maintaining just and reasonable rates for electric utility customers. Nothing in this section shall limit the
27 Commission's discretion to determine whether the proposed project development costs are reasonable and
28 prudent. As part of a final order approving such cost recovery, the Commission may impose a deadline by
29 which the relevant utility shall either (i) place the electric generation facility into commercial operation or
30 (ii) sell the permitted site and return the proceeds of the sale to its customers.31 C. An electric generation facility approved for cost recovery under this section shall be exempt, for the
32 duration of its useful financial life, from any other requirement of this chapter or other law or regulation
33 requiring the retirement, decommissioning, closure, or prohibition of carbon-emitting electric generating
34 resources. The Commission shall determine the useful financial life of an electric generation facility to
35 ensure full and reasonable recovery of prudently incurred costs and to protect customer investments in such
36 facility.37 D. The annual revenue requirement for any rate adjustment clause authorized pursuant to this section
38 shall not exceed an amount that would increase the monthly bill of the utility's typical residential customer in
39 the Commonwealth utilizing 1,000 kilowatt-hours of electricity monthly by more than \$1.40.40 E. To the extent that the provisions of this section are in conflict with any other provision of this chapter,
41 the provisions of this section shall control.42 **2. That the provisions of this act shall expire one year after the effective date of any regulations**
43 **promulgated by the State Air Pollution Control Board to establish carbon dioxide emissions allowances**
44 **pursuant to subsection E of § 10.1-1308 of the Code of Virginia.**

INTRODUCED

HB1275