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HOUSE BILL NO. 2

AMENDMENT IN THE NATURE OF A SUBSTITUTE
(Proposed by the House Committee on Labor and Commerce
on January 22, 2026)

(Patron Prior to Substitute—Delegate Sickles)

A BILL to reduce heating-related costs of living for low-income residents by requiring certain electric utilities to provide energy efficiency upgrades; report.

Be it enacted by the General Assembly of Virginia:

1. § 1. It shall be the policy of the Commonwealth to reduce, wherever feasible and cost-effective, heating-related costs of living for low-income residents. In furtherance of this policy, and in addition to other policies and programs to improve energy efficiency and lower costs of living for residents of the Commonwealth, Phase I and Phase II Utilities shall make best, reasonable efforts to provide by December 31, 2031, prescriptive efficiency measures and related efficiency improvements to at least 30 percent of the qualifying households identified by the Phase I or Phase II Utility, or in the case of a Phase I Utility to 2,000 qualifying households, whichever is less, or in the case of a Phase II Utility to 8,400 qualifying households, whichever is less, provided that such measures and improvements are determined by the State Corporation Commission (the Commission) to be in the public interest.

§ 2. Each Phase I and Phase II Utility shall incorporate prescriptive efficiency measures in its next applicable income-qualified and age-qualified energy efficiency program filing with the Commission and implement such prescriptive efficiency measures for qualifying households that are reasonably expected to (i) lower each household's total annual heating-related energy costs, which determination shall be subject to Commission review and approval, and based upon widely available and credible energy consumption and cost data, including data from the U.S. Department of Energy, as appropriate, and taking into account the housing stock and other relevant factors in the Phase I or Phase II Utility's service territory and (ii) reduce onsite air pollution, with special emphasis on improving indoor air quality where feasible. It shall be the duty of the Phase I or Phase II Utility or its designated agent, and shall not be the duty of an installer, to make best efforts to identify qualifying households in its respective territory and to make the determinations specified in clauses (i) and (ii).

§ 3. Each Phase I or Phase II Utility shall consult directly with the Department of Energy and the Department of Housing and Community Development (DHCD) to utilize, wherever feasible, state-derived or federally derived sources of funding to reduce the total utility program costs in implementing § 1 of this act. DHCD shall make available all low-income energy efficiency related programs administered by DHCD to support or enhance income-qualified and age-qualified energy efficiency programs by Phase I and Phase II Utilities.

§ 4. The Commission may in its discretion provide performance-based incentives to a Phase I or Phase II Utility in furtherance of this act, including early action credit for prescriptive efficiency measures installed before January 1, 2030, and the Commission may, at any time before January 1, 2030, make a determination on whether the target described in § 1 of this act 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 described in § 1 of this act.

§ 5. No later than January 1, 2028, and annually thereafter, and in any recurring filing that the Commission deems appropriate, each Phase I and Phase II Utility shall report to the Commission its activities, plans, and progress regarding the provisions of this act. In any such filing and at least triennially, each Phase I and Phase II Utility shall also report updated and aggregated ratepayer data regarding bill and energy savings from all energy efficiency and demand response programs, including actual and potential savings across each customer class, which may include actual and potential avoided costs of grid and transmission upgrades, pollution allowances, energy, capacity, and imported fuel purchases. For the purposes of estimating the potential for energy efficiency and demand response cost savings, any study of potential energy efficiency and demand response cost savings necessary to comply with the requirements of this section shall assume, in at least one projected scenario, 75 percent customer awareness of such energy efficiency and demand response programs across each customer class.

§ 6. A Phase I and Phase II Utility, in carrying out the provisions of this act and in reporting to the Commission its activities, plans, and progress regarding the provisions of this act, shall make reasonable efforts to incorporate any recommendations or feedback provided by a task force that evaluates barriers to access and enrollment in the current energy efficiency programs for income-qualified energy customers and that develops a plan to address any necessary improvements regarding coordination among programs for utility services that are available through utilities and state and federal government agencies and resources to more effectively deliver energy-efficient housing, weatherization resources, and energy efficiency upgrades for income-qualified individuals and households in the Commonwealth, including small and large multifamily

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60 *buildings, single-family dwellings, and manufactured homes.*

61 *§ 7. As used in this act:*

62 *"Installer" means any entity that directly provides energy efficiency or weatherization upgrades to low-*
63 *income residents in the Commonwealth and that receives federal, state, or utility funding from a Phase I or*
64 *Phase II Utility, in whole or in part, to provide such upgrades.*

65 *"Low-income resident" means any individual or household with an income of no more than 60 percent of*
66 *the median state income, 80 percent of the median income of the locality in which such individual or*
67 *household resides, or 200 percent of the federal poverty level, whichever is greater.*

68 *"Phase I Utility" and "Phase II Utility" have the same meaning as provided in subdivision A 1 of*
69 *§ 56-585.1 of the Code of Virginia.*

70 *"Prescriptive efficiency measures" means utility-provided energy efficiency upgrades at qualifying*
71 *households that substantially reduce or eliminate the household's reliance on fuel delivered to the household*
72 *and stored on site and utilized for household heating, cooking, or water heating, and that thereby reduce the*
73 *total annual energy-related costs of living for that household, and that are combined, wherever feasible, with*
74 *additional energy efficiency measures, including insulation, when that household also qualifies for such*
75 *additional energy efficiency measures. "Prescriptive efficiency measures" does not include equipment that*
76 *utilizes fuel delivered and stored on site.*

77 *"Qualifying household" means any single-family or multifamily dwelling occupied by a low-income*
78 *resident that is a customer of a Phase I or Phase II Utility who (i) relies on fuel delivered to the household*
79 *and stored on site and utilized for household heating, cooking, or water heating; (ii) has measured or rated*
80 *appliance efficiency ratings of less than 83 percent; and (iii) is eligible for or has received building envelope*
81 *upgrades through federal, state, or utility funded energy efficiency or weatherization programs.*