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SENATE BILL NO. 251

AMENDMENT IN THE NATURE OF A SUBSTITUTE
(Proposed by the Senate Committee on Commerce and Labor
on February 9, 2026)

(Patron Prior to Substitute—Senator Surovell)

A *BILL to direct the State Corporation Commission to evaluate electric utility performance in the Commonwealth; report.*

Be it enacted by the General Assembly of Virginia:

1. § 1. That the State Corporation Commission (the Commission) shall independently consider whether elements of an effective performance-based regulatory framework to evaluate and potentially improve electric utility performance and cost control incentives in the Commonwealth are in the public interest and develop related legislative recommendations. In conducting its work, the Commission shall consider (i) the existing regulatory framework and performance of electric utilities in the Commonwealth and (ii) the recommendations of the report on Opportunities for Performance-Based and Alternative Regulatory Tools in Virginia and shall:

1. Evaluate the feasibility, effectiveness, and customer benefit of (i) consolidating existing rate adjustment clauses, including those authorized under § 56-585.1 of the Code of Virginia, while retaining sufficient transparency and (ii) transitioning costs currently recovered through rate adjustment clauses to recovery through base rates, considering such factors as the utility's ability to accurately forecast and control such costs and transfer of investment risk to ratepayers;

2. Evaluate feasibility, effectiveness, and benefits of developing shared risk policies for fuel cost management by investor-owned electric utilities and, if appropriate, develop related legislative recommendations;

3. Evaluate feasibility, effectiveness, and necessity to improve incentives, including shared risk policies for investor-owned electric utilities to comply with the energy efficiency targets and renewable energy portfolio standards established under § 56-596.2 of the Code of Virginia and subsection C of § 56-585.5 of the Code of Virginia;

4. Evaluate, identify, and recommend, if deemed necessary and appropriate, a set of performance-incentive mechanisms with incentives for reasonably challenging but achievable priority performance-based outcomes such as those identified in the Commission's Case No. PUR-2023-00210;

5. Evaluate the feasibility, effectiveness, and necessity of an all-source competitive procurement framework and other potential improvements to solicitations conducted by investor-owned electric utilities to make additional progress toward desired outcomes, including peak demand reduction and cost efficiency; and

6. Identify other components of a potential performance-based regulation framework based on principles proposed by the Commission and develop related legislative recommendations as necessary and appropriate.

§ 2. The Commission shall, by March 1, 2027, (i) submit its findings and recommendations in the report required pursuant to subsection B of § 56-596 of the Code of Virginia to the Commission on Electrical Utility Regulation and the Chairs of the House Committee on Labor and Commerce and the Senate Committee on Commerce and Labor and (ii) make a copy of such report publicly available on the Commission's website upon such submission.

§ 3. The Commission shall allow for public comments and conduct participatory technical conferences or stakeholder processes to inform its recommendations. Each electric utility shall provide any information requested by the Commission in conducting the analyses required by §1 of this act. The Commission may engage experts to assist in its evaluations. The Commission shall ensure participation by consumer advocates, national and state experts on utility regulation, electric utilities, other pertinent stakeholders, and the Department of Law's Division of Consumer Counsel.