

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 *An Act to direct the Commission to examine the efficacy and sufficiency of fuel and purchased power cost risk*  
3 *mitigation practices by certain electric utilities.*

4 [S 505]

5 Approved

6 **Be it enacted by the General Assembly of Virginia:**

7 **1. § 1.** *That in the next annual applications of a Phase I and Phase II Utility, as those terms are defined in*  
8 *subsection A 1 of § 56-585.1 of the Code of Virginia, filed pursuant to § 56-249.6 of the Code of Virginia on*  
9 *or after July 1, 2026, and in such annual filings thereafter as determined by the State Corporation*  
10 *Commission (the Commission), the Commission shall examine the efficacy and sufficiency of fuel and*  
11 *purchased power cost risk mitigation practices by the Phase I or Phase II Utility. As part of such*  
12 *examination, the Commission shall also consider national best practices for fuel cost management,*  
13 *including fuel cost-sharing mechanisms and hedging strategies, the consultant's report on Opportunities for*  
14 *Performance-Based and Alternative Regulatory Tools in Virginia in Case No. PUR 2024-00152, and other*  
15 *information it deems appropriate to promote such mitigation while maintaining reliable electric service. The*  
16 *Commission shall also examine and quantify the extent to which renewable generation owned or contracted*  
17 *by the Phase I or Phase II Utility offsets fuel and purchased power costs. The Commission shall consider*  
18 *whether it has sufficient authority to regulate the reasonableness and prudence of fuel and purchased power*  
19 *procurement methods and to establish new risk-mitigation strategies. The Commission shall include any*  
20 *legislative recommendations it finds necessary to effectively regulate fuel and purchased power cost risk,*  
21 *while maintaining electric service reliability, in the applicable annual report required pursuant to*  
22 *subsection B of § 56-596 of the Code of Virginia.*