

## 1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 *An Act to direct the State Corporation Commission to evaluate electric utility performance in the*  
 3 *Commonwealth; report.*

4 [S 251]

5 Approved

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

7 **1. § 1.** *That the State Corporation Commission (the Commission) shall independently consider whether*  
 8 *elements of an effective performance-based regulatory framework to evaluate and potentially improve*  
 9 *electric utility performance and cost control incentives in the Commonwealth are in the public interest and*  
 10 *develop related legislative recommendations. In conducting its work, the Commission shall consider (i) the*  
 11 *existing regulatory framework and performance of electric utilities in the Commonwealth and (ii) the*  
 12 *recommendations of the report on Opportunities for Performance-Based and Alternative Regulatory Tools*  
 13 *in Virginia and shall:*

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

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

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

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

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

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

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

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

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