

**Department of Planning and Budget**  
**2026 General Assembly Session**  
**State Fiscal Impact Statement**

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**ORIGINAL**

**Bill Number:** HB895 ER

**Patron:** Sullivan

**Bill Title:** Electric utilities; energy storage requirements; Department of Energy to develop model ordinance.

**Bill Summary:** Increases the targets for energy storage capacity that Appalachian Power and Dominion Energy Virginia are required to petition the State Corporation Commission (the Commission) for approval to construct, acquire, or procure and extends the time frame by which such capacity must be met. Under the bill, (i) Appalachian Power shall petition the Commission for approval to construct, acquire, or procure at least 780 megawatts of short-duration energy storage capacity by 2040 and 520 megawatts of long-duration energy storage capacity by 2045 and (ii) Dominion Energy Virginia shall petition the Commission for approval to construct, acquire, or procure at least 16,000 megawatts of short-duration energy storage capacity by 2045 and 4,000 megawatts of long-duration energy storage capacity by 2045. "Long-duration energy storage" and "short-duration energy storage" are defined in the bill. The bill requires the Commission to conduct a technology demonstration program for long-duration energy storage resources and initiate a proceeding to determine if such technology is viable and that the targets in the bill are reasonably achievable, for which a final order shall be entered no later than March 1, 2031. Certain provisions of the bill are only effective upon such determination by the Commission.

The bill requires the Department of Energy, in consultation with the Department of Environmental Quality and the Department of Fire Programs, to create a model ordinance for use by localities in their regulation of energy storage projects and to submit a report to the General Assembly by December 1, 2026. Energy is further directed to convene an advisory workgroup, including representatives from DEQ and DFP, and make its findings available online to the public.

**Budget Amendment Necessary:** No

**Items Impacted:** None

**Explanation:** This bill impacts the Department of Energy and State Corporation Commission; however, no budget action is needed.

**Fiscal Summary:** It is anticipated that any fiscal impact this bill may have on Energy, the State Corporation Commission (SCC), the Department of Fire Programs (DFP) and Department of Environmental Quality (DEQ) can be absorbed within existing appropriation.

**Fiscal Analysis:** The bill requires Energy to convene a workgroup, create model ordinances, and submit reports to lawmakers by December 1, 2026. It is anticipated that Energy can absorb the workload within existing resources.

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DFP and DEQ are directed to participate in the workgroup. It is anticipated that any fiscal impact to the departments can be absorbed within existing resources.

The bill requires SCC to establish a technology demonstration program, make a determination as to whether the technology is feasible, update regulations, and appoint an independent auditor to create criterion for and review proposals to construct energy storage facilities. It is anticipated that this increase in workload can be absorbed within existing resources. The SCC estimates that the expense impact for contracting with an independent auditor will be \$60,000 annually.

Amendments to HB 30 approved by the House included \$275,000 in FY 2027 and \$150,000 in FY 2028 for implementation of this bill. Amendments to SB 30 approved by the Senate included \$1.0 million in FY 27 and \$425,000 in FY 2028 for the combined implementation of this bill and four others.

**Other:** This bill is nearly identical to SB448.