

SUPPORT HB 1835

Topic: Electric utilities, rate reduction

Bill Patron: [Suhas Subramanyam](#)

Reasons to support HB 1835:

- Virginians pay the 6th highest energy bills in the country, bills that are considered unaffordable for 75% of Virginia households based on federal energy burden standards.
- Dominion Energy has overcharged customers by at least \$502 million since 2017. This suggests that rates are already much higher than they should be, and are only set to increase as costs from the Grid Modernization and Clean Economy Acts get added to customer bills.

Overview:

In Virginia, electric utilities are monopolies, which means free competition does not drive down electricity rates. The mission of the State Corporation Commission (SCC) is to keep reasonable electricity rates by establishing a fair and capped profit margin for utilities and the energy rates customers pay. This law eliminates the current provision that prevents the SCC from lowering energy rates by more than \$50 million and allows the SCC to establish future rates based on future costs.

What the bill does

1. Eliminates the \$50 million cap in rate reduction:
 - a. Under current law, the SCC is prevented from lowering rates by more than \$50 million, only for Dominion Energy, regardless of whether analysis justifies a much larger rate cut.
 - b. In recent years, Dominion has overcharged Virginians by more than \$300 million/year.
2. Allows the SCC to set future electricity rates based on future costs
 - a. The SCC is legally barred from reducing Dominion Energy's electricity rates in the future unless Dominion has been required to pay refunds for overcharges in the past.
 - b. In practice, this has allowed Dominion to dodge rate reductions by accounting for large past expenses in a single year to eliminate refunds, thus preventing the SCC from lowering rates, solely based on non-recurring past expenses.
 - c. This bill allows the SCC to set rates for the future based on future costs, regardless of past overcharges, which is the normal practice in all other regulated energy markets.



Clean Virginia

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This position was taken by Virginia Conservation Network (VCN)'s Legislative Committee and Board of Directors and is supported by Virginia's conservation community. For a complete list of VCN positions, visit www.vcnva.org/bill-tracker. VCN is committed to building a powerful, diverse, and highly-coordinated conservation movement focused on protecting our Commonwealth's natural resources today and for tomorrow.