

SUPPORT SB 230/HB638 “Affordable Reliable Competitive Act”

Topic: Electric utilities; energy efficiency programs, duty to implement the Energy Policy, etc..

Bill Patron: Hashmi / Sullivan

OVERVIEW:

The Virginia Clean Economy Act (VCEA) establishes the foundation to ramp up clean energy production and tamp down on fossil fuel facilities over the next three decades while keeping the lights on and generating customer savings on electric bills. Decision-makers can leverage solar, wind, battery storage, energy efficiency, and other zero-emission technologies to ensure Virginia’s grid is secure while spurring billions in investments, good-paying jobs, manufacturing opportunities, and tax revenue.

The ARC bill builds on this transformational clean energy–injecting competition into Virginia’s energy industry and boosting customer affordability and reliability by:

Ensuring reliability by raising utilities’ distributed generation(DG) carveout from 1% to 5%

- DG technologies like rooftop solar, community solar, and battery storage strengthen the grid, making it less vulnerable to a single point of failure.
- The existing 1% carveout is already oversubscribed according to the Generation Attribute Tracking System, which is operated by PJM.
- A 5% carveout creates additional space for distributed energy resources to continue to play a role in helping the Commonwealth achieve its clean energy goals.
- Because DG systems are smaller in scale, developers and utilities can circumvent PJM’s interconnection backlog and immediately deliver savings to customers.

Injects competition, clarifying the existing third-party ownership provision is a floor, not a ceiling

- The cost of purchase power agreements (PPAs) for utility-scale solar has declined nationwide, but current policy caps the share of third-party owned systems with which the utilities can contract at 35% of total, even if third-party ownership is cheaper than utility-owned projects.
- Expanding third party ownership allows available, qualified, and cost-competitive PPAs to compete to be a part of Virginia’s energy mix, which can increase private investment, reduce the burden on utilities in our energy transition, and ultimately lower costs.

Clarifies the role of zero-emission resources as envisioned in the VCEA

- While resources like SMRs and clean hydrogen are zero-emission resources they are not renewable, and thus not part of the RPS. To make clear that they have a role in Virginia’s clean energy future, this bill specifies the role of these technologies.
- This bill directs regulators to first subtract the share of the load that’s covered by existing zero-emission resources (as well as any that are placed into service after July 2030) when they calculate the percentage of the total energy load that needs to be decarbonized with renewables.

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.

- The July 2030 timeline aligns with the projected timeline for development of and commercial viability of SMRs.

Streamlines assessment of energy efficiency (EE) programs by directing the SCC to establish a single cost-effectiveness test that accounts for affordability & industry best practices

- Demand-side resources, like EE and demand response (DR), are the lowest-cost resources available to utilities. When integrated into the grid, they help lower electricity costs for all customers.
- EE and DR can lower grid congestion during high customer demand and strengthen grid resilience against blackouts and weather events. Dominion and Appalachian Power Company have the authority to use EE and DR to lower energy burdens.
- Virginia is the only state to require utilities' EE programs to pass three outdated cost effectiveness tests to gain approval. This bill brings Virginia up to par with other states.

Aligns SCC decisions with the clean energy policy of the Commonwealth

- This provision simply works to ensure that the SCC actively considers the overarching policy of the Commonwealth in its processes.



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