SUPPORT SB191

Topic: Electric utilities; data center demand; allocation of costs among customer classes. Directs the State Corporation Commission to ensure that any plan, petition, or proposal from a utility to meet demand associated with data centers considers generation, transmission, and distribution system costs so as to meet such demand at the lowest aggregate reasonable cost. The bill also directs the Commission to initiate a proceeding, on or before December 31, 2024, (i) to determine if the current allocation of costs among customers and the different classifications of customers of electric utilities results in customers that are data centers receiving unreasonable subsidies from other customers or classifications of customers and (ii) if it determines unreasonable subsidies exist, to amend such allocation of costs.

Bill Patron: Senator Subramanyam

OVERVIEW:

This bill would give the SCC the ability to ensure that any plan from a utility to serve load demand from data centers considers the aggregate cost and is done in a way that is consistent with the public interest and the VCEA. Critically, it also initiates proceedings on or prior to December 31, 2024 to determine if the current allocation of costs is giving an unreasonable subsidy to the industry and if it is to amend the allocation of costs.

Why this bill cannot be delayed until after the JLARC study:

- PJM 2022 Window 3 transmission projects in Loudoun, Fauquier, and Albemarle were approved on December 11th.
- FERC has already approved NextEra's request for reimbursement of its pre-construction costs and granted additional transmission rate incentives for Project 853 in Loudoun.
- Numerous transmission lines to directly serve new data center load in Loudoun, Fairfax, Prince William, Culpeper, and Henrico are already underway with submissions to the SCC in progress or already approved.
- Dominion has contracts for 5,827 megawatts worth of electric service agreements (ESA), 2,008 megawatts worth of Construction Letters of Authorization (CLOA), and 8,658 megawatts worth of Substation Engineering Letters of Authorization (SELOA).
- The utility RPS (Renewable Portfolio Standard) filing shows an estimated 100% increase of the residential rate by 2035 based on the 2023 IRP (Integrated Resource Plan) that included soaring load growth from data centers.
- The costs are piling up now and more data centers are being approved throughout Virginia. If the General Assembly delays this initiation to evaluate and consider a reallocation of costs for another year, the burden on the ratepayers will continue to pile up.

REASONS TO SUPPORT:

- Data center load growth should be planned for holistically rather than piecemeal and met in a way consistent with the public interest and the VCEA.
- It is critical to understand how much the transmission and generation needed to serve the forecasted energy demand of the data center industry will cost, how much of that will fall on non-data center ratepayers, and amend the allocation of costs swiftly if needed.
- Virginia ratepayers should not be subsidizing the infrastructure needs of the largest companies in the world and that is what appears to be happening.

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