

CURBING ELECTRIC UTILITIES' POLITICAL INFLUENCE

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WHY IT MATTERS

The political influence of electric utility monopolies actively obstructs Virginians' ability to access affordable energy and more renewable energy solutions.

Most Virginians receive power through two investor-owned electric utilities, Dominion Energy and Appalachian Power Company, which are monopolies in their respective service territories. Unfortunately, Virginia has some of the weakest campaign finance laws in the country—affording these entities outsized influence over the Commonwealth's energy policy through their monopoly status and unrestricted financial contributions to lawmakers.

Since 1996, regulated utility monopolies have donated nearly \$40 million to Virginia legislators to influence public policy in their favor. But over \$20 million was spent by Dominion Energy between 2020-2024^{1,2}

The result: Virginians now pay the 10th highest electricity bills in the nation, and have been overcharged more than \$1.9 billion since 2009.^{3,4} Notably, regulated electric utilities have employed their influence to secure rate freezes costing consumers millions of dollars in potential savings. These expenses are not equally distributed and often fall hardest on poor, rural, and minority households with disproportionately higher energy burdens.^{6,7}

Moreover, utility lobbyists have worked with legislative allies to block or minimize the type of innovative, distributed energy resources that would both empower customers and protect our environment because they are not as financially lucrative for the monopoly. Specifically, Dominion and Appalachian Power often lobby against measures like rooftop solar and stronger regulatory oversight from the State Corporation Commission (SCC).⁸ As a result, Virginia's electricity mix skews towards expensive and polluting fossil fuel generation plants rather than maximizing the benefits of environmentally friendly distributed technologies like solar and battery storage.

For far too long, investor-owned utility monopolies have taken advantage of Virginia's weak campaign finance system to write the very laws that govern them. Shifting more political power to Virginians will pave the way for a just, affordable, clean energy future.

CURRENT LANDSCAPE

Virginia grants investor-owned electric utilities, Dominion Energy and Appalachian Power Company, a monopoly in their respective service territories. In exchange for a captive customer base, Virginians are entitled to diligent regulation and oversight by the General Assembly. The SCC, which has only recently filled all three Commissioner seats, is the regulatory body responsible for overseeing the utilities it regulates. The General Assembly appoints SCC members and provides policy guidance. Because the primary purpose of for-profit corporations is to produce profit for investors, it is necessary to balance this objective with a strong regulatory atmosphere that ensures the public interest.

Virginia is one of 11 states with no limits on campaign finance contributions, while also allowing candidates to use campaign donations for personal uses. Virginia also allows legislators to own stock in corporations and vote on measures that could potentially increase their wealth, creating a troubling conflict of interest. Ultimately, investor-owned utility monopolies have multiple avenues of influence over the government officials who are tasked with regulating them, while Virginia's captive customers have no choice but to subsidize their electricity provider's political spending every time they pay their monthly bills.

OPPORTUNITIES

A ban on political contributions from publicly regulated utilities would benefit a more equitable and fair legislative process. Publicly regulated utilities are a specific set of 60 corporations in Virginia that provide public services—electricity, gas, water, and sewer—and have been granted a monopoly by the state. Over half the country bans these kinds of political contributions in some form and 22 states ban corporate contributions altogether. More than half of U.S. states ban or restrict contributions from utilities, better ensuring that energy policy is determined by the public interest, including strong energy efficiency measures and environmental protections, rather than a utility's bottom line. With stronger campaign finance laws, energy policy can be developed in an open and fair legislative process. Prohibiting public utility monopolies from contributing to the political campaigns and committees of lawmakers would help shrink the outsized influence of electric utilities on the legislative process.

Further, the Joint Subcommittee to Study Comprehensive Campaign Finance Reform has recommended legislators be prohibited from using campaign funds for personal use. Virginia is behind nearly all other states and the Federal government in banning the personal use of campaign funds. There is currently nothing stopping a legislator or candidate from using campaign funds to buy a vacation house or a country club membership. Finally, common-sense limits on campaign finance contributions would help ensure legislative actions align with the public interest over one individual or one donor's perspective.

TOP TAKEAWAYS

39 states place reasonable restrictions on campaign contributions to reduce the influence of donors on policymaking.

It is a conflict of interest to have public utility monopolies contribute to the political campaigns and committees of the government officials who are tasked with regulating them.

It is a conflict of interest for legislators to own stock in public investor-owned electric utilities.