

SUPPORT SB960 and HB2101

Topic: Data Center Cost Allocation

Bill Patron: Senators Perry and Stuart and Delegates Maldonado and Webert

OVERVIEW:

Virginia is the data center capital of the world, hosting the world's largest concentration of data centers with significantly more slated for construction. Data centers consume massive amounts of electricity and often require new transmission lines, substations and electric generation facilities. According to a recent JLARC report, data centers' increased energy demand will increase system costs for all customers. This legislation directs the State Corporation Commission (SCC) to examine and, if necessary, adjust the cost allocation formula to protect other utility customers from increasing electricity costs related to data center growth. The SCC would have until January 1, 2026, to complete this task. The legislation also requires the SCC to delay the issuance of any final Certificate of Public Convenience and Necessity for new infrastructure (transmission and generation) that primarily serves a data center until the SCC completes their review of cost allocation, ensuring these projects are paid for in a fair manner.

REASONS TO SUPPORT:

- This bill is key to ensuring the responsible growth of the data center industry in Virginia. Utility analysts project the industry's growth will cause the Commonwealth's electricity demand to more than double through 2038.
- All ratepayers of an electric utility pay for new transmission and generation, meaning Virginia families and businesses could be unfairly subsidizing the energy infrastructure needed to power the data center industry.
- The sudden data center energy demand increases the risk for Virginia communities to experience higher energy prices and endure the risks and environmental impacts associated with fossil fuel generation.
- To prevent subsidization by other rate classes (residential, commercial, etc.), the SCC needs the ability to delay a permit for energy infrastructure projects related to data center electricity demand until the Commission's review of cost methodologies is complete.



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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.