

# OPPOSE HB 615, SB 40

Topic: Eliminating RPS Deficiency Payment

Bill Patron: Del. McNamara, Sen. Stanley

## OVERVIEW:

- Eliminates the deficiency payments associated with the Renewable Portfolio Standard (“RPS”)
  - o Currently, for any shortfall in meeting the annual RPS requirement, the utility needs to make a deficiency payment of \$45/MWh for resources over one megawatt and \$75/MWh for resources under one megawatt
  - o SB 40 eliminates the deficiency payment entirely while HB 615 reduces it to \$0.01/MWh

## REASONS TO OPPOSE:

- This is a solution in search of a problem: neither utility has ever had to make a deficiency payment because they haven’t had a problem securing the needed amount of renewables
- Eliminating the deficiency payments removes all incentive for the utilities to comply with the RPS
  - Without them, there is no penalty if a utility fails to secure enough renewable energy to comply with the RPS
- Even if deficiency payments were ever needed, they would go towards vital programs:
  - 50% of revenue to job training programs in historically economically disadvantaged communities;
  - 16% of revenue for energy efficiency measures for public facilities; and
  - 30% of revenue to renewable energy programs in historically economically disadvantaged communities.
- This change will make solar projects less economic at a time when we need more solar than ever to meet rising demand
  - Eliminating the deficiency payment will lower the value of renewable energy certificates (“RECs”), which are an important revenue stream for Virginians with solar



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