

SUPPORT HB 658 / SB 339

Topic: Fair Share Energy Act: Data Center Cost Allocation

Bill Patron: Delegate Maldonado and Senator Perry

OVERVIEW:

- The bill directs the State Corporation Commission (SCC) to use its existing authority to examine and, if necessary, adjust the allocation of transmission costs for Phase I (APCO) and Phase II (Dominion) electric utilities to protect non-data center customers from rate increases driven by data center growth in Virginia. The SCC must complete this review by January 1, 2027.
- The legislation encourages the SCC to use strong measures, including the direct cost allocation of transmission costs to specific data center customers, to eliminate or minimize unreasonable subsidies or rate increases to the maximum extent possible.
- A Phase II utility (Dominion) is required to provide the SCC with three proposals for cost allocation, with one of those using the Probability of Dispatch methodology in a relevant proceeding (the next rate case or a separate proceeding), prior to January 1, 2028. This is important because the probability of dispatch methodology better aligns costs with energy infrastructure usage.

REASONS TO SUPPORT:

- Data center-related costs could increase residential customers' bills by up to \$276 per year in 2030 and up to \$444 per year in 2040 (figures not adjusted for inflation), according to a recent JLARC report.¹
- The JLARC report clarified that the bill increases above do not include other costs, such as distribution costs, intrazonal transmission investments, also needed for the industry, or generation projects unrelated to data center demand. Including these extra costs, Dominion IRP estimates that residential customer bills could increase by \$874 per year in 2035.²
- While the SCC addressed some of the identified risks around stranded generation cost in the most recent Dominion rate case, that decision largely left transmission costs unaddressed and provided no assurance that non-data center customers would be protected.
- The JLARC report found that the current cost allocation practices are insufficient to protect non-data center customers from increasing costs associated with the energy infrastructure the data center industry needs.³

¹ JLARC Report on Data Centers (December 2024), at 48, available at <https://jlarc.virginia.gov/pdfs/reports/Rpt598-2.pdf>

² 2024 Dominion Integrated Resource Plan (May 2023), at 51, available at https://cdn-dominionenergy-prd-001.azureedge.net/-/media/content/about/our-company/irp/pdfs/2024-irp-w_o-appendices.pdf?rev=5b28b014e4814135bb2fcec470dcc92b.

³ "Current utility rate structures are not designed to account for sudden, large cost increases from new infrastructure construction to serve a relatively small number of very large customers. New approaches would be needed to isolate residential and other customers from cost-increases," JLARC Report on Data Centers (December 2024), at 48.



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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.