

Department of Planning and Budget 2020 Fiscal Impact Statement

1. **Bill Number:** HB443

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. **Patron:** Carroll Foy

3. **Committee:** Agriculture, Chesapeake and Natural Resources

4. **Title:** Coal combustion residuals impoundment; Giles and Russell Counties; closure.

5. **Summary:** Requires the owner or operator of any coal combustion residuals (CCR) unit, defined in the bill to include a coal ash pond or landfill, in Giles or Russell County at the Glen Lyn Plant and the Clinch River Plant to close such CCR unit by removing all of the CCR for (i) recycling, known as encapsulated beneficial use, or (ii) deposition in a permitted and lined landfill that meets certain federal standards. The measure requires that any owner or operator beneficially reuse no less than 6.8 million cubic yards in aggregate of such removed CCR from no fewer than two of the sites. Such a closure project shall be completed within 15 years of its initiation and shall be accompanied by an offer by the owner or operator to provide connection to a municipal water supply for every residence within one-half mile, or if such connection is not feasible, the owner or operator shall offer to provide water testing for any such residence.

The bill provides that if the owner or operator moves the CCR off-site, it shall develop a transportation plan in consultation with any county, city, or town in which the CCR units are located and any county, city, or town within two miles of the CCR units for any truck transportation that minimizes the effects on adjacent property owners and surrounding communities. The bill requires the owner or operator of a CCR unit to accept and review on an ongoing basis sufficiently detailed proposals to beneficially reuse any CCR that are not already subject to a removal contract. The bill requires that any entity conducting the closure work (i) identify options for utilizing local workers, (ii) consult with the Commonwealth's Chief Workforce Development Officer on opportunities to advance the Commonwealth's workforce goals, and (iii) give priority to the hiring of local workers.

The bill requires the CCR unit owner or operator to submit two biennial reports beginning October 1, 2023, and continuing until closure of all of its CCR units is complete. One report describes closure plans, progress, a detailed accounting of the amounts of CCR that have been beneficially reused and the amount of CCR that have been landfilled, the utilization of transportation options, water monitoring results, and other aspects of the closure process; the other report contains the beneficial reuse proposals that the owner or operator has received and its analysis of such proposals.

The measure provides that all costs associated with closure of a CCR unit shall be recoverable through a rate adjustment clause authorized by the State Corporation Commission (the Commission) provided that (i) when determining the reasonableness of such costs the Commission shall not consider closure in place of the CCR unit as an option and (ii) the annual revenue requirement recoverable through a rate adjustment clause shall not exceed \$225 million on a Virginia jurisdictional basis for the Commonwealth in any 12-month period, provided that any under-recovery amount of revenue requirements incurred in excess of \$225 million in a given 12-month period shall be deferred and recovered through the rate adjustment clause over up to three succeeding 12-month periods. The bill provides that costs may begin accruing on July 1, 2020, but no approved rate adjustment clause charges shall be included in customer bills until July 1, 2022; any such costs shall be allocated to all customers of the utility in the Commonwealth as a non-bypassable charge, irrespective of the generation supplier of any such customer; and any such costs that are allocated to the utility's system customers outside of the Commonwealth that are not actually recovered from such customers shall be included for cost recovery from jurisdictional customers in the Commonwealth through the rate adjustment clause. The measure prohibits cost recovery for any fines or civil penalties resulting from violations of federal or state law.

6. **Budget Amendment Necessary:** No.
7. **Fiscal Impact Estimates:** Preliminary. See item 8.
8. **Fiscal Implications:** This bill establishes requirements for the owner or operator of a CCR unit located in Giles or Russell County at the Glen Lyn Plant and the Clinch River Plant must follow in closing the unit. Included in the requirements are two biennial reports the CCR owner or operator must submit to the Governor, the Secretary of Natural Resources, the Chairman of the Senate Committee on Agriculture, Conservation and Natural Resources, the Chairman of the House Committee on Agriculture, Chesapeake and Natural Resources, the Chairman of the Senate Committee on Commerce and Labor, the Chairman of the House Committee on Commerce and Labor, and the Department of Environmental Quality. It is anticipated that the Department of Environmental Quality and the State Corporation Commission can absorb any fiscal impact that results from this bill within existing resources. Potential impact to the office of the Chief Workforce Development Officer is indeterminate.
9. **Specific Agency or Political Subdivisions Affected:** Department of Environmental Quality; State Corporation Commission; Chief Workforce Development Officer; localities
10. **Technical Amendment Necessary:** No.
11. **Other Comments:** No.