

Department of Planning and Budget 2020 Fiscal Impact Statement

1. Bill Number: SB94

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

2. Patron: Favola

3. Committee: Commerce and Labor

4. Title: Virginia Energy Plan; Commonwealth Energy Policy.

5. Summary: Provides that the Commonwealth Energy Policy shall (i) ensure the adequate supply of natural gas necessary to ensure the reliability of the electricity supply and the needs of businesses during the transition to renewable energy; (ii) establish greenhouse gas emissions reduction standards across all sectors of Virginia's economy that target net zero carbon emissions by 2045; (iii) enact mandatory clean energy standards and overall strategies for reaching zero carbon in the electric power sector by 2040; (iv) equitably incorporate requirements for technical, policy, and economic analyses and assessments that recognize the unique attributes of different energy resources and delivery systems to identify pathways to net-zero carbon that maximize Virginia's energy reliability and resilience, economic development, and jobs; and (v) minimize the negative impacts of climate change and the energy transition on disadvantaged communities and prioritizing investment in these areas. The measure requires the Virginia Energy Plan to be prepared in consultation with the Clean Energy Advisory Board, solar, wind, and energy efficiency sectors, and a stakeholder group that includes representatives of consumer, environmental, manufacturing, and agricultural organizations and electric utilities. The measure also requires that the Virginia Energy Plan identify actions over a 10-year period consistent with the goal of the Commonwealth Energy Policy to achieve, no later than 2045, a net-zero carbon energy economy for all sectors, including electricity, transportation, building, and industrial sectors. In addition, the Plan shall include other forms of non-greenhouse-gas-generating energy resources, such as nuclear power used in the Commonwealth; an analysis of siting requirements for electric generation resources and natural gas and electric transmission and distribution resources, including an assessment of state and local impediments to expanded use of distributed resources and recommendation to reduce or eliminate these impediments; and, an inventory of greenhouse gas emissions using a method determined by the Department of Environmental Quality (DEQ) for the four years prior to the issuance of the Plan and projections for the greenhouse gas emissions that would result from the implementation of the Plan's proposed actions. *This revised fiscal impact statement reflects the anticipated fiscal impact to DEQ as revised 2/4/2020.*

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary. See Item 8.

- 8. Fiscal Implications:** It is anticipated that any expenditure impact as a result of this bill to the Department of Mines, Minerals and Energy can be absorbed within existing resources.

It is anticipated that any expenditure impact to the Department of Environmental Quality as a result of this bill can be absorbed within resources included in HB30/SB30 as introduced. HB30/SB30 includes \$31 million in general fund support over the biennium to restore and enhance DEQ's capacity in several programs. \$2.32 million of this additional funding is to support the agency's regulatory activities, including the provisions of this bill.

It is anticipated that this bill will not result in a fiscal impact to the State Corporation Commission.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Mines, Minerals and Energy; Department of Environmental Quality; State Corporation Commission.

- 10. Technical Amendment Necessary:** No.

- 11. Other Comments:** HB 714 also revises the Virginia Energy Plan.