

State Corporation Commission 2021 Fiscal Impact Statement

1. Bill Number: HB2281

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

2. Patron: Ware

3. Committee: Labor and Commerce

4. Title: Virginia Clean Economy Act; non-bypassable charges; energy-intensive trade-exposed (EITE).

5. Summary: Defines EITE industries as companies that are constrained in their ability to pass through carbon costs due to international competition, companies that engage in importation of products that cause emission leakage, and critical infrastructure facilities identified by certain federal agencies. The bill directs the State Corporation Commission to establish an EITE customer exemption program for non-bypassable charges in certain provisions of the Virginia Clean Economy Act related to generation of electricity from renewable and zero carbon sources and development of offshore wind capacity.

This bill creates a new exemption for energy-intensive trade-exposed companies from paying the non-bypassable charge for RPS resources. In addition, it requires the Commission to establish, implement, and manage an energy-intensive trade-exposed customer exemption program.

6. Budget Amendment Necessary: Yes

7. Fiscal Impact Estimates: Fiscal Impact Estimates Are Preliminary

7a. Expenditure Impact:

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Positions</i> | <i>Fund</i> |
|--------------------|----------------|------------------|-------------|
| 2021 | | | |
| 2022 | 150,000 | 1 | NGF/0208 |
| 2023 | 145,000 | 1 | NGF/0208 |
| 2024 | 145,000 | 1 | NGF/0208 |
| 2025 | 145,000 | 1 | NGF/0208 |
| 2026 | 145,000 | 1 | NGF/0208 |
| 2027 | 145,000 | 1 | NGF/0208 |

8. Fiscal Implications: Given the high level of costs anticipated with the mandatory RPS program and offshore wind, it is anticipated that most companies will seek this exemption. SCC staff believes each such request will generate a new case before the Commission. Thus, this legislation will significantly expand the case workload of the utility divisions. In addition, SCC staff does not currently have the expertise to manage such a program. At a

minimum, this bill will require the addition of at least one senior level analyst that would be an expert on international trade.

9. Specific Agency or Political Subdivisions Affected: State Corporation Commission

10. Technical Amendment Necessary: No

11. Other Comments: None

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