

State Corporation Commission 2021 Fiscal Impact Statement

1. Bill Number: HB2282

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|-----------------|-------------------------------------|--------------|--------------------------|------------|--------------------------|-----------|
| House of Origin | <input checked="" type="checkbox"/> | Introduced | <input type="checkbox"/> | Substitute | <input type="checkbox"/> | Engrossed |
| Second House | <input type="checkbox"/> | In Committee | <input type="checkbox"/> | Substitute | <input type="checkbox"/> | Enrolled |

2. Patron: Sullivan

3. Committee: Labor and Commerce

4. Title: State Corporation Commission; transportation electrification; utility recovery of certain costs.

5. Summary: Directs the State Corporation Commission (Commission) to report on policy proposals to accelerate transportation electrification in the Commonwealth. The bill requires the Commission to submit, no later than May 1, 2022, a report to the General Assembly recommending policy proposals that could govern public electric utility programs to accelerate widespread transportation electrification in the Commonwealth. The bill requires the Commission to utilize a public process, facilitated by a third party with expertise in transportation electrification, in which the Commission, the Department of Environmental Quality, the Department of Mines, Minerals and Energy, the Department of Transportation, and appropriate stakeholders participate. The bill requires that the Commission, in developing its policy recommendations, evaluate (i) areas where utility or other public investment may best complement private efforts to effectively deploy charging infrastructure, with particular focus on low-income, minority, and rural communities; (ii) how smart growth policies can complement and enhance the Commonwealth's transportation electrification goals; (iii) how utility programs, investments, or incentives to customers or third parties to facilitate the deployment of charging infrastructure and related upgrades can support or enhance (a) statewide transportation electrification, including electrification of public transit; (b) the electrification of medium-duty and heavy-duty vehicles, school buses, vehicles at ports and airports, personal vehicles, and vehicle fleets; (c) increased access to electric transportation and improved air quality in low-income and medium-income communities; (d) achievement of existing energy storage targets; (e) improvements to the distribution grid or to specific sites necessary to accommodate charging infrastructure; and (f) customer education and outreach programs that increase awareness of such programs and the benefits of transportation electrification. The bill requires that the report also address whether and how transportation electrification can, under current law, (a) reduce total ratepayer rates and costs; (b) assist in grid management and more efficient use of the grid, in a manner that does not increase peak demand, through time-of-use rates, managed charging programs, vehicle-to-grid programs, or other alternative rate designs; (c) utilize increased generation from renewable energy resources; and (d) reduce fueling costs for vehicles. The bill requires that, to the extent that the Commission and stakeholders conclude that transportation electrification cannot currently deliver these benefits, the report include public policy recommendations.

Additionally, the bill requires, beginning July 1, 2021, that any approved costs of any investor-owned electric utility associated with investment in transportation electrification be recovered only through the utility's rates for generation and distribution, prohibits recovery of such costs through a rate adjustment clause, and provides that such costs are not eligible for a customer credit reinvestment offset.

6. Budget Amendment Necessary: Yes.

7. Fiscal Impact Estimates: Fiscal Impact Estimates Are Preliminary

7a. Expenditure Impact: See Item 8

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Positions</i> | <i>Fund</i> |
|--------------------|----------------|------------------|-------------|
| 2021 | | | |
| 2022 | 100,000 | | NGF/0208 |

8. Fiscal Implications: The bill requires the State Corporation Commission to perform a study and to file a report to the General Assembly. The legislation contains extensive directives and items that must be included in the report. The State Corporation Commission does not currently have the expertise to perform all of this work. This will require the SCC to hire a consultant to perform much of this work. Estimated cost for a consultant is up to \$100k. This estimate is based on a previous consultant charge for a similar work effort that required the same type of expertise.

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

10. Technical Amendment Necessary: No

11. Other Comments: None

GLA 1/21/2021 APK 1/21/2021