

## Department of Planning and Budget 2020 Fiscal Impact Statement

**1. Bill Number:** HB714

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:** Reid

**3. Committee:** Labor and Commerce

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

- 5. Summary:** Adopts findings that climate change is an urgent and pressing challenge for Virginia, that swift decarbonization and a transition to clean energy are required to meet the urgency of the challenge, and that the Commonwealth will benefit from being a leader in deploying a low-carbon energy economy. The measure states that the Commonwealth recognizes that the following objectives will advance the health, welfare, and safety of Virginians: (i) establishing sufficient supply and delivery infrastructure to enable widespread deployment of distributed energy resources; (ii) maximizing energy efficiency programs in order to produce electricity cost savings and to create jobs and revenue from the energy efficiency service sector; (iii) establishing greenhouse gas emissions reduction goals across Virginia's economy that reach net-zero emissions by 2050; (iv) requiring that pathways to net-zero greenhouse gas emissions be determined; (v) enabling widespread integration of storage technologies into the grid and pairing such storage technologies with renewable generation; (vi) mitigating the negative impacts of climate change and the energy transition on disadvantaged communities and prioritizing investment in these communities; (vii) developing the carbon-free energy resources required to fully decarbonize the electric power supply of the Commonwealth including deployment of 30 percent renewables by 2030 and realizing 100 percent carbon-free electric power by 2040; and (viii) ensuring that decision-making is transparent and includes opportunities for full participation by the public. The measure also states that it is the policy of the Commonwealth to (a) accelerate the use and deployment of renewable energy sources such that 30 percent of Virginia's electricity will be from renewable energy sources by 2030 and 100 percent of Virginia's electricity will be from carbon-free sources by 2040; (b) promote research and development of carbon-free electric power generation technologies, including advanced nuclear and carbon capture and storage; (c) ensure the availability of affordable natural gas where established and where it enables greenhouse gas reduction; (d) promote beneficial electrification of transportation, buildings, industry, and agriculture; (e) establish greenhouse gas emissions reduction standards across all sectors of Virginia's economy that target net-zero greenhouse gas emissions by mid-century; (f) enact mandatory clean energy standards and overall strategies for reaching zero carbon in the electric power sector by 2040; (g) incorporate requirements for technical, policy, and economic analyses and assessments that identify pathways to zero carbon that maximize Virginia's economic development and create quality jobs; (h) minimize the negative impacts of climate change and the energy transition on disadvantaged communities and prioritize investment in these areas; (i) adopt residential and commercial building codes

that meet or exceed the current International Building Code standards and encourage construction and retrofitting of buildings to achieve maximum energy savings; and (j) support the distributed generation of renewable electricity. The measure also requires that the Virginia Energy Plan identify actions consistent with the goals of achieving a net-zero carbon economy by 2050 and include an inventory of all greenhouse gas emissions for the four years preceding the issuance of the Plan.

**6. Budget Amendment Necessary:** No.

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

**8. Fiscal Implications:** The fiscal impact of this bill to the Department of Mines, Minerals and Energy (DMME) is indeterminate. This bill requires DMME to conduct a greenhouse gas inventory every four years in conjunction with the Virginia Energy Plan. The agency may need to acquire additional data analysis and evaluation expertise to manage the data associated with the inventory, and software modeling to generate the data.

The fiscal impact to the Department of Environmental Quality is not known at this time.

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:** SB94 also revises the Virginia Energy Plan.