# State Corporation Commission
## 2024 Session Fiscal Impact Statement

1. **Bill Number:** HB638

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

2. **Patron:** Sullivan

3. **Committee:** Labor and Commerce

4. **Title:** Electric utilities; energy efficiency programs; duty to implement the Energy Policy.

5. **Summary:** Provides that "in the public interest" for the purpose of assessing energy efficiency programs means that the State Corporation Commission determines that the program is cost-effective and directs the Commission to initiate a proceeding no later than December 31, 2025, to establish a single, consistent cost-effectiveness test for use in evaluating proposed energy efficiency programs.

   The bill provides (i) that "total electric energy" for purposes of the RPS Program requirements does not include energy sold to certain customers purchasing 100 percent renewable energy and (ii) that in any RPS program compliance year, any electric energy that was generated in the previous calendar year from certain nuclear generating plants, or any zero-carbon electric generating facilities, including small modular nuclear reactors and green hydrogen facilities, will reduce the utility's RPS Program requirements by an equivalent amount.

   The bill provides that the Commission and its staff have the affirmative duty to ensure the Commonwealth implements the Energy Policy of the Commonwealth at the lowest reasonable cost, taking into account all cost-effective demand-side management options and the security and reliability benefits of the regional transmission entity to which each incumbent electric utility has joined.

   The bill requires that for certain required petitions by Appalachian Power and Dominion Energy Virginia for approvals to construct, acquire, or purchase the generating capacity using energy derived from sunlight or onshore wind, at least 35 percent of such generating capacity is from the purchases of energy from solar or onshore wind facilities owned by persons other than such utilities. Current law requires 35 percent of such generating capacity to be from the purchases of energy from solar or onshore wind facilities owned by persons other than such utilities.

   By December 31, 2025, the bill directs the State Corporation Commission to initiate a proceeding to establish a single, consistent cost-effectiveness test for use in evaluating proposed energy efficiency programs. As part of the proceeding, the Commission shall utilize a stakeholder process that is facilitated by an independent monitor and with technical assistance provided by a group with experience in the process set forth in the National Energy Screening Project's National Standard Practice Manual for Benefit-Cost Analysis of Distributed Energy Resources.

6. **Budget Amendment Necessary**: No

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

8. **Fiscal Implications:** It would cost the State Corporation Commission approximately $80,000-$100,000 for an independent facilitator to administer the workgroup and $50,000 for a possible consultant with experience in administering the cost-benefit analysis framework and process stated in the National Standard Practice Manual for Benefit-Cost Analysis of Distributed Energy Resources. A budget amendment is not necessary as the cost of these services can be absorbed within the Commission's appropriation in the Nongeneral Fund 02080.

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

10. **Technical Amendment Necessary:** No

11. **Other Comments:** None

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