

27 In conducting its study, the State Corporation Commission (the Commission) shall evaluate the
28 potential of performance-based regulatory tools and alternative regulatory tools to assist in the regulation
29 of investor-owned electric utilities by (i) tracking and achieving improved performance in affordability,
30 reliability, customer service, and resiliency; (ii) enhancing cost-containment incentives; (iii) streamlining
31 planning and resource procurement to secure competitive prices for energy infrastructure; (iv)
32 harmonizing financial incentives created through regulation with the Commonwealth's energy policy
33 goals; (v) eliminating disincentives for utilities to deploy third-party and customer-owned generation,
34 energy efficiency savings, and peak-load reduction; and (vi) making progress toward the Commonwealth's
35 decarbonization goals. The Commission shall (a) provide an analysis of the current regulatory framework
36 and the financial incentives such framework creates for investor-owned electric utilities and competitive
37 service providers in the Commonwealth; (b) identify possible misalignments between such incentives for
38 investor-owned utilities and competitive service providers and the Commonwealth's energy policy goals;
39 (c) analyze performance-based and alternative regulatory tools used in other jurisdictions to correct such
40 misalignments; (d) review the varying obligations on investor-owned utilities and competitive service
41 providers; (e) analyze the impact of competitive service providers to all customers in the Commonwealth;
42 (f) propose reforms to the current regulatory framework; (g) identify reforms that could be implemented
43 under the current authority vested in the Commission, as well as reforms requiring additional enabling
44 legislation; and (h) consider whether and how these tools assist in preventing carbon leakage from the
45 manufacturing sector. Tools the Commission shall consider in its study include reporting metrics,
46 scorecards, performance-incentive mechanisms, the decoupling of electricity sales from utility revenues,
47 multiyear rate plans, fuel cost-sharing mechanisms, best practices for all-source competitive procurement,
48 and strategies to equalize financial incentives to deploy capital expenditures and operating expenses and
49 any other information deemed relevant or helpful by the Commission in its review. Performance areas the
50 Commission shall consider in conducting such study include (1) reliability and resiliency; (2) affordability
51 for customers; (3) emergency response and safety; (4) cost-efficient utility investments and operations;
52 (5) customer service; (6) savings maximization from energy efficiency and exceedance of statutorily
53 required savings levels; (7) peak-demand reductions; (8) integration of distributed energy resources,

54 including the quality and timeliness of interconnection of customer-owned and third-party-owned
55 resources; (9) environmental justice and equity; (10) beneficial electrification, including in the
56 transportation and buildings sectors; (11) maximization of available federal funding; (12) decarbonization
57 of the Commonwealth's electricity sector; (13) cyber and physical security of the grid; (14) annual and
58 monthly generation and resource needs in addition to hourly generation and resource needs on the 10
59 hottest and coldest days of the year; and (15) any other topics deemed relevant and useful to the
60 Commission in its review of performance areas.

61 In conducting its study, the Commission shall gather comments and include the input and
62 recommendations of a stakeholder process that shall be developed by the Department of Energy (the
63 Department). The Department shall create and facilitate such stakeholder process and shall include as
64 stakeholders electric utilities in the Commonwealth, competitive service suppliers in the Commonwealth,
65 representatives of all customer classes, Commission staff, the Office of the Attorney General,
66 environmental organizations, consumer protection groups, and local communities. Such stakeholder
67 process shall engage stakeholders in the Commission's study of alternative regulatory tools and other
68 jurisdictions' experiences, successes, and failures in implementing such tools, and such process shall lead
69 to the development and proposal of potential reforms to the current regulatory framework of investor-
70 owned electric utilities in the Commonwealth that shall inform the Commission's final report. The
71 activities of such stakeholder group shall include (A) facilitated workshops and presentations on
72 alternative regulatory tools, (B) opportunities for open dialogue and meaningful input, (C) access to the
73 information and other resources necessary for robust engagement, and (D) the opportunity to respond to
74 proposals, as appropriate.

75 Technical assistance shall be provided to the Commission by the Department. In conducting its
76 study, the Commission may engage consultants with experience in alternative utility regulation and
77 performance-based regulation. All agencies of the Commonwealth shall provide assistance to the
78 Commission for this study, upon request.

79 The Commission shall complete its meetings by September 30, 2025, and shall submit to the
80 Governor and the General Assembly an executive summary and report of its findings and

81 recommendations for publication as a House or Senate document by October 15, 2025. The executive
82 summaries and reports shall be submitted as provided in the procedures of the Division of Legislative
83 Automated Systems for the processing of legislative documents and reports no later than the first day of
84 the next Regular Session of the General Assembly and shall be posted on the General Assembly's website.
85 The Commission and the Department shall additionally present their findings and recommendations in a
86 public meeting to the Commission on Electric Utility Regulation by November 15, 2025.

87 #