

1 HOUSE JOINT RESOLUTION NO. 30
2 AMENDMENT IN THE NATURE OF A SUBSTITUTE
3 (Proposed by the Senate Committee on Rules
4 on March 1, 2024)
5 (Patron Prior to Substitute--Delegate Sullivan)

6 Requesting the State Corporation Commission, in collaboration with the Department of Energy, to study
7 performance-based regulatory tools for investor-owned electric utilities in the Commonwealth.
8 Report.

9 WHEREAS, energy is essential to the health, safety, and welfare of the people of the
10 Commonwealth and to the Commonwealth's economy; and

11 WHEREAS, a well-capitalized utility that is financially stable is vital to every aspect of the
12 Commonwealth; and

13 WHEREAS, performance-based regulation and alternative regulatory tools represent a potential
14 opportunity for the Commonwealth to further align the financial incentives of investor-owned utilities
15 with public interest goals, including reliability, customer satisfaction, and the deployment of the best-
16 available and lowest-cost energy technologies, in meeting the policies of the Commonwealth; now,
17 therefore, be it

18 RESOLVED by the House of Delegates, the Senate concurring, That the State Corporation
19 Commission, in collaboration with the Department of Energy, be requested to study performance-based
20 regulatory tools for investor-owned electric utilities. Such study shall evaluate the potential of such tools
21 and alternative regulatory tools to modernize the legal or regulatory framework relevant to such utilities
22 and competitive service providers. Such review shall consider the long-term financial stability of investor-
23 owned utilities and balance the interests of all stakeholders for the benefit of the Commonwealth. For
24 purposes of this resolution, "competitive service providers" means entities with generation or transmission
25 and licensed suppliers that sell electricity to end-use customers.

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

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

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

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

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

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

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