

Good afternoon,

Freedom Virginia advocates for a fair and affordable economy where all Virginians can not just achieve economic security, but thrive. We do that work in a variety of ways, but especially by organizing in communities across the Commonwealth and asking Virginians what expenses are causing them the most financial burden. Since our founding in 2020, we have consistently heard that the cost of energy is a major pain point for Virginians' wallets. Particularly with costs varying month to month and season to season, knowing whether simply keeping the lights on will cost \$150 or \$500 is a major stressor to people across Virginia.

Independent studies [like this one](#) have verified in recent years that Virginia experiences some of the highest energy costs in the country. Making matters worse is that the concentration of data centers means our energy demands are increasingly faster than anywhere else in the U.S. As currently structured, there is simply too much strain placed on ratepayers in our current model of electric utility regulation. While measures like the 2023 Affordable Energy Act have given the State Corporation Commission more tools to regulate utilities and [protect ratepayers](#), we believe the Commonwealth should explore adopting a performance based regulation model and move away from the current cost of service model.

It's important to note that we want Virginia's electric utility companies to succeed. Our organization exists to support Virginians' economic security, and utility companies are both service providers and also large employers in the state. Having strong profits and reputation for the utilities helps support high-quality jobs here in Virginia. But the cost of service model simply incentivizes the construction or acquisition of facilities to produce more energy, which is not necessarily in the best interest of ratepayers.

We believe performance metric incentives should be established that would, at a minimum, 1. Prioritize lowest-cost energy as much as possible in approving new projects, while keeping in mind the state's goals on renewable energy transition; 2. Retire unprofitable fossil fuel plants as quickly as possible, since they are not making money and causing unnecessary strain on ratepayers; 3. Recognize that over the long term, renewable energy [is the most affordable](#) and most sustainable form of energy generation; and 4. Hold utilities accountable for price gouging by directing overearnings to be returned to ratepayers.

As this regulatory process moves forward, we ask for more opportunities for public engagement and decisionmaking surrounding PBR and/or other alternative regulatory tools.

Thank you for your consideration.

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