

Glenn Davis, Director
Virginia Energy
8th Floor, 1100 Bank Street
Richmond, Virginia 23219

Re: Case No. PUR 2024-00152

Please accept this letter on behalf of the Virginia Energy Consumer Alliance, Virginia Organizing, Solar United Neighbors, New Virginia Majority, and the Virginia Poverty Law Center, regarding the order to study performance-based regulation (PBR) and alternative regulatory tools for electric investor-owned utilities. We represent a diverse group of organizations interested in participating in the stakeholder engagement process. The PBR study process is a pivotal first step in aligning utility incentives with the Commonwealth's affordability, reliability, and renewable energy goals.

Importance of Stakeholder Engagement

We appreciate Virginia Energy and the State Corporation Commission's attention to the stakeholder process. This process represents an opportunity to encourage collaboration and broad participation from diverse stakeholders. House Joint Resolution 30 and Senate Joint Resolution 47 direct the agencies to include representatives from all customer classes, and they encourage the participation of a variety of industry, consumer advocacy, and local organizations. We want to emphasize the importance of the activities outlined in the legislation, which include examples of educational and stakeholder engagement initiatives. A well-designed PBR framework depends on well-informed contributions from stakeholders. To achieve this, it is crucial to facilitate a stakeholder process that promotes education, transparent decision-making, and the incorporation of best practices from other states that will allow Virginia to meet its energy goals.

Many stakeholders with a continued interest in participating in the PBR stakeholder process are still developing a foundational understanding of PBR and alternative regulatory frameworks. As such, stakeholders with limited resources or technical expertise will need the appropriate time to meaningfully engage with the process. In Indiana, regulators provided stakeholders with survey questions and definitions to guide comments, including prompts to address what additional resources would be necessary for continued education. The Commission also engaged a third-party consultant to facilitate and draft reports.¹ Similarly, in Connecticut, the Public Utilities Regulatory Authority's staff developed educational materials to outline proposed goals and outcomes for stakeholders to review and provide comments.² We strongly recommend that Virginia Energy adopt similar practices to ensure that all participants are equipped to meet the intended goals of the stakeholder process.

We also encourage Virginia Energy and the Commission to implement lessons learned from these states and provide additional time and opportunities for public input. In many states, the stakeholder process occurred over several months to a year. In Connecticut, for example, there were four public comment periods and workshops over the course of a year-long process.³ North Carolina took an even more

¹ Indiana Utility Regulatory Commission, 2024. <https://www.in.gov/iurc/performance-based-ratemaking-study/>

² PURA Investigation into a Performance-based Regulation Framework for the Electric Utility Companies. Connecticut Public Utilities Regulatory Authority, [Docket No. 21-05-15](#), April 2023.

³ Ibid, page 5-7.

extensive approach, hosting nine workshops over a year to develop recommendations that harmonize utility incentives with modern public policy goals.⁴

The effectiveness of performance-based regulation and alternative regulatory tools depends upon the successful design and implementation of said tools through a comprehensive stakeholder and study process. A PBR framework that lacks inclusive engagement will lead to missing or limited stakeholder perspectives and ultimately result in implementation gaps or oversights. Thus, the stakeholder engagement process must facilitate participation from a diverse range of stakeholders to address Virginia's evolving energy needs and ambitious policy goals.

We hope Virginia Energy will continue offering interested stakeholders opportunities to explore performance-based regulation and alternative regulatory tools. As a part of this consideration, we ask the Commission and Virginia Energy to extend Virginia Energy's deadline to report the outcomes of the stakeholder process to allow for increased and meaningful participation. The organizations listed below will be better positioned to participate with additional time and opportunities, and we look forward to our continued engagement.

Sincerely,

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⁴Indiana Utility Regulatory Commission, 2024. <https://www.in.gov/iurc/performance-based-ratemaking-study/>
Brooks, Josh, et. al. *North Carolina Energy Regulation Process: Summary Report and Compilation of Outputs*. RMI, Regulatory Assistance Project, December 2020, page 10-11.
<https://www.deq.nc.gov/environmental-assistance-and-customer-service/climate-change/clean-energy-plan/2020-nerp-final-report/download>

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