

# PERFORMANCE BASED REGULATION ONE MEANS TO ADDRESS RESIDENTIAL CUSTOMER CONCERNS

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# CURRENT STATE OF AFFAIRS

## OPPORTUNITIES FOR IMPROVEMENT

### Measures for affordability and transparent decision-making

- Under the current regulatory model, Virginia's electric utility business model has no measure of its performance in areas related to the affordability of rates as experienced by the customer
  - The "**status quo:**" a customer service metric based on "average speed of answer"
- CAPEX Bias reduces the prioritization of cost-efficient utility investments and operations

### Savings Maximization from Energy Efficiency and Statutorily Required Savings Levels – *EE RAC and Stakeholder Process*

- We must ensure optimization of investments in EE programs for residential customers that directly affect their usage and costs. A comprehensive regulatory framework should include incentives that are aligned to encourage cost efficiency and provide deepest investments in program measures that produce meaningful outcomes for participants

The Illinois Commerce Commission implemented PBR tools provided that:

*"The breadth of this framework should revise existing utility regulations to position Illinois electric utilities to effectively and efficiently achieve current and anticipated future energy needs of this State, while ensuring affordability for consumers."*

## PBR CAN IMPROVE OUR COS SYSTEM

### Elevating *transparency* and *affordability* in utility regulation

- **PBR is an umbrella suite of regulatory tools to ensure utility service and programs align with state policy goals.** Virginia already utilizes some incentive tools meant to achieve policy goals while staying within the confines of vertically integrated utilities cost-of-service ratemaking. Comprehensive PBR tools – those that include incentives *and* disincentives - can allow utilities to better meet state policy goals.
- **Affordability of service for residential customers is critical.** Tools that produce more cost-efficient operations and investments in customer service yield benefits across all ratepayer classes. Reducing residential disconnections and repayment plan barriers helps the whole system function, including the utilities. PBR can create the correct structure to ensure that efforts are sustainable for the utilities and ratepayers.
- **Regulators need a flexible and modernized regulatory toolbelt to respond to emerging energy issues.** For example, PBR offers innovative solutions to answer questions related to data centers and access to clean energy generation resources will require better tools in the regulatory toolbelt to accomplish policy goals.



# Thank You

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