Virginia Regulatory Assessment Template

**Instructions:**

* Select one (1) “performance area” or outcome from the following set to evaluate how existing regulatory mechanisms in Virginia support (incentivize) the achievement of that outcome or disincentivize the achievement of the outcome. Consider this question for each regulatory mechanism identified in the template, and for the overall performance of Virginia’s utility regulatory structure to support (or hinder) that outcome (performance area).
* Each stakeholder should complete worksheets for at least two performance areas of their choosing. Additional (more than two) performance areas can be evaluated in additional worksheets, at your discretion.

**Reference Key:** Performance Areas from *House Joint Resolution No. 30 / Senate Joint Resolution No. 47*

|  |  |
| --- | --- |
| Reliability and resiliency | Affordability for customers |
| Emergency response and safety | Cost-efficient utility investments and operations |
| Peak demand reductions | Maximization of available federal funding |
| Cyber and physical security of the grid | Savings maximization from energy efficiency and exceedance of statutorily required savings levels |
| Annual and monthly generation and resource needs in addition to hourly generation and resource needs on the 10 hottest and coldest days of the year | DER integration and speed of interconnection |
| Customer service | Beneficial electrification |
| Environmental justice and equity | Electricity decarbonization |

**Regulatory Assessment**

|  |  |  |
| --- | --- | --- |
| **Outcome** | What regulatory *outcome* or *performance area* does this assessment consider? | Peak demand reductions |
| **Do the existing regulatory mechanisms and programs sufficiently support the outcome?** |
| **Key** |  |
| **+** | **Yes** | The mechanism or program **incents achievement** of this outcome. |
| **0** | **No Impact** | The mechanism or program **does not seem to impact the achievement** of this outcome. |
| **-** | **No** | The mechanism or program **disincentivizes the achievement** of this outcome. |
| **Existing Regulatory Mechanisms and Programs** | **Description** | **Mechanism or Program’s Effect on Outcome** | **Issues for Attention** |
| **Score (+/0/-)** | **Discussion** |
| **Rate Reviews (typically biennial)** | Forward-looking |  |  |  |
| Backward-looking (w/ earnings adjustments)  |  | No demand response mechanisms in base rates |  |
| **ROE Determinations** |  |  | No return on DR RAC | Right to recover some lost revenues |
| **Rate Adjustment Clauses (i.e., trackers)** | RACs overall (general assessment of the use of RACs) |  |  |  |
| Fuel Cost Recovery |  | Lowers Capacity costs for customers |  |
| Purchased power |  | Lower purchased costs by the Company  |  |
| Demand response program costs |  | DR-RAC for high energy customers to credit demand response efforts (no return component) |  |
| RPS compliance costs |  | Lowers Company capacity requirements |  |
| Broadband capacity extension |  | N/A |  |
| Low-income programs (lost revenue recovery) |  | N/A |  |
| Capital projects (e.g., combined cycle gas projects, offshore wind, solar, distribution system undergrounding, distribution grid transformation, nuclear life extension, etc.) |  | AMI required, but largely in place for use of customers |  |
| **Other trackers** (user choice to select additional trackers used in Virginia rate making for attention) |  |  | Some energy efficiency programs included in EE  |  |
|  |  |  |  |
| **Transmission cost recovery (FERC formula rates)** | Transmission costs as allocated in FERC formula rates, recovered from customers via trackers (RACs) and/or base rates |  | Potential benefits for congestion costs |  |
| **Performance adjustments and measurement** | ROE adjustment mechanisms |  | Revenue sharing or Company incentivized programs to reduce peak demand |  |
| Energy efficiency savings target (ROE adder applied to DSN operating expenses) |  | Demand response could have benefits on energy efficiency |   |
| Performance mechanisms (e.g., metrics, scorecards, PIMS), including Case No. PUR-2023-00210 (Separate SCC PBR Case) |  | N/A |  |
| **Other ratemaking and regulatory features** | IRPs |  | N/A |  |
| Certificates of Public Need and Necessity (CPCN) |  | N/A |  |
| Rate design (including universal service fee) |  | Not relevant since participating customers receive credit |  |
| Pilot programs |  | Demand response has been in place a long time |  |

Overall Assessment

|  |  |
| --- | --- |
| **Overall, does the existing regulatory framework support achievement of the identified outcome?** | **Discussion** |
| **+ (YES)** incents achievement | Yes | While the Company receives no incentive or benefit for participation, current peak demand riders are effective when customers choose to participate and result in cost savings. Largely out of utilities control since DSM and peak shaving programs are voluntary. |
| **0 (NO IMPACT)** |  |  |
| **- (NO)** disincentivizes achievement |  |  |