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? | Electricity Decarbonization  |
| **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 |  | N/A |  |
| Backward-looking (w/ earnings adjustments)  |  | No incentives in base rates |  |
| **ROE Determinations** |  |  | N/A | N/A |
| **Rate Adjustment Clauses (i.e., trackers)** | RACs overall (general assessment of the use of RACs) |  | VCEA and affiliated RAC costs for RECs and renewable resources |  |
| Fuel Cost Recovery |  | No fuel affiliated with solar or wind |  |
| 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 |  | Covers portion of VCEA costs |  |
| 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.) |  | Solar, wind, battery storage projects. Very capital intensive |  |
| **Other trackers** (user choice to select additional trackers used in Virginia rate making for attention) |  |  | A6 and A5 Riders  |  |
|  |  |  |  |
| **Transmission cost recovery (FERC formula rates)** | Transmission costs as allocated in FERC formula rates, recovered from customers via trackers (RACs) and/or base rates |  | Could transmission costs |  |
| **Performance adjustments and measurement** | ROE adjustment mechanisms |  | Not needed, biennial ROE mechanisms in place |  |
| Energy efficiency savings target (ROE adder applied to DSN operating expenses) |  | N/A |   |
| 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 |  | Included as part of VCEA requirements |  |
| Certificates of Public Need and Necessity (CPCN) |  | In state company owned projects require CPCN approval, all projects require prudency review |  |
| Rate design (including universal service fee) |  | Rate design methodologies must be approved by SCC |  |
| Pilot programs |  | No pilot, program very extensive w/ aggressive targets |  |

Overall Assessment

|  |  |
| --- | --- |
| **Overall, does the existing regulatory framework support achievement of the identified outcome?** | **Discussion** |
| **+ (YES)** incents achievement | Yes | VCEA framework is relatively new. With the current aggressive goals in place the company is effectively incentivized to adhere to commission expectations. Due to how new the legislation is additional time is needed to see how the program influences APCo and Dominion going forward. |
| **0 (NO IMPACT)** |  |  |
| **- (NO)** disincentivizes achievement |  |  |