Virginia Regulatory Assessment Template

[This document will be reviewed during Stakeholder Meeting #4 and does not need to be completed before that]

**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 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? |  |
| **Do the existing regulatory mechanisms and program 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 | + |  |  |
| Backwards-looking (w/ earnings adjustments)  | + |  |  |
| **ROE Determinations** |  | + |  |  |
| **Rate Adjustment Clauses (i.e., trackers)** | Purchased power | + |  |  |
| Demand response program costs | + |  |  |
| RPS compliance costs | + |  |  |
| Broadband capacity extension | + |  |  |
| Low-income programs (lost revenue recovery) | 0 |  |  |
| Capital projects (e.g., combined cycle gas projects, offshore wind, solar, distribution system undergrounding, distribution grid transformation, nuclear life extension, etc.) | + |  |  |
| **Other trackers** (user choice to select additional trackers used in Virginia ratemaking for attention) |  |  |  |  |
|  |  |  |  |
| **Transmission cost recovery (FERC formula rates)** | Transmission costs as allocated in FERC formula rates, recovered from customers via trackers (RACs) and/or base rates | + |  |  |
| **Performance adjustments and measurement** | ROE adjustment mechanisms | + |  |  |
| Energy efficiency savings target (ROE adder applied to DSN operating expenses) | 0 |  |  |
| Performance mechanisms (e.g., metrics, scorecards, PIMS), including Case No. PUR-2023-00210 | + |  |  |
| **Other ratemaking and regulatory features** | IRPs | 0 |  |  |
| Certificates of Public Need and Necessity (CPCN) | + |  |  |
| Rate design (including universal service fee) | + |  |  |
| Pilot programs | + |  |  |

Overall Assessment

|  |  |
| --- | --- |
| **Overall, does the existing regulatory framework support achievement of the identified outcome?** | **Discussion** |
| **+ (YES)** incents achievement | + | No construct is perfect, but the current model serves customers, utilities, and the Commonwealth well. |
| **0 (NO IMPACT)** |  |  |
| **- (NO)** disincentivizes achievement |  |  |