Climate & Clean Energy WORKING GROUP

2026 SESSION PRIORITIES PRIMER

To meet rising energy demand and mitigate climate related impacts, while reducing electricity bills to Virginians, we need legislation that will expand renewable clean energy, increase energy efficiency, implement electric utilities reform, and ensure that data centers pay their fair share and compensate for environmental impacts.

Rejoin the Regional Greenhouse Gas Initiative (RGGI). RGGI is a multi-state program that cuts pollution by requiring power plant owners to purchase an allowance for every ton of carbon dioxide their plant emits. The supply of these allowances is reduced over time driving down emissions in participating States, decreasing utility reliance on fossil fuels, while providing $ billions in economic and health benefits. In 2020, the Virginia General Assembly passed legislation allowing Virginia to join RGGI. During the three years in which Virginia participated, RGGI brought hundreds of millions of dollars to the state with 45% of the proceeds directed to the Community Flood Preparedness Fund to help communities address the mounting costs of flood mitigation and 50% to the Housing Innovations in Energy Efficiency Fund to help low-income families slash their energy bills. During this time carbon pollution dropped by 22%. Through the legally questionable use of an executive order, Governor Youngkin withdrew Virginia from RGGI in 2024. *We support legislation that will enable Virginia to rejoin RGGI.*

Lower Bills with More Clean Energy: Protect and Enhance the Virginia Clean Economy Act (VCEA). The VCEA, passed in 2020, outlines a path for Virginia's largest utilities, Dominion Energy and Appalachian Power Company (APCo), to transition to clean, renewable energy by 2045 and 2050, respectively. The law sets targets for clean energy resources – including solar, wind, energy efficiency, and battery storage – to replace fossil fuel power plants that will be retired. Switching to clean energy will save customers money, cut carbon emissions, reduce air pollution, and improve energy security. Solar and wind, especially when paired with battery storage, are now considerably less expensive than gas. Dominion, for example, estimates that its renewable energy projects will save $118.5 billion in fuel costs over the lifetime of these investments. With energy demand increasing due to the explosive growth of data centers, it is more important than ever to require utilities to increase the amount of clean, carbon free energy that they must procure.

Currently, the VCEA requires Dominion and APCo to procure only a minimal amount of distributed generation - generation from small scale facilities like rooftop or parking lot solar and small wind turbines instead of large power plants miles away. Distributed generation has significant advantages including reducing energy losses through transmission and increasing resilience and sustainability. Likewise, the amount of battery storage that the utilities are required to meet under the VCEA is small.

Battery storage allows a utility to store excess solar/wind power when abundant and releases it to the grid when necessary. It also provides backup power during emergency outages. *We support legislation* that *substantially increases the amount of distributed generation and battery storage that Dominion and APCo must use.*

Lower Bills with More Clean Energy: Electric Utility Reform. Every 2 years, Dominion Energy must submit to the State Corporation Commission (SCC) a long term planning document known as an Integrated Resource Plan (IRP). The IRP must forecast electrical demand for the next 15 years and outline how the utility plans to meet the demand using both supply side resources (generation facilities) and demand side resources (like energy efficiency).

The IRP is not a request for approval of specific projects - rather it's a planning tool to inform regulators, stakeholders, and the public about options. The SCC must determine whether the IRP is "reasonable and in the public interest" and then judge, in light of the IRP, whether future projects are also reasonable and in the public interest.

The current statutory requirements for IRPs are lax and should be beefed up to improve forecasts of supply, demand, transmission, and distribution to reduce the likelihood that utilities will "over build" facilities or choose unnecessarily expensive options. Dominion should also be required to model scenarios that meet the goals of the VCEA as well as the "least-cost" option for meeting future demand and to provide the public with access to these models to verify accuracy. Information generated from enhanced IRPs will allow the SCC to make more informed decisions and save Virginians money. *We support legislation that imposes requirements on Dominion to more accurately forecast energy and related infrastructure needs and to identify least cost options which will inevitably include increasing clean energy, using battery storage, and expanding demand side resources rather than Dominion's current focus which is on expanding fossil fuel generation.*

Data Centers Must Pay their Fair Share and Compensate for Environmental Impacts. There are over 650 data centers in Virginia with a huge surge in new proposed projects. Energy use resulting from data center expansion is rising exponentially and driving up costs for consumers. Rising data center energy use is cited by Dominion and other utilities as justification for building more gas-fired peaker plants, which undercuts the very purpose of the VCEA. Data centers are owned by or constructed for some of the richest companies in the world. And yet these companies receive nearly a billion dollars annually in tax incentives from the Commonwealth. At minimum, these companies should be required to procure renewable energy to power as much of their operations as possible. New construction should be more energy efficient. And since data centers create most of the risk of brown-outs and black-outs, they should bear the costs and be required to employ demand-response measures to reduce demand during peak events. *We support legislation that makes tax exemptions for data centers contingent on, at minimum, procuring clean energy, meeting energy efficiency requirements, adopting demand-response measures and phasing out use of polluting backup diesel generators.*