



Senator Frank W. Wagner
Chair, Senate Committee on Commerce and Labor

Delegate Terry G. Kilgore
Chair, House Committee on Commerce and Labor

Virginia State Legislature
Pocahontas Building, 900 East Main Street
Richmond, VA 23219

February 5, 2018

Senator Wagner and Delegate Kilgore:

As companies and organizations with a significant presence and interest in Virginia, we are pleased to provide comments on S.B. 837 and H.B. 1528, bills to amend and reenact § 56-577 of the Code of Virginia.

As major electricity customers and as groups representing electricity customers, we support efforts by Virginia's investor-owned utilities ("IOUs") and by Competitive Service Providers ("CSPs") to meet the needs of Virginia ratepayers, including with regard to renewable energy, and we believe this bill will help to ensure that all customers have access to a range of options to meet their electricity needs and preferences. By enabling least-cost electricity options, the bill would help facilitate economic growth in Virginia by providing incentives for growth among existing customer businesses and incentives to attract new businesses.

The signatories of this letter also include companies that share a commitment to pursue renewable and other clean energy sources to meet our energy needs. Our commitment to pursue renewable energy stems from a range of motivations, including reducing price uncertainty, saving money, diversifying the grid mix of generating resources, and meeting the needs and expectations of our customers, employees, investors, and other key stakeholders. In Virginia, we share a goal of reducing our electricity costs and finding expedient, flexible, and market-based solutions to meet our renewable energy needs without adversely impacting other customers. Thanks to the active engagement of Virginia's IOUs, many companies have made significant

progress toward their renewable energy goals in the Commonwealth. In parallel, our companies also believe that an active competitive market in Virginia can help to ensure that all companies—including those that remain IOU customers—will have access to a range of cost-competitive solutions to meet their energy needs.

Currently, Virginia State Code § 56-577 provides options for customers to purchase electricity from CSPs. The language regarding retail electric choice was last amended in 2007, when the Virginia legislature re-regulated electric service in the state but left open the option for customers to purchase electricity from CSPs under certain conditions. Due to three specific provisions, customers have struggled to make use of this option; S.B. 837 would amend these sections and allow customers to pursue service from CSPs—still with restrictions, as originally intended. Specifically, S.B. 837 would:

- reduce the required period of advance notice that a customer must provide before leaving a CSP and returning to IOU service from 5 years to 3 months, removing a major barrier that prevents companies from leaving IOU service while still providing ample advance notice to ensure that the IOU and its other customers are not harmed;
- reduce the customer eligibility threshold for individual or aggregated customer load from 5 MW to 1 MW, allowing additional smaller commercial and industrial customers to pursue service from CSPs; and
- remove the restriction preventing customers from pursuing renewable energy from CSPs if the customers' incumbent IOU already provides a 100% renewable energy offering, leveling the playing field for customers pursuing renewable energy and reducing a source of significant policy uncertainty for customers, IOUs, CSPs, and the State Corporation Commission.

We note that not all customers have an interest in pursuing service from CSPs, and many customers will continue to be served by IOUs regardless of the outcome of this legislation. However, a robust market environment will help ensure that *all* Virginia customers are served by least-cost electricity options, whether they take service from an IOU or a CSP. Furthermore, as a growing number of companies, cities, and public entities in Virginia and across the country set ambitious renewable energy or greenhouse gas targets, the option for all customers to pursue renewable energy through CSPs as well as through IOUs will help ensure that the Commonwealth is able to meet the differing needs of a wider range of customers.

We appreciate your attention to our perspective as you consider S.B. 837 and H.B. 1528, and we encourage the Senate and House Committees on Commerce and Labor to consider our companies as a resource should additional questions arise.

Sincerely,

Apartment & Office Building Association
Covanta
H&M
Ikea
Microsoft
R Street

Target
Unilever
Virginia Apartment & Management Association
Walmart
WGL Energy

cc: Governor Ralph Northam