



Policy Priority: **Expanding Market Access**

Recent years have seen staggering growth in advanced energy across the United States, to more than \$200 billion in revenue, equal to pharmaceutical manufacturing, and approaching wholesale consumer electronics. The sector now employs more than 3.4 million U.S. workers.

A key driver of that growth has been demand from consumers large and small, drawn to the competitive economics, as well as environmental benefits. Increasingly, advanced energy costs less than traditional generation. These low prices can be counted on for years, even decades, to come, setting advanced energy apart as a resource with a predictable and steady price.

As a result, access to advanced energy has become critical to consumers, from small businesses to large institutions and Fortune 100 firms, as they consider where to open shop, build data centers, and expand operations. These consumers need an array of energy options to meet specific goals; transparent, predictable, and competitive prices to manage costs; flexible contracts to control risk; and demonstrable environmental gains to achieve sustainability targets.

Virginia has options for consumers, especially large buyers, and is home to a number of businesses with renewable energy goals. Virginia utilities have worked collaboratively to develop solutions to meet the needs of some of their large customers. Moreover, as part of the PJM grid and a partially deregulated state, Virginia consumers are in a position to take advantage of resources, pricing, and other attributes in the wholesale market. Nonetheless, uptake has failed to meet forecasts. Why? Because, in spite of appearances, access to advanced energy in Virginia remains limited.

Expanding market access requires improving existing options and creating new ones. The renewable energy tariffs currently available to Virginia consumers include significant barriers to participation. Many are limited to large consumers – i.e. those with multiple megawatts of demand – and have restrictive caps. They often lack transparency and predictability while containing significant administrative costs and premiums. At the same time, they often omit significant benefits of advanced energy when accounting for costs.

Well-designed renewable energy tariffs can expand access. Low transaction costs and fixed energy prices appeal to a variety of consumers, especially smaller buyers without the bandwidth for complex transactions. Virginia should lower the threshold for participation, remove caps, and ensure that the cost of

such tariffs is clear, predictable, and competitive. Such tariffs should incorporate and reflect the full array of benefits advanced energy provides.

All customers should have access to competitive service providers (CSP) to foster greater choice and lower prices. As with renewable energy tariffs, however, access to competitive supply in Virginia is limited to large customers. Even for such customers, access to the market is often impractical because they are required to give five years' advance notice before returning to its utility supplier. This requirement has discouraged development of a competitive market and should be significantly reduced.

Today, Virginia's code *does* allow all consumers, large and small, access to CSPs when purchasing 100% renewable generation. However, they may only do so if their utility does not offer its own 100% renewable tariff - an "either-or" provision. To date, no such utility tariff has been approved, but uncertainty around when and if 100% renewable energy tariffs, introduced by the utilities, will be accepted by regulators has limited market development. Legislators should eliminate the "either-or" provision so renewable products from CSPs and incumbent utilities can compete side-by-side without the impediment of regulatory uncertainty.

Customers should be permitted to aggregate load from multiple meters to overcome minimum load requirements. This would create opportunities for smaller customers with more than one metered facility. The State Corporation Commission has permitted such aggregation, but Virginia utilities have continued to oppose it, appealing to the Commonwealth's Supreme Court.

Finally, customers should be allowed to enter into power-purchase agreements (PPAs). These long-term energy contracts – either bilateral agreements between consumers and independent advanced energy producers or multilateral arrangements facilitated by utilities or competitive service providers (CSP) – give consumers the ability to support development of new renewable energy facilities with limited risk and without substantial upfront cost.

CSPs, PPAs, and utility renewable energy tariffs can all be used to increase customer access to advanced energy. Policy makers should consider new avenues, such as making community solar options more attractive to both large and small consumers. By expanding market access, the Commonwealth can both spur advanced energy development and attract an array of businesses and institutions, which are the foundation of a 21st century economy for Virginia.