



## THE VIRGINIA CLEAN ECONOMY ACT

In 2020, the General Assembly passed the Virginia Clean Economy Act (VCEA). This law transformed energy policy in the Commonwealth. Binding energy efficiency (EERS) and renewable standards (RPS), combined with emission reduction standards and retirement deadlines on fossil-fired power plants, kicked-off Virginia's transition towards a zero-carbon electric grid. Rules expanding the use of distributed generation (DG) and the participation of third-party owned renewables on Virginia's grid increased competition and customer choice. And bold targets for energy storage and offshore wind are fast making the Commonwealth a hot bed for the growth of these new, clean industries.

The VCEA is a central policy to decarbonizing Virginia's electric grid, cutting emissions from power plants, and combating climate change. Moreover, in the wake of COVID-19, it is essential to helping our Commonwealth build back better. Our analysis indicates, when fully implemented, the VCEA will help create over 13,000 jobs<sup>1</sup> each year in advanced energy and attract millions in new investment and tax revenue to communities across the Commonwealth.

### STRENGTHENING THE VCEA

The VCEA was designed to transition Virginia to a 100% clean grid, while ensuring electricity is affordable for Virginia families and empowering consumers. The act makes bold strides on all these fronts, but there's always more work to be done. Here are nine ways to strengthen the VCEA with those goals in mind:

#### Accelerate the Clean Energy Transition:

- **Ramp up the RPS:** Every year, the VCEA requires Dominion and Appalachian Power to get more electricity from clean and renewable resources, hitting 100% for Dominion in 2045 and 100% for Appalachian in 2050. *Policy makers can accelerate these targets, requiring the IOUs to hit 100% in 2040 or 2035.*
- **Bolster Energy Storage:** Energy storage will be essential to building a clean and reliable grid. The VCEA established targets for deployment of 3.1 GWs of storage by 2035, one of the largest goals in the country. *Build on this by accelerating the interim targets, expanding opportunities for third party companies to compete, encouraging more diverse storage programs, and extending them beyond 2035.*
- **Tighten Emissions Regulations:** At the same time as the utilities are required to increase the share of clean energy on the grid, the VCEA also requires the Air Board to set

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<sup>1</sup> "Virginia's Energy Transition." September 2019. <https://info.aee.net/va-energy-transition-report>.



regulations that ramp down CO<sub>2</sub> emissions from fossil-fueled power plants, hitting zero by 2050. *Move up that zero-emissions deadline, phasing out fossil generation faster.*

### Ensure Affordable Electricity:

- **Extend the EERS:** Energy efficiency (EE) is one of the best ways to help cut electricity bills for Virginia families and consumers. The VCEA includes binding EE targets through 2025 for Dominion and Appalachian Power, which the State Corporation Commission (SCC) then resets in '26 and beyond. *Strengthen this important policy by writing additional, binding EE targets into law through 2030.*
- **Raise the Share of 3<sup>rd</sup> Party Owned Renewables:** Having private companies, rather than the utilities, develop, own, and operate large-scale renewable projects can help reduce the costs of new generation. Private firms must compete to deliver electricity at the lowest price and can't pass their costs onto ratepayers. The VCEA requires that 35% of the renewables used to meet clean energy targets are 3<sup>rd</sup>-party owned. *Raise that percentage to a floor of 50%.*
- **Support Full PIPP Implementation:** The VCEA established the framework for a Percentage of Income Payment Program (PIPP), which caps the electric bills of low-income consumers and helps them cut costs through EE. There's more work to be done to ensure PIPP is fully implemented and operational. *Support this important program at the Assembly and before the SCC.*

### Empower Consumers:

- **Expand the DG Carve-out:** One percent of Dominion's RPS is set aside for distributed generation (DG). This helps incentivize the growth of rooftop solar, small wind, and anaerobic digesters across Virginia. *Expand the DG carve-out to at least three percent to further encourage the growth of these small, clean resources.*
- **Increase PPA Access:** Power Purchase Agreements (PPAs) allow consumers to access distributed renewables without paying the upfront costs of installation. Today, PPAs are helping schools, non-profits, and some businesses reduce their electricity costs. *Lower the threshold for PPAs to allow residential consumers with smaller energy loads to access them, helping more Virginians go solar while saving money and lift the caps on PPAs for schools and non-profits.*
- **Encourage BTM Storage:** Energy storage can be located not only on the grid, but "behind-the-meter" (BTM) at homes, schools, businesses, and hospitals. These BTM systems can help energy consumers manage their energy costs while providing back-up power if the grid fails. *Strengthen the language in the VCEA to ensure the utilities allow and encourage BTM storage in Virginia's energy system.*