Commission on Electric Utility Regulation
Subcommittee 4

December 2, 2025

Carrie Hearne, Executive Director

Members of Subcommittee 4 (Carryover Policy Recommendations)

Senate Members:
The Honorable Scott A. Surovell, Chair
The Honorable L. Louise Lucas
The Honorable Mark D. Obenshain

House of Delegates Members:
The Honorable Terry G. Kilgore (CEUR Vice Chair)

The Honorable Candi Mundon King

Citizen Members:
Josephus Allmond (House appointment)

Ex Officio Members:
Meade Browder (Attorney General's Office)

CEUR
Commission on
Electric Utility Regulation

Agenda

December 2, 2025

- Welcome and Call to Order
- Director's Update
  - SCC Final orders
- Policy for consideration for 2026 General Assembly
  - CEUR Jurisdiction and Merger
  - Performance-Based Regulation Workgroup
  - Data Centers and Grid Reliability
- Commission Discussion
- Public Comment
- Subcommittee Votes
- Next steps
- Adjourn

SCC Final Order for Dominion 2025 Biennial Rate Case*

- Increases Dominion's base rates by $11.24 in 2026 and an additional $2.36 in 2027 for typical residential monthly bill**
  - Utility requested a $14.73 increase in 2026 and an additional $4.84 in 2027
  - Represents a cumulative revenue increase for 2026-2027 of $775.6 million; utility requested a cumulative increase of slightly less than $1.2 billion
- Increases Dominion's authorized return on equity from 9.7% to 9.8%
  - Utility requested a return of 10.4%

- Case No. PUR-2025-00058.
- ** Assumes 1,000 kWh per month.

SCC Final Order for Dominion 2025 Biennial Rate Case, cont’d.

- The Commission approved a new GS-5 rate class for customers using 25 megawatts or more, including data centers. The new rate class will be effective January 1, 2027.
- Minimum demand charges: 85% of contracted distribution and transmission demand, and 60% of generation demand, among other requirements with exemptions for eligible legacy customers.
- The Commission directed Dominion to propose alternative transmission cost allocation methods to be examined in the Company’s next Rider T1 proceeding.

* Case No. PUR-2025-00058.

SCC Final Order for Dominion 2025 Biennial Rate Case, cont'd.

- The Commission directed the Company to file its new large load interconnection queue process in a separate future proceeding at the Commission.

- The Commission anticipates that such a proceeding will occur on an expedited timeline and directs that the Company make such a filing on or before February 2, 2026.

* Case No. PUR-2025-00058.

SCC Final Order for Dominion CPCN for Chesterfield Energy Reliability Center*

- The Chesterfield Energy Reliability Center will be ~944MW natural gas facility located within footprint of recently retired coal plant
  - It should be commercially operatable by June 1, 2029
  - Increases typical residential bill** by $0.60 per month

- The Commission directed the Company to submit annual RFPs for dispatchable generation (as opposed to episodic RFPs) and to engage with “a third-party Independent Monitor to participate in the formulation of the RFP criteria and review of its results in any RFP where the Company is submitting a self-build proposal.”

- Case No. PUR-2025-00037.
- ** Assumes 1,000 kWh per month.

SCC Final Order for Dominion CPCN for Chesterfield Energy Reliability Center*

- “In this case, data center development in Virginia, while not an insignificant contributing factor is not the only factor underlying the need for the CERC Project. In addition to Virginia-specific load growth, the integration of renewable energy sources, […] and the supply and demand dynamics occurring and projected to occur in the greater PJM region are both primary drivers of the need for new dispatchable capacity resources”

*Case No. PUR-2025-00037.

SCC Final Order for Dominion CPCN for Chesterfield Energy Reliability Center*

- “While we are hopeful that resources such as small modular reactors, nuclear fusion, and long-duration battery storage can become meaningful components of the Commonwealth’s generation portfolio, they are not currently deployable commercial technologies that can meet the near-term need to address current reliability concerns. Further, existing demand-side options such as high load flexibility and customer demand-side management programs – over which the Company has little control – are currently insufficient to address the reliability issue at hand and cannot offset the need in this case.”

*Case No. PUR-2025-00037.

SCC Final Order for Dominion CPCN for Chesterfield Energy Reliability Center*

- The 2025/2026 Base Residual Auction (BRA) failed to clear sufficient accredited capacity within the DOM Zone to meet PJM's reliability requirement.

- Consumer Counsel noted that "under Dominion's 2024 IRP peak demand forecast with PJM's minimum reserve margin requirement, the Company forecasts that it would be approximately 2,000 MW short of its projected system capacity requirements in the 2029-2031 period, even if the CERC Project capacity is added along with other generating capacity additions either approved by the Commission or planned by the Company."

- An analysis by the North American Electric Reliability Corporation (NERC) shows the PJM region experiencing reserve shortfalls under extreme weather conditions for the 2025-2029 forecast period.

*Case No. PUR-2025-00037.

CEUR Staff Policy Proposals

2026 General Assembly Considerations

CEUR Merger, Scope and Name Change: "The Energy Commission"

- CEUR scope would be broadened to include monitoring the SCC's regulation of both electric and natural gas utilities (20)
  - Examine the production, transmission, distribution, storage, and use of energy, including energy efficiency and conservation (24-27)
  - Monitor the development and implementation of the Energy Policy of the Commonwealth and the Virginia Energy Plan (24-27)
  - Monitor the SCC's regulation of electric utilities and natural gas utilities (28-29)
  - Act in advisory capacity to the General Assembly on energy-related issues (33)
  - Coordinate with other state entities and authorities, e.g., Virginia Nuclear Energy Consortium Authority, Clean Energy Advisory Board (53-59)
- CEUR would be renamed to the Energy Commission of Virginia ("The Energy Commission")
- Virginia Coal and Energy Commission would be repealed (484)

Performance-Based Regulation Work Group

- SCC-led work group to design an effective regulatory framework for improving electric utility performance
  - Feasibility of consolidating rate adjustment clauses (8-13)
  - Incentives for fuel cost management and recommendations for fuel cost-sharing mechanisms (14-15)
  - Incentives for utility compliance with energy efficiency and renewable portfolio standard (RPS) requirements (16-19)
  - Recommendations for performance-incentive mechanisms (20-23)
  - All-source competitive procurement framework (24-27)
- Work group report required by October 31, 2026 (33)
- Work group to build on SCC report, *"Opportunities for Performance-Based and Alternative Regulatory Tools in Virginia"* (PUR-2024-00152)*

* Report required by SJR 47 (Surovell) and HJR 30 (Sullivan) approved by 2024 General Assembly.

Data Centers and Strengthening Grid Reliability

- Option A: Clarify utilities can delay customer interconnection due to a lack of available generation capacity
  - The SCC has the authority to establish interconnection standards to ensure transmission and distribution safety and reliability, which standards shall not be inconsistent with nationally recognized standards acceptable to the Commission.(§ 56-578).
  - In Dominion's biennial rate case, the SCC's final order directed Dominion to file its new large load interconnection queue by February 2, 2026.
  - DOE's FERC ANOPR may impact this policy. Consider adding language such as: "Adjustments can be made to accommodate direction from FERC on load interconnection."

- Option B: Direct IOUs and Coops to require reliability conditions in terms and conditions for large loads

Data Centers and SCC Work Group on Load Flexibility

1. SCC regulatory workgroup to study mechanisms to (i) facilitate serving the growing energy demands from data centers and large load users, while (ii) increasing participation in load flexibility.
   a. Work group established July 1, 2026 with report required by November 1, 2026
   b. Work group to recommend if demand response should be mandatory or voluntary

Utility Demand Response Curtailment Proceedings

1. By December 1, 2026, SCC will begin the rulemaking proceeding to establish demand response curtailment policies for Phase I, Phase II utilities, and co-ops with one or more customer with consistent demand of 50MW or greater
   a. Utilities will submit demand response curtailment policies by November 1, 2027
   b. SCC final orders would be due by March 1, 2028

TIMELINE ON WORKGROUP + SCC PROCEEDINGS

July 1, 2026

SCC workgroup is established to study incentives and implementing load flexibility

November 1, 2026

Workgroup report is due with findings and recommendations

December 1, 2026

SCC rulemaking proceeding starts on demand response curtailment tariffs

November 1, 2026

Utilities submit their demand response curtailment policies

March 1, 2028

SCC final order is due on demand response curtailment policies*

Utilities will implement their policies within 30 days of Commission approval

*If SCC requests modifications, the utilities have until June of that year to resubmit their policy

PJM Critical Issue Fast Path - Updates

- Lack of consensus among stakeholders regarding the proposed policies on November 19, 2025

- PJM's Board must now develop its own proposal for submission to FERC by the end of December 2025.

- PJM will continue to work with transmission owners, states and loads to assist with timely interconnection. Adjustments can be made to accommodate direction from FERC on load interconnection.

- PJM is recommending that the Board invoke CIFP Phase II to narrowly address:
    - Further incentivizing load flexibility when PJM is capacity deficient. It will be important, among other things, to ensure that loads are prioritized appropriately when load shedding is required in order to maintain supply and demand balance in real time operations. PJM therefore proposes that this work proceed expeditiously and in concert with follow-on work to enhance the current manual load shedding allocation methodology.

US DOE - FERC Directive on Rapid Acceleration of Large Loads

- FERC extended the deadline to submit initial comments on the proposed ANOPR to November 21, 2025, with reply comments due on or before December 5, 2025.
    - Over 20 Public Utility Commissions have filed comments, as of December 1, 2025

- The Secretary’s letter requires FERC to consider the proposal and take final action by April 30, 2026.

Thank You

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