



ENERGY COMMISSION OF VIRGINIA

2026 WORKPLAN OPPORTUNITIES AND AREAS OF RESEARCH

June 5, 2026

I. Priority Research Areas

Energy Commission staff will conduct independent research, analysis and stakeholder interviews to effectively demonstrate policy and regulatory opportunities and challenges relating to a select set of energy topics, as described in this list below and as detailed in the Appendices. Depending on the subject and agency resources, Energy Commission staff may engage with third-party research consultants, universities, and/or energy labs to inform the body of work and recommendations. Staff have indicated four recommended priority topics in the list below.

1. State Oversight of Public Utility Mergers and the NextEra Acquisition of Dominion Energy

- a. **Policy Objective:** (i) explore policy responses the General Assembly should take to ensure that the proposed merger and acquisition of Virginia’s largest investor-owned electric utility does not harm the state’s ratepayers, regulatory independence, or clean-energy commitments; (ii) determine if Virginia’s policy and regulatory construct is sufficient to ensure Virginia’s ratepayers, electric grid, and clean energy goals are adequately considered through the review of the proposed merger.
- b. **Research Plan:** For staff work plan proposal, see [Appendix A](#)
- c. *This is a staff recommended priority*

2. Public Schools as Energy Centers and Addressing the Interconnection Cost Barrier

- a. **Policy Objective:** (i) identify policy changes needed to facilitate deployment and remove the leading obstacle to getting school solar and other DERs interconnected — the cost of Dominion’s fiber-based direct transfer trip (DTT) requirement — while maintaining the safety and reliability of the electric grid; (ii) identify cost-saving and community resilience opportunities to turn public institutions into community energy centers through requiring school renovations and new construction meet defined

energy standards incorporating onsite solar, geothermal, energy storage, backup-power resilience and energy efficiency.

- b. **Research Plan:** For staff work plan proposal, see [Appendix B](#)
 - c. *This is a staff recommended priority*
3. **RGGI Proceeds, Ratepayer Refunds and Modeling Virginia’s Participation in the Regional Greenhouse Gas Initiative (RGGI)**
- a. **Policy Objective:** Evaluate redirecting a portion of Virginia’s Regional Greenhouse Gas Initiative (RGGI) auction proceeds to address utility bill affordability.
 - b. **Research Memo:** For an overview of Virginia’s participation in RGGI, see [Appendix C](#)
 - c. *This is a staff recommended priority*
4. **Cooperative Geothermal (Thermal Energy) Networks**
- a. **Policy Objective:** Explore statutory authority for the creation of geothermal networks — also called thermal energy networks (TENs) — including authority for investor-owned utilities, electric cooperatives, and municipalities to develop and own them, and a regulatory framework to support a new “thermal utility” model for clean heating and cooling.
 - b. **Research Memo:** For staff work plan proposal, see [Appendix D](#)

II. Status Updates and Potential Legislation

Staff recognizes the importance of two fast-moving subjects – advanced nuclear and PJM market developments – and will actively monitor them to provide a later determination of whether new state legislation is warranted.

1. Advanced Nuclear: SMR and Fusion Status

- a. **Policy Objective.** Provide the Commission with a status update on advanced nuclear development in Virginia — small modular reactors (SMRs) and fusion — and determine whether new legislation is needed on cost recovery, ratepayer protection, siting, or workforce.
 - b. **Research Plan:** For staff work plan proposal, see [Appendix E](#)
2. **PJM: Capacity Costs, Cost Allocation, and Reliability**

- a. **Policy Objective.** Provide the Commission with an update on PJM market developments affecting Virginia and determine whether state legislation is needed to protect ratepayers from data-center-driven capacity and reliability costs and to coordinate with PJM market reforms.
- b. **Research Plan:** For staff work plan proposal, see [Appendix F](#)

III. Ongoing Monitoring and Statutory Work Groups

In addition to the priorities above, Commission staff will continue to monitor the high-profile SCC proceedings most closely tied to these priorities (the Dominion–NextEra merger review, DER interconnection and DTT, large-load interconnection and demand flexibility, and biennial rate reviews and the Dominion IRP), and will track implementation of statutory work groups arising from the 2026 session — including IRP planning guidelines (SB249), performance-based regulation (SB251), balcony-solar fire safety (SB250), the smart-solar permitting platform surcharge (SB382), and geothermal appraisal regulations (SB252). Staff will report material developments and any resulting legislative recommendations to the Commission. For additional details on statutory work groups and SCC proceedings, see [Appendix G](#) and [Appendix H](#).

IV. Staff Proposals Deferred for 2026

The following staff-recommended topics are not carried forward as 2026 priorities but remain available for staff monitoring and possible future consideration.

1. Tax Credits for Renewable Energy and Energy Storage

- a. **Policy Objective:** Determine the effectiveness, design and impacts of a tax credit for incentivizing deployment of solar energy and energy storage projects in the Commonwealth of Virginia.
- b. **Research Plan:** For staff work plan proposal, see [Appendix I](#)
- c. Letter from Delegate Reid requesting study and analysis ([HB1133](#))

2. Retail Choice Expansion: Aggregate Demand Limitations

- a. **Policy Objective:** Determine whether access to retail choice in Virginia should be expanded, and if so, identify any statutory changes needed to facilitate this expansion.
- b. **Research Plan:** For staff work plan proposal, see [Appendix J](#)
- c. Letter from Senator VanValkenburg requesting study and analysis of aggregate demand limitations ([SB509](#))

3. Evaluation of meter socket adapters (MSAs)

- a. **Policy Objective:** Determine whether and how the state should facilitate the use of meter socket adapters (MSA) in Virginia, to help reduce the cost of interconnecting residential and small commercial energy assets (e.g. solar, battery storage, EV chargers).
- b. **Research Plan:** For staff work plan proposal, see [Appendix K](#)

The Commission may revisit any deferred item at the Chair’s direction or upon a member’s request.

V. Monitor Federal Funding and State Agency Rollout

Energy Commission staff will monitor the status and—to the extent grant funds are awarded—rollout of federal programs in Virginia.

1. Home Energy Rebates – Virginia Energy Rollout

2. Solar for All – Virginia Energy (OAG complaint filed)
3. Grid Resilience and Innovation Partnerships (GRIP) – Virginia Energy
4. National Electric Vehicle Infrastructure (NEVI) - VDOT
5. Climate Pollution Reduction Grant (CPRG) - DEQ
6. Others per grant tracker

VI. Track Legislation Implementation and Key Energy System Developments

1. Assessment of the “Fair and Affordable Electric Rates and Reliability Act” (HB1393/SB253)
2. RGGI – State Air Pollution Control Board and other state agencies (DHCD, DCR)
3. Solar Interconnection Grant Fund – Rollout (note, Fund sunsets in 2027)
4. Siting Standards – SCC Database of Ordinances, Compliance; (See also, UVA Virginia Solar and Storage Database)
5. IRP Reform – SB249

VII. Modeling Least-Cost Pathways to Meeting Clean Energy Goals

1. In an ongoing effort, staff will continue to work with university researchers to run modeling and analysis to inform decision-makers on the least-cost mix of energy resources that can meet Virginia’s projected energy demands and statutory decarbonization goals while promoting a reliable and affordable electric grid.
2. Staff will work with utility ratemaking experts – including staff at the State Corporation Commission, and university partners – to develop ratepayer impact statements relating to various public policy considerations throughout the year.

VIII. Attend Conferences, Trainings, and Other Events

1. Virginia Energy Summit
2. Virginia Clean Energy Summit
3. The Future of Energy Conference
4. NARUC, NCSL, NASEO Annual Meetings
5. Virginia Solar Summit
6. Others as identified and as capacity allows

Appendix A

STATE OVERSIGHT OF PUBLIC UTILITY MERGERS AND THE NEXTERA ACQUISITION OF DOMINION ENERGY

Policy Objective. (i) Explore policy responses the General Assembly should take to ensure that the proposed merger and acquisition of Virginia’s largest investor-owned electric utility does not harm the state’s ratepayers, regulatory independence, or clean-energy commitments; (ii) determine if Virginia’s policy and regulatory construct is sufficient to ensure Virginia’s ratepayers, electric grid, and clean energy goals are adequately considered through the review of the proposed merger.

Background. On May 18, 2026, Dominion Energy Virginia (Dominion) and NextEra Energy announced a proposed merger that would create the largest regulated electric utility in the world. The combined company would have a market capitalization of nearly \$250 billion, approximately 110 GW of generation capacity in operation, and more than 130 GW of large-load demand in its pipeline. If approved, the merger would leave NextEra shareholders with about 75 percent of the combined company. The proposed merger requires numerous federal and state approvals, including by the public utility commissions in four states. Under Virginia’s Utility Transfers Act (§56-88 et. seq.), any change of control of a public utility must be approved by the SCC. The Act requires the SCC to review a proposed merger or acquisition within six months. The SCC can approve a merger or acquisition only if it finds that “adequate service to the public at just and reasonable rates will not be impaired or jeopardized” as a result. Virginia’s statute on utility transfers may be significantly more limited than in other states. For example, to approve a public utility merger or acquisition in Maryland, the public utility commission must find that the proposed transfer is “consistent with the public interest, convenience, and necessity, including benefits and no harm to consumers” (Maryland Public Utilities Code §6-105). The Maryland PUC is also required to consider several factors, such as potential impacts on customer rates, and can condition its approval on the utility meeting certain conditions. As of early June 2026, no application has been filed with the SCC.

Project Goals and Research Questions. The goal of a review by Energy Commission staff would be to identify any legislative actions needed to ensure that the proposed Dominion/NextEra merger does not harm the state’s ratepayers, regulatory independence, or clean-energy commitments. As part of its review, Energy Commission staff would address the following primary research questions:

1. What standard of review and what binding, enforceable conditions (e.g., commitments on return on equity, affiliate and inter-company transactions, ring-fencing of Virginia ratepayers from out-of-state debt and risk, and continued compliance with the Virginia Clean Economy Act) should govern approval of a merger of this scale? What ratepayer benefits (e.g., guaranteed savings, service-quality metrics, savings tracking and reporting akin to conditions imposed in other multistate mergers) should be a precondition to any approval?

2. Does the SCC, the Office of the Attorney General’s Division of Consumer Counsel, and other consumer advocates have adequate standing, time, and resources to fully review a transaction of this magnitude, and should the General Assembly supplement those resources? Is Chapter 5 of Title 56, the Utility Transfers Act, sufficient to protect Virginia’s ratepayers and ensure the reliability and affordability of the electric grid over the long term?
3. What lessons can be learned from past mergers and acquisitions in Virginia and in other states to inform this process? Do other states have a broader policy that enables the utility regulator to take a broader scope in reviewing the ratepayer impacts of a utility merger or acquisition filing to determine what’s in the public interest for Virginia?

Project Approach. An Energy Commission review of the proposed Dominion/NextEra merger would be conducted largely by staff, with monitoring of the SCC docket once opened and a review of merger conditions imposed by regulators in peer states. Staff would conduct additional research activities, including interviews with key stakeholders, and may contract with a third party with legal expertise in public utility law. Energy Commission staff would prepare a memorandum of potential legislative guardrails for the Commission’s review.

Key Stakeholders. As part of the review, Energy Commission staff would solicit feedback from numerous key stakeholders, including:

- Clean energy advocates (e.g., SELC, Appalachian Voices, League of Conservation Voters)
- Clean Virginia
- Dominion Energy Virginia
- Virginia Manufacturers Association
- Virginia Office of the Attorney General (Office of Consumer Counsel)
- Virginia Poverty Law Center
- Others as needed

Energy Commission staff will also gather input from members of the Energy Commission as well as other members of the General Assembly.

Appendix B

PUBLIC SCHOOLS AS ENERGY CENTERS AND ADDRESSING THE INTERCONNECTION COST BARRIER

June 3, 2026

Policy Objective. (i) identify policy changes needed to facilitate deployment and remove the leading obstacle to getting school solar and other DERs interconnected — the cost of Dominion’s fiber-based direct transfer trip (DTT) requirement — while maintaining the safety and reliability of the electric grid; (ii) identify cost-saving and community resilience opportunities to turn public institutions into community energy centers through requiring school renovations and new construction meet defined energy standards incorporating onsite solar, geothermal, energy storage, backup-power resilience and energy efficiency.

Background — Public Schools as Energy Centers. Investing in renewable energy, energy efficiency, and energy storage systems can benefit public schools by significantly lowering their electricity bills and allowing schools to redirect those funds to essential education needs, such as supporting teachers, updating instructional resources, expanding programs and modernizing technology. Additionally, public schools can serve as community shelters during storms and emergencies if onsite energy systems can offer backup power. Currently, about 90 schools across more than 25 school divisions in rural, suburban, and urban communities in the Commonwealth have onsite solar systems. However, with over 2,250 public school facilities in Virginia, this represents just 4 percent of schools that are producing energy onsite.

The Virginia General Assembly has shown continued interest in facilitating more clean energy deployment by Virginia’s public schools. In the 2025 General Assembly session, Delegate LeVere Bolling and Senator Deeds introduced legislation ([HB1934/SB1192](#)) that Governor Youngkin signed into law amending the Virginia Clean Economy Act to prioritize public schools in the distributed solar generation Renewable Portfolio Standard (RPS) carveout. In 2026 Governor Spanberger approved [HB683](#) (Herring) and [SB659](#) (New Craig), which establishes the Solar Interconnection Grant Program to award grants on a competitive basis to public bodies to offset costs associated with the interconnection of solar facilities to the grid. Furthermore, energy resources such as geothermal heat pumps and battery energy storage systems have been a highlight of policy advancements, many of which could benefit public school systems through up-front planning and design or through energy retrofits to buildings. While many mid-size solar energy projects are being delayed currently due to utility interconnection rules, there are other opportunities to ensure public schools can realize the numerous benefits from onsite renewable energy, energy efficiency and battery energy storage systems. The opportunity now is to move from voluntary, project-by-project adoption to a standard that captures these benefits at the natural inflection point of renovation and new construction.

Background — The Interconnection Cost Barrier. In practice, interconnection cost is the single biggest obstacle to school solar and other DER projects, and Dominion’s fiber-based DTT requirement is the principal driver. DTT is a utility protection system designed to disconnect an inverter-based generator from the grid immediately after an upstream breaker opens. DTT is used to prevent inverter-based generators from continuing to energize a portion of the grid after a fault, a phenomenon known as *unintentional islanding*.¹ Islanding poses serious risks to human safety and utility equipment. Dominion states that point-to-point fiber is the company’s preferred medium for DTT due to its speed and reliability.²

Dominion applies a 3:1 load-to-generation screen for distributed generation of 250kW or more, requiring fiber-based DTT where the ratio is not met. Requiring fiber-based DTT can significantly increase the total cost of a DER project, leading a developer to delay, downsize, or cancel the project. The cost of a fiber-based DTT system typically includes:

- installing fiber at a cost of up to \$250,000 per mile,
- installing or replacing electronic breakers at a cost of \$100,000 per device, and
- installing a distributed generation panel at the substation at a cost of \$250,000.³

Mid-size rooftop and parking-canopy projects fall squarely in the size band where this screen and threshold are triggered, and these interconnection charges are frequently the line item that makes an otherwise sound school project uneconomic causing divisions to delay, downsize, or cancel.

On November 15, 2024, Dominion Energy Virginia (Dominion) filed a petition with the State Corporation Commission (SCC) to revise its terms and conditions for interconnecting distributed energy resources (DER).⁴ The SCC issued a final order in the case on February 5, 2026. The final order found Dominion’s screening criteria and DTT requirements to be reasonable “on a preliminary basis” but directed the company to

- propose at least one additional screening criterion beyond the 3:1 LTGR;
- provide a “more robust analysis” of its 250-kW threshold for using the 3:1 screen, and the extent to which that threshold could be increased; and
- propose any needed revisions to its terms and conditions for DER interconnection.

The final order requires Dominion to file this information with the SCC in a separate docket within nine months, or no later than November 5, 2026.

Project Goals and Research Questions. A key goal for an Energy Commission staff review would be to determine pathways to turn schools into community energy centers through energy standards for school renovations and new constructions and investments in renewable energy, energy efficiency and energy storage. Staff would identify current challenges to clean energy deployment by public schools as well as policy recommendations to unlock this deployment potential. Crucially Energy

¹ Direct testimony of Dr. Anthony E. Smith, Virginia Distributed Solar Alliance, page 2.

² Direct testimony of Gerald J. Warchol, Dominion, page 4.

³ *Ibid.*, pages 24-25.

⁴ This case is docketed as PUR-2024-00211.

Commission staff would review and determine whether changes to Dominion’s requirements for interconnecting distributed energy resources (DER) are needed to facilitate the timely interconnection of school solar and DER projects at least cost while maintaining the safety and reliability of the electric grid. Depending on the findings of a review, the Energy Commission could consider endorsing policy changes in a legislative proposal for the 2027 General Assembly. As part of its review, Energy Commission staff would address the following primary research questions:

1. To what extent are Dominion’s interconnection standards for DER generation causing developers to delay, downsize, or cancel school solar and other mid-size distributed generation projects, and to what extent are developers still able to complete these projects under the current standards?
2. How common are Dominion’s interconnection standards (e.g., use of fiber-based DTT, 3:1 screening methodology, 250 kW threshold) among other vertically integrated utilities in the Mid-Atlantic and Southeastern regions and the U.S. more broadly?
3. What alternatives to Dominion’s interconnection standards would reduce interconnection costs for DER projects while protecting the safety of utility workers, the public, and energy infrastructure?
4. Should the General Assembly direct least-cost interconnection protection standards, interconnection cost caps, or alternative-screening requirements --- particularly for public schools and other public bodies --- if Dominion’s November 2026 filing does not adequately justify the fiber mandate?
5. How should an energy standard for school renovation and new construction be defined (solar-ready and geothermal-ready design, minimum onsite generation or energy efficiency targets, storage and backup-power for shelter use), and how should feasibility and cost-effectiveness exceptions be handled?
6. What is the feasibility of other technologies such as geothermal heat pumps in Virginia’s schools? Must this technology be considered at the time of construction, or can these be installed through retrofits? Should a case study on geothermal in schools be developed that can help raise awareness of its potential?
7. To what extent can public schools achieve energy cost savings and resilience benefits by investing in renewable energy, energy efficiency, and energy storage systems? What other potential benefits could result from these?
8. What federal and state incentives are available to public schools but underused, and what financing (e.g. energy performance savings contracting), procurement and local-government barriers must be removed?

Project Approach. Energy Commission staff would review Dominion’s interconnection standards for DER generation and its forthcoming compliance filing. Key staff research activities would include interviews spanning interconnection and school stakeholder communities and reviewing materials from recent SCC proceedings addressing the interconnection of DER projects. Staff would also review existing case studies in Virginia as well as in neighboring states. Staff may also need to contract with a consultant to evaluate potential engineering alternatives to Dominion’s current DTT standards,

engineering feasibility consideration for onsite generation and battery storage, as well as to model cost savings potential from implementing energy standards. Energy Commission staff would prepare 027 legislation that both establishes a school renovation energy standard and addresses the interconnection-cost barrier (including least-cost protection standards or cost caps, informed by the outcome of the SCC compliance docket.

Key Stakeholders. As part of the review, Energy Commission staff would solicit feedback from numerous key stakeholders, including:

- Virginia Department of Energy
- Generation180
- Virginia Department of Education, including various public school representatives
- Virginia Department of Housing and Community Development (DHCD)
- Virginia Community College System
- Planners, architects and building engineers for public school facilities
- Virginia Distributed Solar Alliance
- Chesapeake Solar and Storage Association
- Solar Energy Industries Association
- Geothermal installers
- Energy performance contractors
- Solar and energy storage developers (those specializing in distributed generation or behind-the-meter development)
- Appalachian Power Company
- Dominion Energy Virginia
- Clean energy advocates (e.g., SELC, Appalachian Voices, League of Conservation Voters)
- Clean Virginia
- Coalition for Community Solar Access
- Solar United Neighbors
- Virginia Energy Consumer Alliance
- Virginia Poverty Law Center
- Other parties as identified

Energy Commission staff will also gather input from members of the Energy Commission as well as other legislators in the General Assembly.

Appendix C

RGGI PROCEEDS AND RATEPAYER REFUNDS: VIRGINIA AND THE REGIONAL GREENHOUSE GAS INITIATIVE

June 3, 2026

Policy Objective. Evaluate redirecting a portion of Virginia’s Regional Greenhouse Gas Initiative (RGGI) auction proceeds to address utility bill affordability.

Background. Virginia’s participation in RGGI resumes July 1, 2026, with Virginia participating in the September 9 and December 2, 2026 auctions and a second-half-2026 allowance budget of 11.48 million allowances. Because Virginia’s investor-owned utilities operate under a regulated compact, Dominion is expected to pass RGGI compliance costs directly through to customers via “Rider RGGI,” with detail provided in its June 2026 SCC filing; when the state last participated, the typical residential bill carried roughly an additional \$4.40 per month. Data-center load growth compounds the pressure: as fossil generation rises to serve record demand, regulated sources must purchase more allowances, and those costs flow through to all ratepayers. As Virginia re-joins RGGI in 2026, the current state policy would direct new RGGI auction proceeds into the DHCD HIEE programs as well as the DCR CFPF, as described above, continuing the state’s efforts to invest in low-income energy efficiency programs and supporting community flood preparedness, respectively. Other RGGI states have used proceeds differently — New Hampshire rebated roughly 93 percent of its 2023 proceeds to ratepayers, with Maryland (56 percent) and Rhode Island (31 percent) also directing significant shares to bill assistance.

Project Goals and Research Questions. The purpose of a review of the Energy Commission would be to design a mechanism that returns part of RGGI proceeds to customers — through direct bill rebates to all ratepayers or to certain classes of ratepayers (e.g. residential customers) — to offset the new rider, without abandoning the program’s core purposes. A key consideration and research question would be how to re-structure auction proceeds through trigger mechanisms, beneficiary prioritization, and protection for existing program commitments. Other key questions include:

1. What is the projected size of Rider RGGI on residential and other customer classes once participation resumes, and how is it expected to grow as data-center-driven generation increases allowance purchases?
2. What portion of proceeds could be redirected to direct bill rebates — for all ratepayers or for specified classes such as residential or low-income customers — while preserving the program’s low-income home energy efficiency and community flood-preparedness objectives?
3. How have peer states (New Hampshire, Maryland, Rhode Island, New Jersey) structured bill-rebate allocations, and what design lessons apply to Virginia’s regulated-utility context?

4. What statutory changes to the allocation formula would be required, and how should any refund be designed to reach customers transparently and efficiently?

Energy Commission staff will conduct additional research activities, including interviews with key stakeholders. Depending on the outcome of the research and economic modeling, the Energy Commission could consider endorsing these policies in a legislative proposal for the 2027 General Assembly.

Project Approach. Energy Commission staff will conduct initial research, landscape analysis, peer state review and consultation with DEQ, DHCD, DCR, the SCC, the Office of Consumer Counsel, and consumer and environmental stakeholders. A third-party consultant would be required to support the project, including expertise in conducting economic modeling to develop projections of future clearing prices, and cap and revenue estimates to inform the proposed restructuring of the auction proceeds. Given that any reallocation outside current statutory parameters requires legislative authorization, staff would prepare draft legislative options for the 2027 session.

Legislative Background and Program Allocations

The Regional Greenhouse Gas Initiative (RGGI) is a regional cap and trade program to reduce carbon dioxide (CO₂) emissions from the power sector. The multi-state compact limits how much CO₂ regulated power plants can emit and requires them to buy allowances for those emissions. Those allowances are then auctioned each quarter and generate revenue for participating states.

In 2020, Virginia joined RGGI following the enactment of Chapter 1219, 2020 Acts of Assembly (the Clean Energy and Community Flood Preparedness Act¹, patroned by Senator Lewis through [Senate Bill 1027](#), and Delegate Herring through [House Bill 981](#)), joining 10 other participating states. This legislation tasked the State Air Pollution Control Board (administered by the Virginia Department of Environmental Quality, DEQ) with implementing and managing an auction program to sell allowances into a market-based trading program consistent with the RGGI program.

Virginia participated in RGGI from 2021 through 2023 and sold an average of 5.67 million allowances in each quarterly auction. During that period, Virginia earned total proceeds of \$825.8 million.² The Virginia State Air Pollution Control Board voted to repeal Virginia’s participation in RGGI in June 2023, however, the Circuit Court of Floyd County ruled this action was “unlawful and without effect.”³ The court went on to state that the “only body with the authority to repeal the RGGI Regulation would be the General Assembly...” In 2026, the passage of House Bill 29 by the General Assembly provided DEQ with clear direction to reinstate the RGGI regulation in Virginia. Governor Spanberger approved amendments to Virginia’s 2024-2026 Biennial Budget under HB29 on February 20, 2026.

¹ Section § 10.1-1330. Clean Energy and Community Flood Preparedness, <https://law.lis.virginia.gov/vacode/title10.1/chapter13/section10.1-1330>

² The Regional Greenhouse Gas Initiative: Auction Results, <https://www.rggi.org/auctions/auction-results>

³ Charlie Paullin, “Judge deems Youngkin’s actions to withdraw Virginia from RGGI ‘unlawful’”, Virginia Mercury, November 2024, <https://virginiamercury.com/2024/11/20/judge-deems-youngkins-actions-to-withdraw-virginia-from-rggi-unlawful/>

HB29 directs DEQ to “take all actions necessary to rejoin the Regional Greenhouse Gas Initiative” by May 21, 2026.⁴ Virginia’s participation, along with their compliance requirements, will resume on July 1, 2026.

According to Dominion Energy, the average Virginian was paying an extra \$4.40 on their bill when the state was last enrolled in RGGI.⁵ Since Virginia’s withdrawal from RGGI, those fees have not been added to utility bills, however they will be reinstated as Virginia re-enters the regional program. This impact on the consumer bill differs significantly depending on a state’s energy market structure. In most RGGI states, electricity generation is deregulated. Independent power producers in these states must bear the cost of CO₂ allowances and attempt to recoup these expenses through the PJM wholesale market. To stay competitive, generators absorb some of these costs. Conversely, Virginia operates under a regulatory compact of regulated monopolies. This structure allows investor-owned utilities with a generation fleet, such as Dominion, to pass the entire cost of RGGI participation directly to utility customers. Dominion will be detailing the cost of “Rider RGGI” in its June 2026 filing to the State Corporation Commission (SCC).⁶

By law, 50 percent of RGGI revenue is allocated to the Low-Income Energy Efficiency Program Fund (also known as the Housing Innovations in Energy Efficiency program, or HIEE) administered through the Department of Housing and Community Development (DHCD) and 45 percent is allocated to the Community Flood Preparedness Fund (CFPF) administered through the Department of Conservation and Recreation (DCR). DEQ receives three percent to cover administrative expenses related to running the program and to carry out statewide climate change planning and mitigation activities. DHCD, in partnership with Virginia Department of Energy (Virginia Energy), may receive two percent of the proceeds to administer and implement the low-income energy efficiency programs.⁷ Virginia’s participation in RGGI raised \$372.5 million from 2021-2023 to enhance community flood prevention and protection, and \$413.9 million for energy efficiency upgrades to new and existing housing.⁸ Since fiscal year 2021, HIEE funds supporting low-income energy efficiency have been allocated to DHCD’s [Affordable and Special Needs Housing \(ASNH\) program](#) and the [Weatherization Deferral Repair \(WDR\) Program](#).

According to the Department of Planning and Budget (DPB), the fiscal impact analysis for Delegate Herring’s [House Bill 397](#) and Senator Locke’s [Senate Bill 802](#) in the 2026 General Assembly found that: “Clearing prices per allowance since the last auction participated in [December 2023] have

⁴ Carbon Trading, Virginia Department of Environmental Quality, <https://www.deq.virginia.gov/air-energy/greenhouse-gases/carbon-trading>

⁵ State Corporation Commission, “Status Report: Implementation of the Virginia Electric Utility Regulation Act Pursuant to §§ 56-596 B and 30-205 of the Code of Virginia – November 1, 2024”, page 6. <https://rga.lis.virginia.gov/Published/2024/RD717/PDF>

⁶ French, et al., “The Northeast is set for a star turn in the affordability debate”, E&E News by Politico, May 2026, <https://www.eenews.net/articles/virginias-carbon-market-comeback-risks-a-multistate-affordability-crunch/>

⁷ The Regional Greenhouse Gas Initiative, “The Investment of RGGI Proceeds in 2021”, June 2023, p. 46, [RGGI Proceeds Report 2021.pdf](#)

⁸ Virginia Conservation Network, “Bill of the Day: RGGI Budget Battle”, March 2024 <https://vcnva.org/bill-of-the-day-rggi-budget/>

increased from \$14.88 to \$19.63 in June 2025. With current trends, **Virginia participating in RGGI could result in approximately \$115.6 million per auction or \$462.6 million per fiscal year, with additional revenues resulting from interest.**⁹

Comparison with Peer States

The member states of RGGI include Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, and Vermont. Within this group, Delaware, Maryland, and New Jersey also participate in PJM, the regional transmission organization responsible for the power grid that includes Virginia.

States maintain individual discretion over the allocation of auction proceeds, allowing them to fund diverse initiatives such as greenhouse gas abatement, climate change adaptation, energy efficiency, clean energy, beneficial electrification, or direct bill relief. According to the most recent [report](#) on RGGI proceeds, 2023 investments from RGGI were primarily focused on energy efficiency programs (64%), followed by direct bill assistance (15%), beneficial electrification (9%), and clean and renewable energy (6%).

While there is no uniform mandate from RGGI to directly refund proceeds to ratepayers, several states have implemented direct bill assistance programs. Notably, New Hampshire [mandated](#) that a majority of proceeds be rebated to all retail electric ratepayers in the state, resulting in approximately 93% (\$41.1 million) of its 2023 proceeds being utilized for direct bill assistance. Other states that directed a portion of RGGI auction proceeds in the form of bill assistance in 2023 are Maryland (56%), and Rhode Island (31%).¹⁰ Maine and New Jersey have allocated a small portion, 10% and 7% respectively, of their historic (“All-time”) RGGI proceeds to direct bill assistance.¹¹ Collectively, direct bill assistance initiatives funded via RGGI in 2023 provided over \$128 million in consumer credits or assistance.¹²

Other states have signaled their intent to increase direct bill assistance. New Jersey’s Governor Sherrill plans to use the state’s Board of Public Utilities’ available uncommitted and future proceeds from RGGI auctions to offset increases to other parts of ratepayers’ bills, “especially for vulnerable families struggling to make ends meet.”^{13,14} This shift marks a change in strategy, as the state’s previous RGGI investments primarily supported clean transportation and building decarbonization, with direct bill

⁹ Fiscal Impact Statement for House Bill 397, Department of Planning and Budget
<https://lis.blob.core.windows.net/files/1101315.PDF>

¹⁰ The Regional Greenhouse Gas Initiative, “The Investment of RGGI Proceeds in 2023”, July 2025,
https://www.rggi.org/sites/default/files/Uploads/Proceeds/RGGI_Proceeds_Report_2023.pdf

¹¹ Ibid

¹² Ibid

¹³ Adam Aton, “Mikie Sherrill uses New Jersey’s RGGI funds for affordability”, Energywire, February 2026,
<https://subscriber.politicopro.com/article/eenews/2026/02/20/mikie-sherrill-uses-new-jerseys-rggi-funds-for-affordability-ee-00790282>

¹⁴ French, et al., “The Northeast is set for a star turn in the affordability debate”, E&E News by Politico, May 2026,
<https://www.eenews.net/articles/virginias-carbon-market-comeback-risks-a-multistate-affordability-crunch/>

assistance accounting for only 7% of historical investments from RGGI proceeds.¹⁵ Leaders of the Sherrill administration noted that allocation of funds outside of existing statutory parameters for the use of RGGI funds would require legislative authorization.¹⁶

However, not all states employ the RGGI model. [Other states](#) have taken a multi-sector approach to limit CO₂ emissions such as Washington and California, and Oregon currently considering a proposed program.

Technical Background: How RGGI works

To comply with their state's regulations, fossil fuel-fired power plants sized 25 megawatts or greater must acquire enough allowances to cover their CO₂ emissions. Generators subject to these regulations comply by purchasing these CO₂ allowances at regional quarterly auctions held by RGGI's administrative agency.

Each state independently sets its own CO₂ budget through state regulation, using the [RGGI Model Rule](#) as a template, and issues CO₂ allowances. The RGGI cap is comprised of the total sum of all CO₂ allowances issued by the participating RGGI states, with each state's budget declining at 3% per year (from the base cap level) through 2030.

Virginia's share of the regional cap is specified by the Department of Environmental Quality (DEQ) in the implementing regulations. Virginia's 2021 budget of 27.16 million tons of CO₂ was derived from actual historical power sector emissions from Virginia's regulated sources—electric power plants with a capacity of 25 megawatts or greater—benchmarked against a base period (2021). When Virginia joined RGGI in 2021, its CO₂ allowances represented ~28% of the regional cap for the then eleven-state group, making it the largest single emitter of the RGGI coalition. Virginia's allowance budget has been set for the second half of 2026 covering 11.48 million allowances, and they will participate in the September 9 and December 2, 2026, auctions.¹⁷

To maintain market stability, RGGI employs two key reserve mechanisms. The Cost Containment Reserve (CCR) holds a quantity of allowances that are sold off if allowance prices exceed predefined price levels. The CCR acts as a "ceiling" safety valve, triggered only if emission reduction costs are higher than projected. Conversely, the Emissions Containment Reserve (ECR) acts as a "floor" mechanism, tightening the regional cap if prices fall below a defined trigger price. This means states withhold allowances from circulation at the auctions if prices drop very low, which secures additional emission reductions beyond what the annual 3% cap decline guarantees on its own.

¹⁵ The Regional Greenhouse Gas Initiative, "The Investment of RGGI Proceeds in 2023", July 2025, https://www.rggi.org/sites/default/files/Uploads/Proceeds/RGGI_Proceeds_Report_2023.pdf

¹⁶ New Jersey Department of Environmental Protection, "DEP, BPU AND EDA JOINT STATEMENT ON EXECUTIVE ORDER #1", February 2026, https://dep.nj.gov/newsrel/26_00219/

¹⁷ RGGI Inc, "RGGI States Welcome Virginia", April 2026, https://www.rggi.org/sites/default/files/Uploads/Press-Releases/2026_04_29_VA_Welcome_Statement.pdf

Why RGGI is an Effective Mechanism to Reduce Greenhouse Gas Emissions

Larger, More Liquid Market: A regional cap-and-trade program provides maximum flexibility for participating generators to achieve emission reductions at the lowest cost. RGGI allows generators with low-cost emission reductions to pursue abatement, while generators with high-cost emission reductions can buy allowances instead. This would not be possible in a scenario where Virginia establishes a carbon tax on its own, instead of participating in a regional market.

Reducing Carbon Leakage: By participating in RGGI the risk of “carbon leakage” — the relocation of carbon-intensive production from jurisdictions with strict emission-reduction regulations to those with laxer ones — is reduced compared to a *Virginia-only policy*. This is because RGGI’s cap covers multiple states simultaneously, so there are fewer “uncapped” jurisdictions within the grid to absorb leakage. It should be noted that the full implications of leakage *within* the RGGI compact are still unclear.

Greater Emissions Reductions: By establishing a regional cap which *shrinks over time*, RGGI secures emission reductions, instead of just setting a price for carbon emissions, which makes emissions more expensive without guaranteeing actual reductions. A 2023 [report](#) from Acadia Center found that RGGI states had a nearly 50% reduction in CO₂ from power plants from 2008-2021. Between 2021 and 2023, when Virginia was participating in RGGI, emissions from power generators decreased; however, they rose quickly once the state exited the cap-and-trade program.

State	Year	Gross Load (MWh)	Steam Load (1000 lb)	SO ₂ Mass (short tons)	CO ₂ Mass (short tons)	NO _x Mass (short tons)	Heat Input (mmBtu)
VA	2020	65,933,786.98	25,363,195.49	1,525.07	32,753,218.96	10,526.45	535,643,476.63
VA	2021	55,185,504.67	28,656,693.55	1,322.42	28,629,990.77	8,941.00	461,962,605.34
VA	2022	51,295,714.22	31,633,767.86	1,331.96	27,274,536.81	8,395.69	433,142,524.82
VA	2023	51,323,765.10	25,931,155.49	530.06	25,550,855.90	7,044.97	419,572,676.64
VA	2024	61,863,106.85	28,186,815.93	710.08	30,780,894.34	9,200.43	504,739,758.16
VA	2025	63,709,770.27	34,466,556.55	1,046.80	33,359,746.02	11,200.98	532,488,446.96

Source: U.S. EPA, Clean Air Markets Program Data, Virginia’s annual emissions from 2020-2025, <https://campd.epa.gov/data/custom-data-download>

Glossary of Terms:¹⁸

Allowance: As defined by RGGI, “A CO₂ allowance represents a limited authorization to emit one short ton of CO₂ from a regulated source, as issued by a participating state.” (one allowance = one short ton of carbon dioxide). A carbon allowance should not be confused with a carbon credit, which represents one metric ton of CO₂ under a carbon market with no cap.

¹⁸ The Regional Greenhouse Gas Initiative: Elements of RGGI, <https://www.rggi.org/program-overview-and-design/elements>

CO₂ budget (and annual % decline): Each state independently sets its own CO₂ budget through state regulation, using the [RGGI Model Rule](#) as a template. Each state's budget declines at 3% per year (from the base cap level) through 2030. Virginia's CO₂ allowance budget was 27.16 million tons when it entered RGGI in 2021.

Regional cap: The RGGI cap is comprised of the total sum of all CO₂ allowances issued by the participating RGGI states. Virginia's budget comprised ~28% of the regional cap for the then eleven-state group, making it the largest single emitter of the RGGI coalition.

Cost Containment Reserve (CCR): holds a quantity of allowances that are sold off if allowance prices exceed predefined price levels. The CCR acts as a "ceiling" safety valve, triggered only if emission reduction costs are higher than projected. The CCR is replenished annually and is set at 10% of the regional cap each year.

Appendix D

GEOTHERMAL ENERGY NETWORKS (TENs)

June 5, 2026

Policy Objective. Establish statutory authority for the creation of geothermal networks — also called thermal energy networks (TENs) — including authority for investor-owned utilities, electric cooperatives, and municipalities to develop and own them, and a regulatory framework to support a new “thermal utility” model for clean heating and cooling.

Background. A geothermal network combines a shared, buried ambient-temperature ground loop with building-level heat pumps to provide heating and cooling for many buildings at once, drawing on the earth’s constant subsurface temperature instead of combustion. The model is moving from pilot to scalable infrastructure: the first utility-led network, Eversource’s system in Framingham, Massachusetts, serves roughly 140 customers and recently received federal funding to roughly double in size. Research suggests that single-owner systems, such as Colorado Mesa University’s, have shown payback in less than a decade. Several states have built a legal framework to enable geothermal networks. For example, New York’s 2022 Utility Thermal Energy Network and Jobs Act created a regulatory framework, Maryland authorized thermal energy network systems in 2024, and Massachusetts issued state guidance the same year. Importantly, most operating networks are owned not by regulated utilities but by universities, municipalities, developers, and communities.

Project Goals and Research Questions. The goal of a review by Energy Commission staff would be to develop the statutory and regulatory framework for utilities, cooperatives, and municipalities to create thermal energy networks — distinct from individual ground-source heat-pump policy. The proposed framework would build upon the framework established through SB252 passed by the 2026 General Assembly and could be considered by the Energy Commission as a legislative proposal for the 2027 General Assembly. As part of its review, Energy Commission staff would address the following primary research questions:

1. What enabling statute does Virginia need to authorize cooperatives, municipalities, and utilities to develop, own, and operate thermal energy networks, and what regulatory framework (rate design, oversight, interconnection of thermal service) should govern them?
2. How should the law address underground “thermal rights” — access to thermal energy beneath public and private land, the extent of a landowner’s rights, and any areas where drilling should be restricted?
3. What ownership and business models (cooperative, municipal, utility, public-private) best fit Virginia communities, and how can a gas-to-thermal transition pathway be structured for utilities?

4. What rate-design approach (for example, capacity-based versus volumetric pricing) and what consumer protections should apply to thermal service?

Project Approach. The research for the project would be conducted by Commission staff and would include a review of the thermal energy regulatory framework in other states (e.g., New York, Maryland, Massachusetts). Staff would also conduct interviews with investor-owned utilities, electric cooperatives, local governments, building-decarbonization experts, and clean-energy advocates.

Appendix E

ADVANCED NUCLEAR: SMRS AND FUSION

June 5, 2026

Policy Objective. Provide the Commission with a status update on advanced nuclear development in Virginia — small modular reactors (SMRs) and fusion — and determine whether new legislation is needed on cost recovery, ratepayer protection, siting, or workforce.

Background. Virginia has positioned itself as an advanced-nuclear hub. Legislation enacted in 2024 ([SB454](#)) authorized Dominion to seek rate-adjustment recovery for SMR development costs, subject to a cost cap of no more than about \$1.40 per month for a typical residential customer. In July 2024, Dominion issued a request for proposals to evaluate an SMR at its North Anna site in Louisa County, targeting deployment by the mid-2030s, and later announced a partnership with Amazon to advance the effort. On the fusion side, Commonwealth Fusion Systems has announced plans for what would be the first U.S. commercial fusion plant, in Chesterfield County. Both technologies are being driven in part by data-center load growth and an “all-of-the-above” strategy, even as analysts caution about cost, schedule, and commercial-readiness risk.

Project Goals and Research Questions. This item is primarily a monitoring and update assignment, with a determination of whether legislation is warranted. As part of its review and update, Energy Commission staff would address the following primary research questions:

1. What is the current status of Dominion’s North Anna SMR evaluation, the Amazon partnership, and any SCC cost-recovery filings, and what is the realistic deployment timeline and cost trajectory?
2. What is the status of Commonwealth Fusion Systems’ Chesterfield project, and what state policy, siting, or permitting questions does commercial fusion raise?
3. Is the existing SMR cost-recovery cap adequate to protect ratepayers as development advances, and are additional guardrails, reporting, or off-ramps needed?
4. What workforce, siting, and economic-development policies (including for Southwest Virginia) should accompany advanced-nuclear development?

Project Approach. Commission staff will prepare a status memorandum and monitor SCC filings and company announcements, consulting the Department of Energy, the utilities, and developers, and flag for the Commission whether 2027 legislation is warranted.

Appendix F

PJM: CAPACITY COSTS, COST ALLOCATION, AND RELIABILITY

June 5, 2026

Policy Objective. Provide the Commission with an update on PJM market developments affecting Virginia and determine whether state legislation is needed to protect ratepayers from data-center-driven capacity and reliability costs and to coordinate with PJM market reforms.

Background. There has been a sharp rise in PJM capacity prices, as evidenced by recent auction results. While the 2024/2025 auction cleared at approximately \$28.92 per MW-day, prices for the 2025/2026 and 2026/2027 cycles reached or approached the price cap. Notably, the 2026/2027 auction cleared at roughly \$329 per MW-day, representing a nearly tenfold increase.^{1,2} The 2026/2027 auction price would have been even higher if PJM had not implemented a price cap. A [report](#) from PJM’s Market Monitor found that “data center load growth is the primary reason for recent and expected capacity market conditions.”³ Capacity costs within the Dominion zone have significantly exceeded those in the rest of PJM. PJM’s next base capacity auction (for the 2028/2029 delivery year) is scheduled to begin June 30, 2026, and PJM moved a backstop reliability auction to September 2026 — initially planned for March 2027 — to address urgent reliability risks from surging demand, especially from new data centers. Additionally, PJM is encouraging states to implement regulations that protect general ratepayers from costs driven by data centers, though the methodology for isolating these costs for hyperscalers remains a point of contention.⁴ Virginia has taken several steps to address these challenges. The SCC approved a new large-load rate class in November 2025, which is set to take effect in January 2027.⁵ Furthermore, the General Assembly passed the "Fair and Affordable Electric Rates and Reliability Act" ([HB1393/SB253](#)) as a legislative response.

¹ RTO Insider, “PJM Capacity Prices Spike 10-fold in 2025/26 Auction”, July 2024, <https://www.rtoinsider.com/84356-pjm-capacity-prices-spike-2025-26-auction/>

² Institute for Energy Economics and Financial Analysis, “Projected data center growth spurs PJM capacity prices by factor of 10”, July 2025, <https://ieefa.org/resources/projected-data-center-growth-spurs-pjm-capacity-prices-factor-10>

³ Monitoring Analytics, “Analysis of the 2026/2027 RPM Base Residual Auction Part A”, October 2025, https://www.monitoringanalytics.com/reports/Reports/2025/IMM_Analysis_of_the_20262027_RPM_Base_Residual_Auction_Part_A_20251001.pdf

⁴ PJM Interconnection, “Reliability Backstop Procurement / Connect and Manage”, May 2026, [20260519-pjm-board-letter-re-reliability-backstop-procurement-connect-and-manage-cifp.pdf](https://www.pjm.com/~/media/committees-and-panels/reliability/backstop-procurement-connect-and-manage-cifp.pdf)

⁵ State Corporation Commission, Final Order for Dominion 2025 Biennial Review of Rates (PUR-2025-00058), <https://www.scc.virginia.gov/docketsearch/DOCS/89g601!.PDF>

Project Goals and Research Questions. This item is primarily a monitoring and update assignment, with a determination of whether legislation is warranted. As part of its review and update, Energy Commission staff would address the following primary research questions:

1. How are PJM's capacity-auction outcomes, the September 2026 backstop reliability auction, and proposed cost-allocation reforms affecting Virginia customers, and how is the Dominion zone affected relative to the rest of PJM?
2. Is Virginia's new large-load rate class and HB1393/SB253 sufficient to ensure that data centers bear the costs they cause, or is additional state legislation needed to align with PJM reforms?
3. What further measures — cost-causation requirements, bring-your-own-generation or behind-the-meter rules, demand-flexibility programs, and ratepayer protections — should the Commission consider to shield residential and small-business customers?
4. How should Virginia coordinate with PJM, neighboring states, and relevant FERC proceedings to advance the Commonwealth's interests?

Project Approach. Commission staff will prepare a status memorandum, monitor PJM and related SCC and FERC proceedings, and consult the SCC, the Office of Consumer Counsel, the utilities, large-load customers, and consumer advocates, flagging whether 2027 legislation is warranted.

Appendix G

PUBLIC WORK GROUPS, STAKEHOLDER PROCESSES AND REPORTS

Energy Commission staff will monitor and/or participate in various public and private work groups and stakeholder processes, to the extent that staff capacity is available. Reports and outcomes will be shared with members of the Commission, including highlights of any policy recommendations relevant to the Commission's work and priorities.

1. Dominion IRP Stakeholder Convening (Great Plains Institute)
 - Facilitated by Great Plains Institute
 - Due by October 15, 2026
2. Virginia Energy Plan (Virginia Energy)
 - In coordination with Chief Energy Officer
 - Due by October 1, 2026
3. IRP Planning Guidelines SCC Work Group
 - [HB429 \(LeVere Bolling\)](#) / [SB249 \(Surovell\)](#)
 - Report due March 1, 2027
4. Weatherization Task Force
 - [HB3 \(LeVere Bolling\)](#) / [SB5 \(Locke\)](#)
 - Hosted by DHCD
 - Report due by September 30, 2027
5. DER Task Force
 - [HB285 \(Helmer\)](#) / [SB223 \(VanValkenburg\)](#)
 - Interim report by October 1, 2026; report with findings and recommendations by November 1, 2026; and a deployment report summarizing policies implemented by June 30, 2027
6. Performance Based Regulation (SCC, 2.0)
 - [HB903 \(Sullivan\)](#) / [SB251 \(Surovell\)](#)
 - Report due March 1, 2027
7. Balcony Solar Work Group on Fire Safety
 - [HB395 \(Krizek\)](#)/[SB250 \(Surovell\)](#)
 - Secretary of Commerce & Trade (SOCT) to develop recommendations regarding safety standards and requirements for balcony solar
 - Report due November 15, 2026
8. Smart Solar Permitting Platform Surcharge Work Group
 - [HB590 \(Hernandez\)](#) / [SB382 \(Surovell\)](#)

- Virginia Energy to determine appropriateness of surcharge to local permitting fees to support cost of platform
 - Report due November 1, 2026
9. SCC Technical Conference on Battery Energy Storage
 - [HB895 \(Sullivan\)](#) / [SB448 \(Bagby\)](#)
 - SCC to evaluate nationwide safety standards and prudence and reasonableness of safety standards by APCo and Dominion
 - Technical conference no later than September 1, 2026
 10. SCC Technical Conference on Pay As You Save (PAYS)
 - [HB1062 \(Hernandez\)](#)/[SB327 \(VanValkenburg\)](#)
 - SCC to evaluate feasibility of Dominion and APCo creating programs modeled after Pay As You Save (PAYS)
 - Technical conference no later than November 1, 2026
 11. EV Charging
 - [HB833 \(Del. McClure\)](#)
 - Virginia Energy to study design and deployment of electric infrastructure to support EV charging
 - Report due November 15, 2026
 12. Data Center Waste Heat Capture and Reuse Work Group
 - [H323 \(Sullivan\)](#)
 - Virginia Energy to convene work group to develop recommendations on accelerating use of data center waste heat
 - Report due by September 1, 2026
 13. Model Ordinance for Storage Work Group
 - [HB895 \(Sullivan\)](#) / [SB448 \(Bagby\)](#)
 - Virginia Energy to develop model ordinances for energy storage
 - Due by December 1, 2026
 14. Consumer Protections for Residential Solar Systems
 - [HB1439 \(Shin\)](#) / [SB823 \(Bagby\)](#)
 - Board of Contractors to adopt regulations and update existing regulations
 - Due by January 1, 2027
 15. Geothermal
 - [HB1102 \(Singh\)](#) / [SB252 \(Surovell\)](#)
 - Real Estate Appraiser Board to develop regulations and training for appraisers
 - Report due November 1, 2026
 16. Transmission Siting Work Group
 - [HB889 \(Shin\)](#) / [SB497 \(Perry\)](#)

- VDOT to convene work group to identify recommendations to amend permitting process to facilitate siting of new transmission in existing rights-of-way
 - Report due November 1, 2026
17. Tree Canopy Conservation and Mitigation
- [HB549 \(Hope\)](#) / [SB589 \(Salim\)](#)
 - Institute for Coastal Adaptation and Resilience to convene workgroup on comprehensive review of tree canopy laws and regulations
 - Report due by November 1, 2026
 - In-person listening sessions scheduled: June 4th in Richmond; June 24th in Alexandria; July 20th in Suffolk
18. Agrivoltaics
- *Note: while [HB508 \(McAuliff\)](#) / [SB 340 \(Perry\)](#) does not reference a work group, it appears that the Secretary of Agriculture may still conduct a work group on agrivoltaics. A prior bill on agrivoltaics ([HB899, Shin](#), incorporated into HB508) directed the Virginia Cooperative Extension, in consultation with Virginia Energy, to convene a stakeholder advisory panel to develop recommendations on criteria for qualifying agrivoltaics projects to be eligible for grant funding and consider other incentives to promote agrivoltaics.*
19. Convergence
- Ongoing; voluntary
 - Organized through Convergence Center for Policy Resolution (“Rubin Group 2.0”)
20. Solar Convenings (VACE)
- Facilitated by the Virginia Alliance for Clean Energy; voluntary

Appendix H

2026 SCC HIGH PROFILE CASES TO BE MONITORED BY ENERGY COMMISSION STAFF

Energy Commission staff will monitor various electric utility regulatory proceedings taking place at the Virginia State Corporation Commission (SCC) and may write summaries of certain proceedings to help inform legislators and other stakeholders about key case developments and decisions.

1. Dominion and NextEra Energy Merger Proposal and Regulatory Review
 - Virginia Code § 56-90 requires the SCC to act within 60 days after the filing of a completed petition, subject to extension by order for up to an additional 120 days. If the SCC fails to act within the statutory period (as extended), the petition is deemed approved.
 - The SCC will schedule a hearing, allowing for intervenor participation and public comment. Considerations include affordability, rate stability, operation reliability, capital structure, risks associated with the combined companies, impacts on staffing, and issues related to dividends, financing, and affiliate transactions.
 - In determining whether to approve the transaction, the SCC must find that adequate service to the public at just and reasonable rates will not be impaired or jeopardized.
2. APCo Biennial Rate Review ([PUR-2026-00044](#))
 - Virginia Code § 56-585.8 requires APCo to file its biennial rate review by May 31, 2026. APCo filed its application for \$61.4 million base rate increase, representing a 3.3% increase to overall revenues.
 - The Code requires the Commission to issue a final order on this Application by January 15, 2027, with any revisions in rates taking effect March 1, 2027.
3. IRP – Dominion (facilitated by Great Plains Institute)
 - Virginia Code § 56-599 requires electric utilities to file an integrated resource plan (“IRP”) by October 15 in each year immediately preceding the year the utility is subject to a biennial review of rates.
4. Load Forecasting w/ Co-ops, IOUs and Data Centers ([HB892](#))
5. Dominion Transmission Rider Proceeding (T1) ([PUR-2026-00056](#))
6. Dominion Virtual Power Plant (VPP) ([PUR-2025-00211](#))
7. Dominion Large-Load Interconnection Queue ([PUR-2026-00011](#))
8. Utility Proposal on Demand Flexibility for Large Load Customers ([HB284/SB371](#))
9. Shared Solar, APCo Minimum Bill ([PUR-2025-00175](#))
10. DG Interconnection and Direct Transfer Trip (DTT)
11. Behind the Meter Generation for Data Centers: What is the permitting process and jurisdictional authority on these decisions?
 - See [SB751](#) (failed) SCC forthcoming analysis
12. Others as identified

Appendix I

STATE TAX CREDITS FOR RENEWABLE ENERGY AND ENERGY STORAGE

June 3, 2026

Policy Objective. Determine the effectiveness, design and impacts of a tax credit for incentivizing deployment of solar energy and energy storage projects in the Commonwealth of Virginia.

Background. During the 2026 General Assembly, [HB1133 \(Reid\)](#) was introduced to establish a Virginia refundable tax credit. The bill would allocate up to \$50 million in tax credits for the installation of eligible residential, commercial and industrial, or utility-scale solar energy and energy storage projects from January 1, 2027, through January 1, 2032. This legislation is intended to address the financing gap created by the [federal rollback of clean energy incentives](#) after the passage of the federal House Reconciliation bill (H.R.1) on July 4, 2025. On February 11, 2026, the House Finance Committee voted to continue HB1133 and refer it to the Energy Commission of Virginia, formerly the Commission on Electric Utility on Regulation (CEUR), for further study. A similar bill was introduced in the Senate, [SB834 \(Jones\)](#), which was tabled by the House Appropriations Committee on March 9, 2026.

Project Goal and Research Questions. The goal of a review by the Energy Commission would be to determine the effectiveness of a tax credit for incentivizing deployment of solar energy and energy storage projects in the Commonwealth of Virginia. Crucially, economic modeling is required to assess the credit's effectiveness over the short-term (e.g., 3 or 5 years) and long-term (e.g., 20 years) horizons. Energy Commission staff will conduct additional research activities, including interviews with key stakeholders. Depending on the outcome of the research and economic modeling, the Energy Commission could consider endorsing these policies in a legislative proposal for the 2027 General Assembly. As part of its review, Energy Commission staff will address the following research questions:

1. What is the estimated fiscal impact to the state over short-term and long-term horizons of a tax credit for solar projects, and how does that fiscal impact vary depending on the design of the tax incentive?
2. What is the expected uptake of the tax credit across residential, commercial, and utility-scale sectors, and what policy levers can be used to maximize participation in each sector?
3. How can the state tax credit be designed to effectively coordinate with existing state and federal clean energy incentives?
4. How can the program design ensure equitable and geographically balanced distribution of benefits across the Commonwealth, particularly for historically economically disadvantaged communities (HEDCs)?

Project Approach. Energy Commission staff will conduct initial research and landscape analysis of energy tax credits, as well as conduct interviews with the Virginia Department of Taxation, the Senate Finance and Appropriations Committee, the House Appropriations Committee, and the House Finance Committee. These briefings will provide guidance and inform staff's research. A third-party consultant would be required to support the project, including expertise to conduct economic modeling to understand the effectiveness of a tax credit for incentivizing deployment of solar energy and energy storage.

In collaboration with a contractor, Energy Commission staff may identify other relevant modeling scenarios or research methodologies to determine which policy instruments make the most efficient use of state funds to promote the expansion of solar and battery storage resources. This modeling may include an evaluation of the advantages and disadvantages of implementing a refundable tax credit versus a grant program, or other alternative mechanisms, to facilitate the deployment of solar energy and energy storage infrastructure.

Energy Commission staff will conduct additional research activities, including interviews with key stakeholders.

Key stakeholders. As part of the review, Energy Commission staff would solicit input from numerous key stakeholders, including:

- Virginia Department of Energy
- Virginia Department of Taxation
- Virginia Office of the Attorney General
- Dominion Energy Virginia
- Appalachian Power Company
- Mid-Atlantic Renewable Energy Coalition (MAREC), Chesapeake Solar and Storage Association (CHESSA), Coalition for Community Solar Access (CCSA) and other clean energy representatives
- Solar United Neighbors
- Clean Virginia
- Sierra Club, Appalachian Voices, Southern Environmental Law Center, League of Conservation Voters
- Virginia Poverty Law Center
- Residential, commercial and industrial customers
- Monarch Strategic Ventures
- Weldon Cooper Center

Energy Commission staff will also request feedback from members of the [Energy Commission](#) as well as other members of the General Assembly.

Appendix J

AGGREGATE DEMAND LIMITATIONS AND RETAIL CHOICE

June 3, 2026

Policy Objective. Determine whether access to retail choice in Virginia should be expanded, and if so, any statutory changes needed to facilitate this expansion.

Background. During the 2026 General Assembly session, the Senate Commerce and Labor Committee voted to continue [SB509](#) (VanValkenburg) and refer it to the Energy Commission of Virginia for further review. SB509 would expand retail choice by making it easier for commercial and industrial (i.e., nonresidential) customers of Dominion Energy Virginia (Dominion) or Appalachian Power Company (APCo) to aggregate their demand and meet statutory requirements for purchasing electric generation from a competitive service provider (CSP). Current statute ([§56-577.A.4](#)) allows nonresidential customers with individual demand of less than 5 MW to aggregate their demand to meet the 5 MW threshold for purchasing electric generation from a CSP, but they must petition the SCC for approval. To approve such a petition, the SCC must find that (i) the incumbent utility and its other customers not participating in retail choice will not be adversely affected in a manner contrary to the public interest and (ii) the petition is consistent with the public interest. Under SB509, nonresidential customers with demand of less than 5 MW would no longer be required to petition the SCC for approval to aggregate their demand and participate in retail choice. The bill would not change the process or 5-year waiting period for a nonresidential customer to leave retail choice and resume purchasing generation from their incumbent utility.

Project Goals and Research Questions. The goal of a review by Energy Commission staff would be to determine whether access to retail choice should be expanded through the policy changes contained in SB509, other changes to the retail choice statute, or not at all. Depending on the findings of a review, the Energy Commission could consider endorsing these policy changes in a legislative proposal for the 2027 General Assembly. As part of its review, Energy Commission staff would address three primary research questions:

4. To what extent would the provisions of SB509 increase participation in retail choice by nonresidential customers (as measured by numbers of customers and aggregate MWh)?
5. To what extent (if at all) can nonresidential customers achieve energy cost savings by participating in retail choice, and what other potential benefits could result from expanded retail choice?
6. To what extent (if at all) would increased participation in retail choice shift utility generation costs (including non-bypassable charges) to other ratepayers because of retail choice customers leaving their incumbent utilities, and what other disadvantages could result from expanding retail choice?

Project Approach. An Energy Commission review of SB509 would likely require a third-party contractor with expertise in economic modeling. Modeling is needed to estimate (i) the increased participation in Virginia’s retail choice program resulting from the legislation, both in numbers of nonresidential customers and their electricity consumption; (ii) the extent to which this increased participation would reduce electricity sales and revenues for Dominion and APCo; and (iii) the extent to which those revenue reductions could shift utility costs to other ratepayers. In collaboration with a contractor, Energy Commission staff may identify other relevant modeling scenarios related to additional retail choice provisions in statute (e.g., changing the 5 MW threshold or the 5-year waiting period). Energy Commission staff would conduct additional research activities, including interviews with key stakeholders.

Key Stakeholders. As part of the review, Energy Commission staff would solicit feedback on the policy provisions in SB509, and expanding access to retail choice more generally, from numerous key stakeholders, including:

- Apartment and Office Building Association
- Appalachian Power Company
- Clean energy advocates (e.g., SELC, Appalachian Voices, League of Conservation Voters)
- Clean Virginia
- Data Center Coalition
- Dominion Energy Virginia
- IBEW Local 666
- NRG Energy
- Retail chains (e.g., Albertson’s, Walmart)
- Retail Energy Advancement League (REAL)
- Shell Energy
- Virginia Committee for Fair Utility Rates
- Virginia Energy Consumer Alliance
- Virginia Food Industry Association
- Virginia Manufacturers Association
- Virginia Office of the Attorney General (Office of Consumer Counsel)
- Virginia Poverty Law Center
- Virginia State Building and Construction Trades Council

Energy Commission staff will also gather input from members of the Energy Commission as well as other members of the General Assembly.

Appendix K

METER SOCKET ADAPTERS IN VIRGINIA

June 3, 2026

Policy Objective. Determine whether and how the state should facilitate the use of meter socket adapters (MSA) in Virginia, to help reduce the cost of interconnecting residential energy assets (e.g. solar, battery storage).

Background. MSAs are devices that may help residential and small commercial customers significantly reduce the cost of electrical upgrades associated with installing small-scale solar generation (e.g., residential rooftop solar), battery energy storage systems, and electric vehicle (EV) charging systems. MSAs are typically installed between a customer’s electric meter socket and their utility’s billing meter. As of May 2026, the devices have been approved for use by at least one investor-owned utility in 22 states, including North Carolina, West Virginia, and Maryland. In Virginia, MSAs have been approved by Appalachian Power Company for use in its service territory but not by Dominion Energy Virginia (Dominion) or any electric cooperatives. Given that MSA technology is relatively new, it is unclear whether national electric codes and standards address their use.

Project Goals and Research Questions. A key goal for an Energy Commission staff review of MSAs would be to determine the extent to which the devices can lower interconnection and related upgrade costs for residential and small commercial customers without compromising the safety or reliability of the electric grid. Depending on the results of the review, staff would explore statutory or regulatory changes authorizing or promoting the use of MSAs that the Energy Commission could consider endorsing in a legislative proposal for the 2027 General Assembly. As part of its review, Energy Commission staff would address the following primary research questions:

1. To what extent can MSAs reduce the cost of electrical upgrades for distributed generation, battery storage, and EV charging systems, and what role should the devices play in accelerating electrification trends in Virginia?
2. What risks, challenges, or liabilities do MSAs pose to electric utilities, and how have these concerns been addressed by utilities that have approved MSAs for use in their service territories?
3. How (if at all) do national electric codes address the use of MSAs, and for which types of projects and systems?

Project Approach. An Energy Commission review of MSAs in Virginia as well as utilization in other states would be conducted by Energy Commission staff. Key staff research activities would include interviewing stakeholders, reviewing the approval and use of MSAs where they are permitted by utilities, and reviewing any national electric codes or standards addressing their use.

Key Stakeholders. As part of the review, Energy Commission staff would solicit feedback on the research questions listed above from numerous key stakeholders, including:

- Appalachian Power Company
- Chesapeake Solar and Storage Association
- Clean energy advocates (e.g., SELC, Appalachian Voices, League of Conservation Voters)
- Clean Virginia
- Coalition for Community Solar Access
- Dominion Energy Virginia
- Solar United Neighbors
- Virginia Distributed Generation Solar Alliance
- Virginia Energy Consumer Alliance
- Virginia Poverty Law Center
- Subject matter experts from national organizations and other state or utility perspectives

Energy Commission staff will also gather input from members of the Energy Commission as well as other members of the General Assembly.