Department of Planning and Budget
2022 Fiscal Impact Statement

1. **Bill Number:** HB469

House of Origin	☒	Introduced	☐	Substitute	☐	Engrossed
Second House	☐	In Committee	☐	Substitute	☐	Enrolled

2. **Patron:** Rasoul

3. **Committee:** Appropriations

4. **Title:** Electric utilities; clean energy mandates; transitioning workers; New Virginia Economy Act.

5. **Summary:** Establishes a moratorium, effective January 1, 2023, on approval by any state agency or political subdivision of any approval required for (i) electric generating facilities that generate fossil fuel energy through the combustion of a fossil fuel resource; (ii) import or export terminals for fossil fuel resources; (iii) certain maintenance activities relating to an import or export terminal for a fossil fuel resource; (iv) gathering lines or pipelines for the transport of any fossil fuel resource that require the use of eminent domain on private property; (v) certain maintenance activities relating to such gathering lines or pipelines; (vi) refineries of a fossil fuel resource; and (vii) exploration for any type of fossil fuel, unless preempted by applicable federal law. The measure also requires that at least 80 percent of the electricity sold by a retail electric supplier in calendar years 2030 through 2034 be generated from clean energy resources. In calendar year 2035 and every calendar year thereafter, 100 percent of the electricity sold by a retail electric supplier is required to be generated from clean energy resources. The clean energy mandates apply to a public utility or other person that sells not less than 1,000 megawatt hours of electric energy to retail customers or generates not less than 1,000 megawatt hours of electric energy for use by the person. The Director of the Department of Energy (the Department) is authorized to bring actions for injunctions to enforce these requirements. The measure requires the Department to adopt a Climate Action Plan that addresses all aspects of climate change, including mitigation, adaptation, resiliency, and assistance in the transition from current energy sources to clean renewable energy. The measure provides that any retail electric supplier that fails to meet any goal or benchmark is liable for a civil penalty equal to twice the cost of the financial investment necessary to meet such goal or mandate that was not achieved, or three times the cost of the financial investment necessary to meet such goal or benchmark that was not achieved if not met in an environmental justice community. The measure further states that the Department shall appoint and convene a state Environmental and Climate Justice Task Force (the Task Force) to provide recommendations about the implementation of the Climate Action Plan.

   The measure provides that it is the goal of the Commonwealth to achieve a 36 percent reduction in electric energy consumption in buildings by 2036. The measure requires the

Department, in coordination with the Virginia Council on Environmental Justice (the Council) to establish performance benchmarks for environmental justice communities and to establish programs for jobs for people in environmental justice communities. The measure requires the Council to develop and make available to each state agency training modules designed to facilitate the promotion of environmental justice.

The measure requires the Department to establish the Just Transition Fund (the Fund) to be used for state programs, grants and loans, job training and placement programs that support renewable and clean energy development and energy efficiency, and for funding the Transitioning Workers Program, which provides support for workers in the fossil fuel industry and affected communities and provides such workers with job training, relocation support, income and benefit support, and early retirement benefits. The measure prohibits the State Corporation Commission from approving construction of any new utility-owned generating facilities that emit carbon dioxide as a by-product of combusting fuel to generate electricity. The measure requires that all utility costs associated with the construction of, acquisition of, or agreements to purchase the energy, capacity, and environmental attributes of certain required generation and storage facilities be recovered through the utility's rates for generation and distribution services.

The measure requires that under the renewable energy portfolio standard program, Dominion Energy Virginia and American Electric Power be required to produce their electricity from 80 percent renewable sources by 2030 and 100 percent by 2035. The measure increases the incremental energy efficiency savings that each investor-owned incumbent electric utility is required to achieve that start in 2023 at 2.4 percent for American Electric Power and Dominion Energy Virginia of the average annual energy retail sales by that utility in 2021 and increases those savings annually.

6. **Budget Amendment Necessary**: No.

7. **Fiscal Impact Estimates:** Indeterminate. See item 8.

8. **Fiscal Implications:** According to the Department of Energy (DEN), the bill will have an expenditure impact on the agency ranging from $800,000 to $1.0 million and four to six positions. DEN anticipates that to develop and administer the Climate Action Plan and other mandates in the bill, it will be necessary for the agency to provide job support, relocation support, income and benefit support, and early retirement benefits to thousands of fossil fuel workers. DEN also anticipates that it will be necessary for the agency to establish job programs in environmental justice communities, including scholarships and low interest forgivable loans.

   In establishing the Just Transition Fund, the bill provides that after DEN establishes the assessment parameters and rates, each Phase I and Phase II Utility operating in the Commonwealth shall pay an assessment, which is to be deposited into the Fund. The bill further requires that an additional 10 percent penalty is applied to utilities that fail to pay the assessment on or before the date it is due. DEN is allowed to be reimbursed from the Fund for administration. DEN has not provided an estimate of the revenue that would be deposited into the Fund, or an assessment of whether it would be sufficient for DEN to carry out the requirements of the bill. The amount of revenue from assessments to be paid into the Fund will depend on DEN's determination of rate amounts.

The State Corporation Commission anticipates no impact as a result of this bill.

The bill provides that any retail electric supplier that fails to meet any goal or benchmark established under this article, upon such finding by an appropriate circuit court, shall be assessed a civil penalty equal to twice the cost of the financial investment necessary to meet such goal or mandate that was not achieved, or three times the cost of the financial investment necessary to meet such goal or benchmark that was not achieved if not met in an environmental justice community. All civil penalties are to be deposited into the general fund.

9. **Specific Agency or Political Subdivisions Affected:** Department of Energy; State Corporation Commission, Office of the Attorney General.

10. **Technical Amendment Necessary:** No.

11. **Other Comments:** None.