

(HB1883)

GOVERNOR'S VETO

Pursuant to Article V, Section 6, of the Constitution of Virginia, I veto House Bill 1883, which expands the distributed and behind the meter carveout of the renewable portfolio standard (RPS) and delays the 75% in-state renewable energy credits (RECs) requirement for Dominion Virginia.

This bill, like many others this session, seeks to make piecemeal changes to fix the discredited Virginia Clean Economy Act (VCEA). Democrats failed to pass legislation that would meaningfully free Virginia's ratepayers and businesses from this misguided path. Additionally, expanding the distributed portion of the RPS subjects ratepayers to higher compliance costs than they will already face under the existing framework in order to support more projects that may have otherwise been financially unviable. Increasing the distributed portion of the RPS from one to three percent over the next two years, and increasing to five percent in 2028 and thereafter, could increase compliance costs associated with the distributed carveout by 200% to 400%. In 2026, it is expected that Dominion Energy will be required to generate or procure 168,977 MWH of distributed RECs—if this were to change, that value would increase to 506,930. Associating the deficiency payment value for the distributed RECs of \$75 plus the one percent annual adjustment as the cost of compliance per unit energy results in a compliance cost of more than \$13 million under the existing framework and almost \$40 million under the proposed framework for.

Dominion is requesting a \$2.99 per month rate increase to customers' bills as part of costs for RPS compliance. In their latest RPS filing, Dominion Energy disclosed that they expected to bill customers \$5.5 billion dollars for REC purchases related to RPS compliance costs over the next ten years. In their IRP, Dominion forecasted that by 2035, they expected that the REC portion of RPS Compliance alone will cost the average residential Dominion Energy customer an extra \$5 per month or \$63 per year. At a time when prices are increasing for all aspects of life, elected leaders should be focused on solutions to decrease rather than unnecessarily increase electricity prices.

The attempt to protect ratepayers from deficiency payments flies in the face of the reality that Virginians shouldn't be forced to pay for RECs at all. Furthermore, the concern for deficiency payments incurred from Dominion Energy in its 2024 Integrated Resource Plan is misplaced as with part of the Coastal Virginia Offshore Wind project expected to enter service this year, Dominion Energy expects to not incur said charges. Dominion has been banking in-state generated RECs, approximately 12,104,079 as of October 2024, with the expectation that some of them would be retired to help meet the in-state compliance portion that begins this year. Even if the compliance date were to change, some of these RECs would have to be retired regardless, as Dominion Energy can only bank RECs for a five-year period.

Accordingly, I veto this bill.