The Clean Economy Act benefits all Virginians.

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In 2020, the Virginia General Assembly passed the Virginia Clean Economy Act (VCEA) (HB 1526/SB 851). The VCEA, working alongside the Regional Greenhouse Gas Initiative, puts the Commonwealth on a path to an affordable and reliable zero-carbon electricity grid by 2050. Virginia must stay the course on its transition to clean, renewable energy—a transition that is increasing energy independence, helping protect customers from volatile fossil fuel prices, and improving public health.

What the VCEA says

Fossil Fuel Retirements

Dominion Energy Virginia ("Dominion") and Appalachian Power ("APCo") must retire existing fossil fuel plants by 2045 with very limited exception for specific reliability concerns.[1]

Energy Efficiency Standards

Programs that increase energy efficiency—like appliance rebates and weatherizing homes—help customers reduce energy bills and are the cheapest way to meet electricity demands. Dominion, APCo, and Old Dominion Power must significantly ramp up its energy efficiency offerings to comply with the VCEA's savings requirements, which are set by statute through 2025 with future standards to be established by the State Corporation Commission.[2]

Expanding Rooftop Solar

The VCEA dramatically raises the cap on residential (rooftop) solar—from 1% of the utility's previous year's load to 6% of that load—and requires the State Corporation Commission to hold proceedings to establish how residential solar customers would be compensated for power they supply to the utilities (aka "net metering").[3]

Renewable Portfolio Standard (RPS)

Dominion and APCo must obtain an increasing amount of their energy from renewable sources (solar, offshore and onshore wind, and storage). Ultimately, 100% of the energy sold by each utility must come from renewable sources by 2045 or 2050, respectively. The Act also requires that most of this renewable energy come from sources within Virginia.[4]

What the VCEA does

Ensures More Affordable Electricity

Because fossil fuel prices are extremely volatile, reliance on fossil fuels leaves customers at risk of significant bill increases. Renewables help insulate customers from rising fossil fuel prices and support the broader economy. Cutting carbon is thus an opportunity to cut costs—both for utilities invested in the unnecessary costs of fossil-fuel power plants and the customers who see them reflected in their utility bills.

Reduces Pollution

Burning fossil fuels produces pollution that negatively impacts communities in the shadow of power plants and beyond. Reducing fossil fuel use, as required by the VCEA, will result in cleaner air for Virginians—particularly those communities closest to power plants—and help minimize the impacts of climate change.

Encourages Clean Energy Industry in Virginia

By increasing the cap on rooftop solar, the VCEA sets the stage for the residential solar industry to blossom in Virginia. Similarly, requiring utilities to procure most of their renewable energy from sources within Virginia will incentivize the development of a strong renewable energy industry in the Commonwealth.

Attracts Business

The VCEA's encouragement of renewable development is good for Virginia's economy, creating good local jobs and attracting businesses committed to carbon-free energy. For example, in deciding to build a $1 billion facility in Chesterfield with more than 1,760 jobs, Lego cited Virginia's commitment to carbon free energy.[5]

> **"In passing the VCEA, Virginia proved that a clean environment and a strong economy can go hand-in-hand. Continued implementation of the VCEA is essential to ensure Virginians have a healthy environment and clean, more affordable electricity."**
>
> — NATE BENFORADO, SELC SENIOR ATTORNEY

Reduces Burdens on Disadvantaged Communities
The VCEA includes a series of protections to lessen the energy burdens on low-wealth and "historically economically disadvantaged communities." For example, the VCEA establishes a Percentage of Income Payment Program (PIPP), which caps low-income participants' monthly electric bills at 6-10% of their income.[6] The VCEA also requires the SCC to ensure that any development of new energy resources or expansion of existing energy resources does not have a disproportionate impact on disadvantaged communities. It also prioritizes hiring from these same communities for offshore wind development.

Maintaining the VCEA is good for Virginia.

The VCEA is vital for ensuring Virginia's smooth transition to a clean energy future and a zero-carbon electricity grid by 2050. Before the VCEA was passed, Virginia's energy policies were outdated and unfair to customers. The VCEA addresses many of those issues by reducing utilities' reliance on costly, polluting fossil fuels and promoting energy justice.

The VCEA also serves as a roadmap for Virginia as it prepares for clean energy alternatives, such as offshore wind, solar, and energy storage. Rolling back the VCEA would leave the Commonwealth less prepared to take advantage of these clean energy solutions—and leave utility customers subject to volatile shifts in fossil fuel prices.

While the VCEA must be defended, there may be opportunities to make this successful law even more competitive and affordable for customers, including by expanding the role of third-party developers, whose clean energy projects are often cheaper and less risky for customers when compared to utility-owned projects.

REFERENCES

[1] Code Section 56-585.5(B).
[2] Code Section 56-596.2.
[3] Code Section 56-594.
[4] Code Section 56-585.5(C).
[5] https://www.chesterfieldobserver.com/articles/brick-by-brick-lego-locks-in-1b-project-1760-jobs-at-meadowville/.
[6] Code Section 56-585.6.

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