DOMINION ENERGY RENEGING ON ENERGY EFFICIENCY COMMITMENTS

Bottom Line: Clean Virginia and other advocacy organizations are asking legislators to make public statements calling on Dominion to fulfill its commitment to $870 million of energy efficiency programs after the utility monopoly backed away from these promises in a recent filing to the SCC.

Background: In 2015, the General Assembly passed “rate freeze” legislation that allowed Dominion Virginia Power to keep roughly $350-$425 million every year in customer overcharges that would normally need to be refunded to ratepayers. After a public backlash, the General Assembly passed SB 966 in 2018, the Grid Transformation and Security Act (GTSA), which allowed Dominion to reinvest these overcharges rather than refund them to ratepayers.

One of the pro-consumer elements included in the GTSA to win broader support was a provision requiring Dominion to propose no less than $870 million in energy efficiency projects over the next decade to reduce overall consumption and lower energy bills. This was a critical aspect of the compromise bill, as Dominion Energy ranks 50th out of 51 major utilities on energy efficiency per the American Council for an Energy-Efficient Economy. A key aspect of this low ranking is the problematic incentive structure at play: simply put, energy efficiency programs are not in an investor-owned monopoly electric utility’s interest. A more efficient electrical system means Dominion sells less of its product. Now, it appears Dominion is trying to back out of the promise made in the GTSA regarding energy efficiency.

The Problem: Dominion recently filed plans with the State Corporation Commission (SCC) for its first round of spending to meet that $870 million goal. In this first round, Dominion outlined roughly $261.7 million in efficiency spending, with $96.8 million going to “lost revenues.” “Lost revenue” means direct payment from ratepayers to Dominion for the amount the utility would have received without these energy efficiency programs.

Dominion’s Position: Dominion claims that the Virginia code under traditional utility regulation allows for Dominion to recover on lost revenues, as it would be asking them to willingly choose to make less money from reduced sales.

Clean Virginia’s Position: We join with other non-profit watchdog organizations in firmly opposing Dominion’s plan. As the Sierra Club argued in a filing opposing Dominion’s “lost revenue” argument, the GTSA specifically says that the $870 million must go to “design, implement, or operate” energy efficiency programs. Lost revenues don’t fit into that definition, as legislators clearly did not intend for such “non-spending” to count to the $870 million goal.

Virginia Poverty Law Center (VPLC) projects that this means roughly 45% of the eventual $870 million in energy efficiency spending will thus go straight to Dominion if approved. This is unacceptable and clearly not what advocates bargaining in good faith agreed to in 2018.

ACTION FOR LEGISLATORS: Clean Virginia joins VPLC and other advocacy organizations in asking legislators to ask Dominion publicly to abandon its attempt to use “lost revenue” as part of its spending goals outlined in the GTSA. We also are asking lawmakers to speak out against Dominion’s attempts to break promises made to the General Assembly, to stakeholders, and to Virginia ratepayers.