CURRENT
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Post-Legislative Retrospective Memo

Report Addendum

Prepared for Solar United Neighbors

This memorandum serves as an addendum to the January 2026 report prepared by Current Energy Group for Solar United Neighbors: **"The Value of Distributed Energy Resources in Virginia: An Assessment of Benefits and Cost-Effectiveness"**.

The original report is available at:
https://solarunitedneighbors.org/resources/report-value-of-ders-in-virginia/

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Purpose of this Addendum

This memorandum serves as an addendum to the January 2026 report prepared by Current Energy Group for Solar United Neighbors titled *The Value of Distributed Energy Resources in Virginia: An Assessment of Benefits and Cost-Effectiveness*.[1] The study found that an ambitious, near-term distributed energy resources (DERs) portfolio in Virginia has the potential to deliver:

- the same reliable capacity as a 950 MW new peaking natural gas plant,[2]
- $606.1 million in annual benefits against $317.9 million in costs, yielding $288.2 million in net annual savings, and
- a cost-effectiveness ratio of 1.91 compared to fossil fuel alternatives.

This memorandum evaluates how legislation passed during the 2026 Virginia Legislative Session, which concluded on March 14, affects the assumptions, findings, and conclusions of the January 2026 report, and contextualizes those impacts within the broader policy landscape.

Key Findings

- The 2026 Virginia Legislative Session produced 14 bills with direct or indirect impacts on DERs deployment and value, collectively strengthening confidence that the ambitious 2028 DERs portfolio modeled in the January 2026 analysis is achievable.
- Three bills—**Appalachian Power (APCo) Shared Solar Expansion** (SB 255/HB 809), **APCo Virtual Power Plant (VPP) Program** (HB 1467), and **Energy Storage Reform** (SB 448/HB 895)—could result in new scenarios with higher deployment levels of DERs. Standalone, these scenarios range from a 1% to 7% ($8.4 million to $20.9 million) increase in net savings compared to the original analysis.
- If near-term DERs deployment occurs as modeled in the scenario analyses, the additional resources motivated by the new legislation could result in **annual net savings of $320.7 million, an increase of 11% ($32.5 million)** from the $288.2 million in net savings estimated in the original analysis.
- The **Distributed Generation Expansion Act** (SB 175/HB 628) raises the Renewable Portfolio Standard (RPS) carve-out, directly validating the more aggressive distributed solar deployment levels in the original analysis.

[1] The full report and summary are available at: https://solarunitedneighbors.org/resources/report-value-of-ders-in-virginia/.

[2] Reliable capacity is measured using Effective Load Carrying Capability (ELCC), which estimates how much a resource contributes to maintaining system reliability during periods of highest stress. ELCC reflects both the availability and performance of a resource at critical times. Dispatchable resources like natural gas plants typically have high ELCC values because they can generate on demand. See Appendix B of the original report for the DERs ELCC values.

- Multiple bills address non-cost barriers that have historically constrained DERs adoption, including **permitting friction** (SB 382/HB 590), **consumer protections** (SB 823/HB 1439), and **standby charge thresholds** (HB 1255). While these bills do not result in direct changes to the analysis, they increase the likelihood of achieving the ambitious near-term DERs portfolio.
- The establishment of **VPP pilots for APCo** (HB 1467) and **pathway for VPPs among Virginia's electric cooperatives** (SB 487/HB 562) extends the near-term potential for VPPs statewide, increasing the potential value to the grid, particularly for avoided costs of capacity.
- **Integrated Resource Plan (IRP) Reform** (SB 249/HB 429) and **Performance Based Regulation** (SB 251/HB 903) codify key analytical and policy frameworks from the original report into Virginia's utility planning and regulatory processes (e.g. the social cost of carbon and performance incentive mechanisms), increasing the likelihood that the value of DERs is formally recognized in future resource planning and decision-making processes.

Results of 2026 Virginia Legislative Session

Solar United Neighbors helped champion five bills as part of the Affordable Clean Energy (ACE) package in the 2026 Virginia Legislative Session. The ACE bills are designed to increase access to small-scale solar and storage while strengthening consumer protections and maximizing savings. Table 1 provides a list of the bills that passed in the 2026 Legislative Session, including the five ACE bills as well as bills related directly to Virtual Power Plants (VPPs), DERs funding and compensation, expansion of shared solar programs, as well as governance and planning reforms. All bills have been signed by Governor Spanberger except SB 250/HB 395, which was returned with a minor amendment and is expected to be accepted by the legislature upon reconvening."

The original January 2026 analysis modeled a relatively ambitious DERs portfolio and recent legislation increases confidence that many of these assumed benefits will be realized. While some of the bills passed during the session have direct implications for the underlying analysis and reported results, others primarily reinforce the feasibility of achieving the modeled 2028 DERs portfolio. This memo provides a qualitative overview of the relevant legislation and assesses the implications for the original analysis.

Table 1. Summary of Bills and Impact on the Original Analysis

Bill Number	Bill Short Name	Results in Analytical Changes?
SB 175 / HB 628	Distributed Generation Expansion (ACE)	No, but directly supportive
SB 448 / HB 895	Energy Storage Reform (ACE)	Potentially higher scenario.
SB 823 / HB 1439	Consumer Protections (ACE)	No, but directly supportive
SB 382 / HB 590	Smart Rooftop Permitting (ACE)	No, but directly supportive
SB 250 / HB 395	Balcony/Plug-in Solar (ACE)	No, but directly supportive
HB 1467	APCo Virtual Power Plant Program	Potentially higher scenario.
SB 487 / HB 562	Electric Cooperative VPP	No, but directly supportive
HB 1255	NEM Standby Charge Threshold	No, but directly supportive
SB 254 / HB 807	Dominion Shared Solar Expansion	No, but directly supportive
SB 255 / HB 809	APCo Shared Solar Expansion	Potentially higher scenario.
SB 251 / HB 903	Performance Based Regulation	No, but indirectly supportive
HB 284	Data Center Demand Flexibility	No, but directly supportive
SB 249 / HB 429	Integrated Resource Plan Reform	No, but indirectly supportive
SB 407 / HB 1225	Electric Vehicle Charging	No, but directly supportive

Qualitative Impacts and Bill Summaries

This section provides summaries of each bill passed in the 2026 Virginia Legislative Session that has direct or indirect impacts on either the levels of DERs in Virginia or the value of DERs in the Commonwealth. Each subsection summarizes the bill and discusses any impacts it may have on the assumptions or results of the prior report.

1. Distributed Generation Expansion (SB 175 / HB 628)

Bill Summary

This legislation significantly expands the distributed generation carve-out for Dominion which required 1% of the annual RPS requirement to be met with solar, wind, or anaerobic digestion resources less than 1 MW. Specifically, the bill increases the carve-out requirement for Dominion from 1% in all years to 4.5% for compliance years 2026 through 2030, and to 5% for compliance years 2031 through 2045. The bill also expands the brownfield and previously developed sites requirement for Dominion from 200 MW to 1,000 MW. Notably, the bill did not include the provision from the introduced version that would have increased the maximum eligible project size for the RPS carve-out from 1 MW to 3 MW.

Bill Impact

As discussed in the January 2026 analysis, this bill was necessary to correct an original RPS carve-out that was set too low, as it was already being met by Dominion without additional small-scale resources. As of 2024, Dominion was already exceeding the 2028 requirement with 551 MW of

solar less than 1 MW (~2.6% achievement).[3] To show meaningful DERs expansion, the January 2026 analysis had already assumed more aggressive deployment of 1,100 MW total, equal to a level of approximately 4.5% of the 2028 RPS carve-out (Table 2). As a result, the bill does not necessitate changes to the underlying analysis; rather, it is broadly consistent with and directly supportive of the distributed solar levels modeled therein.

Table 2. Reproduction of Table 16 from January Report: Distributed Solar <1MW in 2028 Under Varying RPS Carve-Out Levels (1% to 5%)

	1%	2%	3%	4%	5%
Dominion (MWh)	365,145	730,289	1,095,434	1,460,578	1,825,723
APCo (MWh) (not mandated)	39,624	79,248	118,872	158,496	198,120
Total (MWh)	404,769	809,537	1,214,306	1,619,074	2,023,843
Total (MW)	**231**	**462**	**693**	**924**	**1,155**
2024 Small Scale Solar: 600 MW (~1 GWh), Equal to 2.6% of 2028 RPS Requirement					

The expanded brownfield requirement in the bill further reinforces the concept of achieving deployment levels on previously developed sites, consistent with the report's recommendation. While there is not a requirement for small-scale solar on brownfields in the new legislation, the benefits discussed in the report—of avoiding greenfield conversion, reducing permitting complexity, and aligning with state economic development goals—apply to both large and small-scale resources.

2. Energy Storage Reform (SB 448 / HB 895)

Bill Summary

This legislation substantially expands Virginia's energy storage targets beyond those originally established under the Virginia Clean Economy Act (VCEA) and introduces new requirements for long-duration energy storage (LDES) for both Dominion and APCo. Table 3 summarizes the new and prior requirements by utility and technology type.

[3] EIA-861, EIA-860, and EIA-851 (2024), assuming a 0.2 capacity factor for solar.

Table 3. Energy Storage Target Comparison: Prior VCEA Requirements vs. SB 448 / HB 895

Utility	Storage Type	Prior Requirement	Prior Deadline	New Requirement	New Deadline
Dominion	Short-Duration	2,700 MW	2035	16,000 MW [a]	2045
Dominion	Long-Duration	None	—	4,000 MW [b, d]	2045
APCo	Short-Duration	400 MW	2035	780 MW	2040
APCo	Long-Duration	None	—	520 MW [b, c]	2045
Dominion + APCo	Behind-the-Meter (goal)	10% of storage targets	2035	10% of storage targets	*Unchanged*

[a] 4,000 MW of the 16,000 MW shall be petitioned for by December 31, 2030.
[b] Half of the LDES shall have between 10-24 hours of storage capacity, and the other half shall have more than 24 hours of storage capacity.
[c] Half of the 520 MW (260 MW) LDES requirement shall be petitioned for by December 31, 2035.
[d] Half of the 4,000 MW (2,000 MW) LDES requirement shall be petitioned for by December 31, 2035.

For APCo, the prior requirement of 400 MW of generic energy storage by 2035 is replaced with 780 MW of short-duration storage by 2040, plus 520 MW of LDES by 2045 (half of which by 2035). For Dominion, the prior requirement of 2,700 MW by 2035 is replaced with 16,000 MW of short-duration storage by 2045, plus 4,000 MW of LDES by 2045 under the same provisions, with 20% required in the coalfield region. Both utilities are required to construct, acquire, or procure the specified MW, with a goal—though not a hard requirement and without interim targets—that at least 10% of the storage be installed behind the meter. The bill also requires the State Corporation Commission ("the Commission") to conduct a technology demonstration program for LDES resources and initiate a proceeding to assess the viability of the targets, with a final order due no later than March 1, 2030.

Bill Impact

The scale of new storage in this legislation—particularly for Dominion, where requirements increase by more than five-fold relative to the prior VCEA mandate—represents a dramatic expansion of Virginia's storage ambitions that could go beyond what was assumed in the original analysis. The original analysis modeled 22 MW of distributed behind-the-meter (BTM) battery storage in statewide VPP programs by 2028, driven primarily by the Community Energy Act's requirement for at least 15 MW of residential BTM battery storage for participation in the VPP Pilot (assuming this would include the 10% BTM requirement),[4] alongside 7 MW of existing BTM.

The greatest uncertainty regarding SB 448/HB 895's near-term impact on BTM storage is how much additional deployment the legislation will lead to, given that the 10% BTM provision is framed as an aspirational goal rather than a binding requirement and no interim milestones are

[4] There is no interim requirement for the 10% BTM goal, which would be 270 MW for Dominion and 40 MW for APCo by 2035 under the prior thresholds.

established to ensure progress prior to 2030 for Dominion and 2035 for APCo. Another uncertainty for purposes of the analysis is what fraction of new BTM storage would participate in a VPP program.

The impacts from this new legislation could range from:

- Low: No increase beyond what was modeled, given the ambitions of the original portfolio.
- High: Interim progress of 400 MW of new BTM storage by 2030 (10% of 4,000 MW of short duration storage required for Dominion by 2030), with an estimated 100 MW of BTM storage in 2028 and, of that, 50 MW participating in VPP programs.[5]

To evaluate a higher scenario, the high-end estimate of 50 MW of additional BTM storage resources is used as an order of magnitude estimate, given the various sources of uncertainty. Adding the additional 50 MW of BTM battery storage participation in a VPP program to the near-term DERs portfolio would increase the reliable capacity of the full DERs portfolio by 8% and result in an increase in both total costs and total value (due to the proportional nature of the analysis). As presented in Table 4 the largest increase that contributes to the 3% increase in savings is from increased capacity contributions—with generation, distribution, and transmission each increasing by 10%.

Table 4. Cost-Effectiveness Impacts from "Energy Storage" Bill (SB 448 / HB 895)

Category	Value Stream	% Change from Original Analysis
Benefit	Energy	—
	Generation	+10%
	Distribution	+10%
	Transmission	+10%
	Emissions Costs	—
	RPS Compliance	—
Cost	Participant Incentives	+5%
	Administrative	+9%
Total Savings ($)		**$296.6 million (3% increase)**

[5] The 50% participation rate is similar to assumptions made for other programs, such as the Demand Side Grid Support program in California, more info at: https://www.brattle.com/wp-content/uploads/2025/12/The-Demand-Side-Grid-Support-Program-An-Assessment-of-Scale-and-Value-December-2025-Update.pdf (pg. 5).

3. Consumer Protections (SB 823 / HB 1439)

Bill Summary
This bill strengthens regulatory oversight of residential solar installation companies and standardizes contract requirements for the sale or lease of solar energy systems, and for solar power purchase agreements. The bill authorizes the Board for Contractors to establish and update regulations governing solar providers, including requiring written contracts with specific provisions related to system design, performance expectations, pricing, and payment terms. It also mandates clear consumer disclosures to improve transparency in solar transactions and reduce the risk of misleading or predatory practices. The Board is directed to implement these requirements through updated regulations by January 1, 2027.

Bill Impact
While this bill does not directly change the technical or economic assumptions underlying the original analysis, it addresses an important non-cost barrier to distributed solar adoption: consumer confidence and market transparency. By establishing standardized contract requirements and enhanced disclosure obligations, the legislation reduces information asymmetries and risks for customers considering residential solar, which can support broader market participation.

The original analysis assumed relatively ambitious levels of distributed solar deployment less than 1 MW in size (1,100 total MW in the near-term portfolio, an increase of 500 MW from current levels), attributable primarily to an expanded RPS carve-out.[6] To the extent that these consumer protections improve trust in the residential solar market and reduce friction in customer adoption, they are consistent with and may help enable the achievement of those assumed deployment levels.

4. Smart Rooftop Permitting (SB 382 / HB 590)

Bill Summary
This bill requires the Virginia Department of Energy to establish, launch, and administer the Smart Solar Permitting Platform, which will serve as a tool for contractors to obtain permits for the construction of streamline-eligible residential solar energy systems, and localities to process applications for such permits. The platform is designed to automate the review and approval of permit applications for residential solar installations. The statewide tool is intended to reduce administrative barriers, shorten permitting timelines, and improve consistency in residential solar permitting across Virginia. The bill requires the Department of Energy to establish, launch, and administer the Platform by July 1, 2027.

Bill Impact
The legislation does not materially change the technical assumptions in the original DERs valuation analysis, but it directly reduces one of the most persistent non-cost barriers to distributed solar deployment: permitting friction and interconnection delays. By automating plan review and

[6] See above "Distributed Generation Expansion Act (SB 175 / HB 628)" subsection for a full discussion of the impacts of raising the 1% RPS carve-out and the embedded assumptions in the original analysis.

enabling rapid approval of code-compliant residential solar systems, the bill lowers soft costs and transaction barriers that have historically constrained rooftop solar adoption. To the extent that streamlined permitting reduces customer acquisition costs, accelerates project turnaround times, and improves installer throughput, it supports the levels of distributed solar embedded in the analysis.

5. Balcony/Plug-in Solar (SB 250 / HB 395)

Bill Summary
This bill establishes a legal framework for the use of small portable solar generation devices (commonly referred to as "plug-in" or "balcony" solar systems) of less than 1,200 watts on residential properties in Virginia. The bill permits customers to install certified solar devices that plug directly into standard electrical outlets, without requiring traditional utility interconnection agreements or prior utility approval. It also preempts local prohibitions on the use of these devices. Utilities are prohibited from imposing interconnection requirements or fees specific to these devices. The legislation also provides both tenant and landlord protections for these devices.

Bill Impact
Small portable plug-in generation devices differ meaningfully from the fixed, rooftop solar systems modeled in the original analysis. They are typically much smaller in scale (up to 1.2 kW), lower cost, and more modular than conventional residential rooftop installations (6 kW or more). These smaller, portable solar resources do not have the same export-capabilities as larger systems that interact more directly with grid services, and they would generally operate outside of net metering compensation structures. Accordingly, small portable solar generation represents a distinct DERs category with different cost and value offerings than the residential distributed solar evaluated in the original analysis.

Due to the resource size and the nascency of both the technology and the legislation, plug-in solar is unlikely to reach level higher than 1 MW through 2028. However, plug-in solar can provide incremental behind-the-meter generation and customer self-supply, which are valuable to the owners of the technology for reduced energy use, democratization of power, and decarbonization, among other individual preferences.

While this legislation does not materially change the technical assumptions in the original analysis; it removes a key regulatory barrier to entry for a new class of distributed solar resources, particularly in multifamily and rental housing where rooftop solar deployment is limited. Paving the way for plug-in solar through this bill would expand access to solar without requiring homeownership, allowing renters and residents of multifamily housing to participate in on-site clean energy generation, an outcome that is inherently valuable regardless of system scale.

6. APCo Virtual Power Plant Program (HB 1467)

Bill Summary

This bill directs APCo to petition the Commission for approval to establish a VPP pilot program of up to 150 MW, at least 5 MW of which must come from residential battery storage. The bill requires APCo to file its petition with the Commission by January 1, 2027. By July 15, 2028, APCo is to petition the Commission for a tariff so customers can enroll. APCo's VPP Pilot would last for 18 months (the same number of months as Dominion's VPP Pilot)[7] and conclude its initial phase by February 1, 2030.

Bill Impact

The original analysis modeled a statewide VPP portfolio of 450 MW total by 2028 (including ~68 MW of existing resources), based on Dominion's VPP Pilot as required by the Community Energy Act. APCo was not subject to a VPP requirement at the time of the original analysis, and the report explicitly recommended establishing a VPP pilot for APCo as a near-term policy priority. HB 1467 directly responds to that recommendation, establishing a VPP pilot for APCo of up to 150 MW.

Although the timing of the APCo VPP Pilot largely falls outside the 2028 timeframe used in the original analysis, we can evaluate the full 150 MW increase as a scenario analysis. As an example, Table 5 provides the assumptions of how each VPP element would change, assuming proportional increases for each.

Table 5. Statewide VPP Participation with and without APCo VPP Pilot (*Example Portfolio*)

VPP Element (New Resources)	Prior Analysis (MW)	New Value (MW)	Change (MW)
Demand Response	160	200	40
Battery Storage	22	30	8
Electric Vehicle (EV) Managed Charging	121	170	49
BYOD Technology Aggregator[8]	147	200	53
VPP Pilot Total	**450**	**600**	**150**

Adding the additional 150 MW APCo VPP Pilot to the near-term DERs portfolio would increase the reliable capacity of the DERs portfolio from 590 MW to 728 MW, equivalent to a 1,194 MW natural gas combustion turbine (CT) unit. The portfolio would result in an increase in both costs and benefits (due to the proportional nature of the analysis). As presented in Table 6 the largest increase that contributes to the 7% increase in savings is from increased avoided costs of capacity—with generation, distribution, and transmission each increasing by 20%.

[7] The comparable schedule for Dominion's VPP Pilot is from November 15, 2026 to July 1, 2028.
[8] BYOD stands for "Bring Your Own Device".

Table 6. Cost-Effectiveness Impacts from "APCo VPP" Bill (HB 1467) (*Example Portfolio*)

Category	Value Stream	% Change from Original Analysis
Benefit	Energy	—
	Generation	+20%
	Distribution	+20%
	Transmission	+20%
	Emissions Costs	—
	RPS Compliance	—
Cost	Participant Incentives	+8%
	Administrative	+16%
Total Savings ($)		**$309.1 million (7% increase)**

7. Electric Cooperative VPP (SB 487 / HB 562)

Bill Summary

This bill would authorize Virginia's 13 electric cooperatives to establish VPP programs beginning January 1, 2027. It allows cooperatives to offer incentives, including for residential battery storage, and enables participation through both direct utility enrollment and third-party aggregators. The legislation also requires cooperatives to evaluate program design elements such as customer incentives, grid event parameters, and compensation mechanisms for participating resources.

Bill Impact

This bill is an important first step to allow VPP programs among the electric cooperatives in Virginia without Commission approval. While the cooperatives are unlikely to implement large-scale or fully mature VPP programs in a way that impact the near-term 2028 DERs portfolio, this legislation does pave the way for DERs to meaningfully contribute to grid services in the future.

The earlier VPP pilots from Dominion and APCo (if passed in HB1467) will serve as important demonstrations that the cooperatives can learn from—particularly in establishing enrollment levels, incentive designs, and grid event frameworks. Accordingly, this bill reinforces the importance of successfully scaling Dominion's VPP programs.

8. NEM Standby Charge Threshold (HB 1255)

Bill Summary

This legislation increases the threshold at which certain residential or agricultural net energy metering (NEM) customers are subject to a monthly standby charge from 15 kW to 20 kW (AC). Customers in Dominion's service territory with systems exceeding the threshold are required to pay a standby charge, which is intended to recover a portion of grid infrastructure costs associated with serving the generation. For example, under Schedule 1 net metering customers are assessed a standby charge for both distribution and transmission.[9] By raising the threshold, the bill reduces the

[9] Dominion's schedule 1 rates are available at: https://cdn-dominionenergy-prd-001.azureedge.net/-/media/content/renewable-energy-programs/pdfs/virginia/net-metering/schedule-1.pdf.

number of net metering customers subject to this charge, thereby lowering costs for systems sized between 15 and 20 kW.

Bill Impact
For the subset of Dominion customers with system sizes between 15 and 20 kW, the legislation reduces monthly costs by eliminating standby charges, thereby improving the economics of moderately sized residential solar systems. This change may also influence system sizing decisions, reducing the incentive to undersize systems below the previous 15 kW threshold to avoid the charge. As a result, the bill could modestly support increased distributed solar deployment by improving project economics for larger residential systems.

As a planning-level study, the original DERs valuation analysis was not conducted at a level of granularity that explicitly modeled standby charges or system sizing thresholds. As such, the bill does not result in a material change to the analysis or its conclusions. More broadly, to the extent that lowering cost barriers supports greater adoption of distributed solar, the legislation is directionally consistent with the levels of distributed solar achievement assumed in the analysis.

9. Dominion Shared Solar Expansion (SB 254 / HB 807)

Bill Summary
The legislation impacts Dominion's Shared Solar Program by releasing additional capacity as part of Part 2 of the program on July 1, 2026 (rather than only when the program is 90% subscribed, whichever is earlier). It also increases the size of Part 2 of the program from 150 MW to 525 MW, and increases the amount required to serve low-income customers. The change also sets a timeframe to consider Part 3 of the program once Part 2 has been 50% subscribed. These changes are intended to enhance customer participation, particularly among low-income customers, and support incremental growth of shared solar within Dominion's service territory. This legislation would also enable bill credits to be issued more frequently than annually.

Bill Impact
While the legislation expands program capacity, its near-term impact may be limited. Dominion's Shared Solar website indicates that the initial 200 MW of Part 1 of part one program has 118 MW (59%) across awarded and waitlisted projects, with a lower percentage of projects in service.[10] The lack of participation in the program could be due to program economics and/or customer awareness (it is unclear exactly why there are not higher participation rates).

The analysis in the original report evaluated a net increase of 360 MW of solar between 1 and 3 MW by 2028 for all Virginia utilities (Table 7), which is an ambitious achievement level that includes both Dominion's Shared Solar requirement as well as projections for interim progress towards the 1,100 MW of solar less than 3 MW by 2035 required as part of Code of Virginia § 56-585.5.D.2.[11] The total of 400 MW of new and existing distributed solar between 1 and 3 MW used

[10] Dominion Energy, Shared Solar Program: https://www.dominionenergy.com/virginia/renewable-energy-programs/shared-solar-program
[11] Note that the Distributed Generation Expansion Act (SB 175 / HB 628) does not change this requirement.

for the original analysis is illustrative as an order of magnitude estimate, were there to be interim requirements for small-scale solar procurement prior to 2035. [12]

Table 7. Distributed Solar (1-3 MW) Evaluated in Cost-Effectiveness Analysis

	Current	2028	Net Increase
Distributed Solar (1-3 MW)	40 MW[13]	400 MW	**360 MW**

Given the multi-year development timeline for shared solar projects—from application to subscription—and the current status of Phase 1 of the program needing additional projects and customer participation, the Dominion Shared Solar Expansion bill may not materially change deployment trajectories by end of the analytical study period in 2028. The bill is likely to support a meaningful increase in deployed capacity over the longer term, particularly in the early 2030s. This dynamic is broadly consistent with the study's assumption of high achievement levels for distributed solar.

If the full amounts of Parts 1 and 2 of Dominion's Shared Solar Program are fully subscribed, as envisioned in the new legislation, Dominion would have a total of 775 MW of shared solar by as early as 2030 (includes projects between 1 and 5 MW). This level of shared solar would be over 6 times what is currently in both Dominion's awarded capacity and waiting list queue. Achieving the magnitude of expansion called for in the program would require increased customer subscriptions, which would in turn incentivize developers to submit additional projects to the pipeline. Mechanisms to increase subscriber uptake include:

- Increase marketing and outreach to promote the programs and increase customer awareness, particularly in ways that highlight the savings potential.
- Auto-enrollment of eligible customers, particularly to meet the low-income customer allocation thresholds (*if permissible*).
- Provide on-bill discounts instead of subscription models to reframe as a benefit, rather than a purchase of a product.
- Evaluate financial viability of projects for developers, including hurdles such as interconnection timeline and costs and implement solutions to reduce barriers for developers.

[12] Note that the original analysis evaluated distributed solar between 1 and 3 MW, but the shared solar program allows for projects up to 5 MW.
[13] The 40 MW includes 16.675 MW of current installed capacity in Dominion's Shared Solar program (up to 3 MW in size), with the remaining 22 MW in projects throughout Virginia from EIA-860 and EIA-861 for the year 2024, excluding shared solar projects.

10. APCo Shared Solar Expansion (SB 255 / HB 809)

Bill Summary

Unlike Dominion's shared solar program, APCo's shared solar program is nearing the 50 MW capacity, with 47.8 MW of projects in the program and another 29 MW of projects on the waitlist.[14] This bill would add an additional 50 MW on July 1, 2026 and another 50 MW on January 1, 2028. The bill also requires APCo's shared solar program to use net crediting for customer bills, and for shared solar subscription fees to be set below the credit amount to ensure customers break even on the cost, at a minimum. Like the Dominion bill, this legislation also allows for bill credits to be distributed more frequently than once per year.

Bill Impact

This legislation has a direct impact on the original analysis by increasing the total amount of shared solar capacity expected in the near term. The additional 50 MW of shared solar in Part 2 of the program increase the total shared solar potential in 2028 to 410 MW—compared to the 360 MW that was used for the original analysis, as displayed in Table 8. The 50 MW released in Part 3 of the program on January 1, 2028, will be close behind, although will likely not reach substantial completion or onboard subscribers until later, based on the current average two-year timeframe from acceptance in the program.

Table 8. Distributed Solar (1-3 MW) Evaluated in Cost-Effectiveness Analysis

	Current	2028	Net Increase
Original Analysis			
Distributed Solar (1-3 MW)	40 MW	400 MW	360 MW
New Values			
Distributed Solar (1-3 MW)[15]	40 MW	**450 MW**	**410 MW**

Note: Bold values indicate a change from the prior analysis

Adding 50 MW of distributed solar above 1 MW in size to the near-term DERs portfolio would result in approximately 14% increase in energy generation from new shared solar, and an increase in both total costs and benefits (due to the proportional nature of the analysis). As presented in Table 9, the largest increase that contributes to the 1% increase in savings is from the 6% increase in the RPS compliance value.

[14] APCo's shared solar project lists are available at: https://www.appalachianpower.com/clean-energy/renewable/solar/shared-solar-program.

[15] Assumes all projects are less than 3 MW for consistency with the prior analysis. However, if projects are larger the economics are proportionally unchanged.

Table 9. Cost-Effectiveness Impacts from "APCo Shared Solar Expansion" (SB 255 / HB 809)

Category	Value Stream	% Change from Original Analysis
Benefit	Energy	+2%
	Generation	+1%
	Distribution	+1%
	Transmission	+1%
	Emissions Costs	+2%
	RPS Compliance	+6%
Cost	Participant Incentives	+3%
	Administrative	—
Total Savings ($)		**$291.3 million (1% increase)**

11. Performance Based Regulation (SB 251 / HB 903)

Bill Summary

This bill directs the Commission to evaluate whether elements of a performance-based regulatory (PBR) framework for electric utilities would be in the public interest in Virginia. Specifically, the Commission is tasked with assessing approaches to improve utility performance and strengthen cost control incentives, including evaluating the feasibility, effectiveness, and necessity to improve incentives for investor-owned electric utilities to comply with the energy efficiency targets and renewable energy portfolio standards under the VCEA. The Commission's findings and legislative recommendations are due to the General Assembly by March 1, 2027.

Bill Impact

The original report included a specific policy recommendation to implement PBR features, and this legislation increases the likelihood that those recommendations will be formally evaluated and potentially adopted in Virginia. By directing the Commission to assess performance incentive mechanisms (PIMs), all-source competitive procurement, and improved cost control structures, the bill aligns closely with the report's proposed reforms.[16]

While the legislation does not directly change current market conditions or modeling assumptions, it represents a meaningful step toward regulatory reforms that would enhance the recognition of the value of DERs and deployment levels over time. If implemented, PBR frameworks—such as PIMs tied to energy efficiency outcomes, all-source procurement, and efforts to better balance capital and operating expenditures—would improve incentives for utilities to pursue least-cost, flexible, and distributed solutions. As a result, the bill supports the long-term direction of the original analysis by increasing the probability that enabling regulatory structures for DERs will be

[16] Current Energy Group and Great Plains Institute's separate report "Opportunities for Performance-Based and Alternative Regulatory Tools in Virginia" prepared for the Commission in August 2025 included additional proposed reforms SB251/HB903 also identifies. This report is available at: https://rga.lis.virginia.gov/Published/2025/HD5/PDF.

put in place, even if near-term impacts on modeled results remain limited in the context of a 2028 near-term DERs portfolio.

12. Data Center Demand Flexibility (HB 284)

Bill Summary

The proposed legislation directs utilities to submit and the Commission to establish voluntary demand flexibility programs for high-energy demand customers, such as data centers, within Dominion and APCo's service territories. Utilities are required to file program proposals by January 15, 2027, with Commission approval expected by late 2027, and implementation to follow thereafter, presumably in 2028. Notably, the bill allows high-energy demand customers to meet program requirements not only through direct load reductions but also by funding or purchasing capacity reduction credits from other retail customers, enabling broader participation in demand response, energy efficiency, DERs, and VPPs.

Bill Impact

The impact of the legislation on the prior analysis is uncertain, as program design details and participation levels will ultimately depend on Commission implementation and utility proposals. However, the bill clearly creates a framework that could support significantly higher levels of demand response from large flexible loads such as data centers. This suggests that higher levels of demand response participation—such as those assumed in the VPP pilot analysis—may be more achievable than what Dominion Energy proposed in the VPP Pilot filing,[17] providing additional justification for the more ambitious participation levels modeled in the DERs portfolio evaluated in the original analysis.

The other notable impact from the bill is enabling high-energy demand customers to purchase capacity reduction credits from other retail electric service customers. An example of how a program like this could function is Lincoln Electric System's partnership with Google to scale energy efficiency investments in affordable housing.[18] Capacity reduction credit purchases in Virginia from similar programs would increase funding for DERs programs. Higher levels of funding would also increase the likelihood of Dominion and APCo achieving their energy efficiency and other DERs targets under VCEA.

Collectively, these dynamics suggest that higher levels of DERs, from both data center direct demand response as well as funding of DERs programs for other customers, will be more likely to occur, providing additional justification for the assumptions assumed in the original analysis.

[17] See Figure 4 in the original report for a summary of elements in Dominion's VPP Pilot.
[18] Lincoln Electric System, "LES receives funding from Google to scale energy-efficiency projects for affordable housing": https://www.les.com/company/news/les-receives-funding-google-scale-energy-efficiency-projects-affordable-housing.

13. Integrated Resource Plan Reform (SB 249 / HB 429)

Bill Summary

This bill would strengthen Virginia's utility planning requirements by establishing more prescriptive and comprehensive modeling expectations. The most relevant portions of the proposed changes are requiring that utility IRP scenarios incorporate energy efficiency (EE) targets,[19] with at least one scenario exceeding statutory EE goals, and explicitly directs utilities to consider VPP aggregation as part of resource planning. It also mandates the inclusion of the social cost of carbon in evaluating resource portfolios and requires that all modeled scenarios demonstrate compliance with the Commonwealth's RPS requirements. These provisions will take effect in upcoming planning cycles, beginning with Dominion Energy's 2027 IRP and Appalachian Power Company's 2028 IRP.

Bill Impact

The legislation does not materially change the conclusions of the January 2026 analysis but reinforces many of its core assumptions and analytical frameworks. In particular, the requirement to incorporate the social cost of carbon aligns with the Virginia jurisdiction-specific test framework used in the original cost-effectiveness analysis.[20] The mandated EE and RPS compliance are consistent with modeled trajectories, including approximately 4.0 GWh of incremental energy efficiency and 1,100 MW of distributed solar less than 1 MW under the RPS carve-out. By codifying these planning elements, the bill increases regulatory certainty that such resources will be evaluated and potentially pursued, which in turn strengthens the confidence in projected DERs adoption and value streams without necessitating changes to the underlying analysis.

14. Electric Vehicle Charging (SB 407 / HB 1225)

Bill Summary

The relevant portions of this bill encourage the buildout of utility-owned or utility-operated electric vehicle charging stations in Dominion and APCo's service areas. The bill also requires Dominion Energy and APCo to file transportation electrification plans with the Commission by February 1, 2028, and every three years thereafter. Note that this bill has been signed by Governor Spanberger as of March 31, 2026.

Bill Impact

This bill's primary purpose is to expand and improve the EV charging ecosystem, which is one of the biggest barriers to EV adoption. The bill increases EV adoption through three main channels. First, it accelerates the buildout of fast-charging infrastructure, which is particularly important for long-distance travel and range confidence. Second, by lowering regulatory and cost barriers to deploying chargers (especially in underserved or rural areas), it improves geographic coverage and accessibility of charging. Third, requiring transportation electrification planning ensures more systematic, long-term investment in EV infrastructure and grid readiness.

[19] See Section 3.2.1 of the original report for a full discussion of energy efficiency requirements, including the updated achievement levels for 2026 through 2028.
[20] See Section 3.1 of the original report for a further discussion of the Virginia jurisdiction-specific test.

This approved legislation makes it increasingly likely that Dominion's estimate of only 1 MW of participation in the VPP Pilot by 2030 in electric vehicle managed charging underrepresents achievable potential because higher levels of EV ownership there would be corresponding increases in participation of EV managed charging in the VPP program. Thus, this bill is supportive of the more ambition EV participation in the VPP portion of the 2028 DERs portfolio of 120 MW statewide by 2028.

Combined Impact

Three of the bills resulted in scenario analysis of a different near-term DERs portfolio than what was evaluated in the original analysis: **Energy Storage Reform** (SB 448/HB 895), **APCo VPP Program** (HB 1467), and **APCo Shared Solar Expansion** (SB 255/HB 809). To illustrate the highest range of potential achievement levels, Table 10 shows the new portfolio of DERs considering the combined impact of all bills.

Table 10. New Near-Term DERs Portfolio with Passage of All Bills

VPP Element (New Resources)	Prior Analysis	New Value	Change
Energy Efficiency	**2.4 GWh**	**2.4 GWh**	—
Distributed Solar (<1 MW)	**500 MW**	**500 MW**	—
Distributed Solar (1-3 MW)	**360 MW**	**410 MW**	**50 MW**
VPP Total	**382 MW**	**582 MW**	**200 MW**
Demand Response	100 MW	140 MW	40 MW
BTM Battery Storage	15 MW	73 MW	58 MW
EV	120 MW	169 MW	49 MW
BYOD Technology Aggregator	147 MW	200 MW	53 MW

In the combined impacts scenario, the new resources would increase the reliable capacity of the DERs portfolio (i.e. the expected available generation during times of high demand) from 590 MW to 778 MW, equivalent to the expected capacity contributions from a 1,275 MW CT natural gas generator. The portfolio would result in an increase in both costs and benefits (due to the proportional nature of the analysis), increasing the annual net savings by 11% to $320.7 million. Table 11 summarizes the total savings for each bill and the combined impacts, as well as the net new savings compared to the original analysis.

Table 11. Summary of Individual and Combined Total Savings Impacts

		Change from Original Analysis	
	Total Savings (Millions)	Net Savings (Millions)	% Change
Original Analysis	$288.2	—	—
Energy Storage Reform (SB 448/HB 895)	$296.6	$8.4	+3%
APCo VPP Program (HB 1467)	$309.1	$20.9	+7%
APCo Shared Solar Expansion (SB 255/HB 809)	$291.3	$3.1	+1%
All Bills Combined	$320.7	$32.5	+11%

As detailed in Table 12, the largest contributing factors to the 11% increase in net new savings for the combined portfolio is from increased capacity contributions, with generation, distribution, and transmission each increasing by 30%. This concentration is a reflection of the underlying value associated with capacity resources in Virginia, and the opportunity that DERs can provide to increase system capacity statewide.

Table 12. Combined Cost-Effectiveness Impacts from All Bills

Category	Value Stream	% Change from Original Analysis
Benefit	Energy	+ 2%
	Generation	+ 30%
	Distribution	+ 30%
	Transmission	+ 30%
	Emissions Costs	+ 2%
	RPS Compliance	+ 6%
Cost	Participant Incentives	+ 16%
	Administrative	+ 25%
Total Savings ($)		**$320.7 million (11% increase)**

Conclusion

The 2026 Virginia Legislative Session marks a significant step forward in realizing the value of DERs in the Commonwealth. Taken together, the bills summarized in this memorandum **reinforce the feasibility of the near-term DERs portfolio modeled in the January 2026 analysis and create pathways to outcomes that may exceed the original projections**.

It is worth noting that the cost-effectiveness analysis underlying this work monetizes only a subset of the full value that DERs provide. Many benefits—including resilience, energy independence, improved indoor air quality, reduced land impacts, and community-level economic development—were described qualitatively but not assigned a dollar value. **The fact that these benefits were not monetized does not mean their value is zero.** In many respects, the passage of this legislation is itself a reflection of that broader value: the democratic process and the willingness of Virginia's legislature to act on behalf of ratepayers, communities, and the environment represent a form of collective revealed preference for the outcomes that DERs can deliver.

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