Virginia Energy Efficiency BCA Case Study

Introduction

This case study illustrates how the state of Virginia formally reviewed its cost-effectiveness practices using the National Standard Practice Manual for Benefit-Cost Analysis of Distributed Energy Resources (NSPM). This review was established by the Virginia State Corporation Commission ("Commission") in Docket PUR-2024-00120, which initiated a stakeholder process to develop testing standards for assessing the cost-effectiveness of Energy Efficiency Programs (EEP) implemented by utility companies within its jurisdiction. The Commission directed its staff to refer to the benefit-cost analysis (BCA) framework and process outlined in the NSPM during this stakeholder process and the subsequent regulation development. A comprehensive Final Report prepared by a consulting team documenting the stakeholder process, along with draft regulations, was submitted in March 2025. This case study summarizes the Virginia stakeholder process and application of the NSPM guidance to develop a new proposed jurisdiction specific test (JST) for Virginia – or the 'VA Test' – for screening energy efficiency programs.

Background

For the purposes of assessing energy efficiency programs prior to the 2029 program year, a program is deemed in the public interest if the Commission determines that the net present value (NPV) of the benefits exceeds the NPV of the costs in at least three of the following four tests: the Total Resource Cost Test, the Utility Cost Test, the Participant Test, and the Ratepayer Impact Measure Test.

Chapter 794 and 818 of the 2024 Virginia Acts of Assembly, however, required the Commission to establish a single, consistent cost-effectiveness test for energy efficiency programs proposed for the 2029 program year and all subsequent years. In developing this test, the Commission was instructed to do the following three items:

1. Refer to the BCA framework and process contained in the NSPM, in addition to any other materials deemed relevant by the Commission
2. Utilize a stakeholder process to develop such regulations, facilitated by an independent monitor with technical assistance provided by a group with experience in the process set forth in the NSPM
3. Design such regulations to further the Commonwealth's energy policy requirements and goals.

About the NSPM

The NSPM, a publication of the National Energy Screening Project (NESP™), is applicable to all types of electric and gas utilities and all jurisdictions where DERs are funded by and implemented on behalf of electric or gas utility customers. The NSPM offers a set of guiding principles for DER BCAs, as provided in Table 1 below. These principles provide a foundation for jurisdictions to develop their primary own BCA framework.

The NSPM uses a multi-step process to develop or modify an existing cost-effectiveness test for distributed energy resources (DERs[1].) This process produces a primary BCA test that regulators can use to determine which resources have benefits exceeding their costs and, therefore, warrant utility acquisition or support on behalf of their customers. The multi-step process used in this Virginia Case Study, based on the NSPM 2020 version, was as follows:

1. Articulate applicable policy goals
2. Include All Utility System Impacts
3. Decide Which Non-Utility System Impacts to Include (based on applicable policy goals)
4. Ensure that Benefits and Costs are Properly Addressed
5. Establish Comprehensive, Transparent Documentation

Figure 1: Fundamental NSPM BCA Principles

Principle 1	**Treat DERs as a Utility System Resource.** Recognize that DERs can provide energy or power system needs and should be compared with other energy resources and treated consistently for BCA.
Principle 2	**Align with Policy Goals**. A jurisdiction's primary cost-effectiveness test should align with applicable policies and goals that serve as basis for investing in or supporting energy resources.
Principle 3	**Ensure Symmetry**. Benefits and costs should be treated symmetrically for any given type of impact of a resource to avoid bias in investment decisions.
Principle 4	**Account for Relevant, Material Impacts**. Cost-effectiveness tests should include all relevant (per applicable policy goals), material impacts including those that are difficult to quantify or monetize.
Principle 5	**Conduct Forward-Looking, Long-term, Incremental Analyses**. BCAs should be forward-looking, long-term, and incremental to scenario without the DER to allow for comparison with alternatives.
Principle 6	**Avoid Double-Counting Impacts.** BCAs can present a risk of double-counting benefits and/or costs. All impacts should therefore be clearly defined and valued to avoid double-counting.
Principle 7	**Ensure Transparency.** Transparency helps to ensure engagement and trust in the BCA process and decisions, and thus practices should ensure documentation of assumptions, methods and results.
Principle 8:	**Conduct BCAs Separately from Rate Impact Analyses**. BCA answer fundamentally different questions than rate impact analyses, and therefore these should be conducted separately.

[1] DERs include energy efficiency (EE), demand response (DR), distributed generation (DG), distributed storage (DS), electric vehicles (EV), and increased electrification of buildings including heating and cooling systems.

Virginia Stakeholder Group and Process

The Commission engaged Keystone Policy Group, Energy Futures Group, and E4TheFuture (the "consulting team") to facilitate the Stakeholder Group meetings and provide subject matter expertise to support the Stakeholder Group's work. Keystone Policy Group served as the facilitator, managing meeting logistics, guiding discussions, and ensuring a collaborative and productive process. Energy Futures Group and E4TheFuture served as subject matter experts, providing expertise in DERs and cost-effectiveness screening to inform and support the Stakeholder Group's deliberations.

While stakeholder organizations could have multiple representatives, the facilitation team requested the informal designation of a primary representative to speak and respond to polls/votes on their behalf. For the purposes of this case study, the term "stakeholder" refers to participants in this Stakeholder Group process.

Over a 5-month period, eight Stakeholder Group meetings were held that followed the NSPM multi-step process, as well as addressing a host of other BCA related issues. The meetings covered the following topics:

- **Meeting #1 (September 18)**
  - Introduced the stakeholder process, timeline, overview of current practices, and the NSPM.
- **Meeting #2 (October 2)**
  - Discussed Virginia's energy policy goals and identified gaps in current practice
- **Meeting #3 (October 18)**
  - Explored utility impacts in more detail and began mapping state policy goals to non-utility impacts.
- **Meeting #4 (October 30)**
  - Polled stakeholders on applicability/materiality of impacts; introduced primary vs. secondary tests.
- **Meeting #5 (November 20)**
  - Refined test proposals; discussed broader topics like equity, economic development, and assessment levels.
- **Meeting #6 (December 5)**
  - Reviewed host customer impacts, discount rates, and draft recommendations.
- **Meeting #7 (December 18)**
  - Reviewed final polling results and stakeholder feedback.
- **Meeting #8 (January 14)**
  - Final discussion of comments and expert input.

A summary of the meeting topics is described below in the context of the NSPM multi-step process.

NSPM 5-Step Process in Virginia

Step 1: Articulating Applicable Policy Goals

The Stakeholder Group began by identifying applicable energy policies from which the state's key goals and objectives could be determined. These policies generally encompassed statutes, state energy plans, and Virginia State Corporation Commission (SCC) orders. However, most stakeholders voted against including the State Energy Plan due to its frequent changes with each

new administration. Similarly, Percent of Income Payment Programs (PIPP) policies were excluded, as they were perceived as primarily addressing equity rather than articulating broader state policy objectives. Ultimately, the Stakeholder Group decided to concentrate on a set of seven "priority policies," which are listed below in Table 2.

Table 2: Virginia Energy Policies Prioritized for Review

Policy Name	Type
Virginia Clean Energy Policy Act	Statute
SAVE Act Amendment to the Virginia Clean Energy Policy Act	Statute
2020 Virginia Clean Economy Act	Statute
2018 Grid Transformation and Security Act	Statute
Virginia Electric Utility Regulation Act	Statute
SCC Final Order in PUR-2023-00217	SCC Order
SCC Final Order in PUR-2022-00210	SCC Order

Step 2: Ensuring All Utility System Impacts (USIs) are Included

The Stakeholder Group examined the USIs currently included into Virginia's cost-effectiveness analyses of energy efficiency (EE) and demand response (DR) programs and identified areas where the current practice could be improved.

Including all USIs in a BCA ensures that the cost-effectiveness test assesses whether the investment leads to a net reduction or increase in total utility system costs. However, this does not guarantee a non-zero value for every BCA of every DER. Furthermore, some categories of USIs may not apply to certain DERs, or while applicable, their impact might not be significant enough to warrant routine inclusion in a cost-effectiveness test.

An impact is considered "not material" if its magnitude is deemed insufficient to significantly affect the BCA results. Table 3 illustrates the applicability and materiality of electric USIs for EE and DR programs.

Table 3: Applicability and Materiality of Electric Utility System Impacts by DER

ELECTRIC UTILITY SYSTEM IMPACTS

Impact Type	Impact	EE	DR
Energy	Energy Generation	✓	✓
	Capacity	✓	✓
	Environmental Compliance	✓	✓
	RPS/CES Compliance	✓	NM
	Market Price Effects	✓	✓
	Ancillary Services	NM	NM
Transmission	Transmission Capacity	✓	✓
	Transmission System Losses	✓	✓
Distribution	Distribution Capacity	✓	✓
	Distribution System Losses	✓	✓
	Distribution O&M	✓	✓
	Distribution Voltage	NM	NM
General	Financial Incentives	✓	✓
	Program Administration	✓	✓
	Utility Performance Incentives	✓	✓
	Credit and Collection	NM	NM
	Risk	✓	✓
	Reliability	NM	NM
	Resilience	NM	NM

✓ Impacts that are both applicable and material

NM Not material, or not large enough to merit routine inclusion

Step 3: Deciding Which Non-Utility System Impacts (Non-USIs) to Include

The relevance of non-USIs was determined based on the policy goals identified in Step 1. Examples and descriptions of non-USIs within three different categories (other fuel impacts, host customer impacts, and societal impacts) are in Tables 4-6 below.

Table 4: Other Fuel Impacts

Impact	Description and Examples
Commodity	Fuel and related O&M costs of other fuels
Environmental Compliance	Cost of actions to comply with environmental regulations of other fuels
Market Price Effects	Change in prices for other fuels resulting from changes in levels of consumption
Other Utility System Impacts	If gas DER, impacts on electric system (e.g., gen. capacity, T&D, reliability, etc.)
	If electric DER, impact on gas system (e.g., T&D, storage, reliability, etc.)

Table 5: Host Customer Impacts

	Impact	Description and Examples
Energy Impacts	DER Measure Costs	The portion of DER measure costs borne by the host customer (e.g., cost net of utility incentives)
	Transaction Costs	Non-financial costs to install DERs (e.g., application fees, time spend facilitating installation, paperwork)
	Interconnection Fees	Costs paid by customers to interconnect DERs to the electric grid
	Risk	Uncertainty regarding price volatility, power quality and performance of DER equipment
	Resilience	Ability to adapt to changing conditions and withstand, respond or recover from disruptions
	Tax Incentives	Government tax incentives (or other incentives) that defray the cost of DERs
Non-Energy Impacts	Asset Value	Changes in the value of a home or business as a result of the DER (e.g., increased building value)
	Water cost impacts	Costs or cost savings from increased or decreased water consumption resulting from DER installation
	O&M costs	Changes in operation and maintenance costs
	Productivity	Other changes in productivity (e.g., reduced business waste streams, increased worker productivity)
	Economic well-being	Economic impacts beyond bill savings (e.g., reduced service terminations, reduced foreclosures)
	Comfort	Changes in comfort (e.g., thermal, noise and lighting quality)
	Amenity	Changes in other values (e.g., less refrigeration capacity, more "free time", performance uncertainty)
	Health & Safety	Changes in air quality or other factors affecting medical costs, availability for work/school, deaths, etc.
	Empowerment	Satisfaction from ability to control energy consumption and bills
	Pride	Satisfaction from contributing to social good (e.g., from reduced environmental footprint)

Table 6: Societal Impacts

Impact	Description and Examples
Resilience	The societal impact of critical customers' (e.g., hospitals, fire stations, police, water treatment facilities, etc.) ability to maintain operations during utility disruptions
Greenhouse Gas Emissions	Impact of changes in GHG emissions on society and the environment
Other Environmental	Impact of changes in other emissions or land use
Public Health	Changes in medical outcomes and costs
Energy Security	Changes in energy independence

To determine which non-USIs should be included in Virginia's primary cost-effectiveness test, the were asked to indicate the level of reference to state policy goals and objectives they believed should be sufficient to consider a non-USI, based on the following three criteria:

A. The policy requires an action or a desired outcome related to a non-USI impact.
B. The policy document explicitly states that a non-USI is an objective
C. The policy makes reference to a non-USI but does not explicitly state that the impact is an objective

Figure 2 summarizes the Stakeholder Group's responses in scoring the relevance of impacts based on policy language articulated in various priority Virginia policies. The green areas in the figure indicate impact categories where all stakeholders who voted assigned a score of 'A' or 'B' to at least one statutory language excerpt. The blue areas highlight impact categories where some stakeholders assigned a score of 'A' or 'B' to at least one statutory language excerpt, while others suggested that no expert merited a score higher than 'C'. The black areas indicate impact categories where none of the voting stakeholders assigned a score of 'A' or 'B' to any statutory language excerpt.

Figure 2. Mapping Policy Goals to Non-Utility System Impacts

Note: Letters in yellow font indicate additions (and changes) from stakeholders since first HW assignment.

Virginia Priority Policies	Other Fuels*	Resilience	GHG Emissions	Other Environ-mental	Public Health*	Economic Develop-ment	Equity	Energy Security	Host Customer (Non-LMI)*	Host Customer (LMI)*
Virginia Clean Energy Policy	A, C	A, B, ~~C~~	A, B			A, B	A, B	A, B	A, B, C	A, B, C
SAVE Act Amendment to Virginia Clean Energy Policy			A, B	A, B, C, NA			A, C			
2020 Virginia Clean Economy Act			A, B, C	A, B, C	A, C	A, B	A, B, C		A, C	A, B, C
2018 Grid Transformation and Security Act (GTSA)			A, B	A, B		A, B, C	A, B	A, B, C	B	A, B, C
NEW Virginia Electric Utility Regulation Act	A, B, C									
Case No. PUR-2023-00217 - Approval of Dominion's 2022 DSM Update				B, C		B, C				
Case No. PUR-2022-00210, Approval of Dominion's 2022 DSM Update			A, B, C						A, C, NA	A, C, NA

In the case of host customer impacts, the Consulting Team recommended their exclusion from Virginia's primary cost-effectiveness test. This recommendation stemmed from the absence of clear policy alignment in Virginia's statutory language, which emphasized societal goals (e.g., emission reductions and public health) over individual customer impacts. The Consulting Team also highlighted the principle of symmetry as a fundamental economic concept in designing an unbiased BCA. To avoid a biased assessment all material costs and benefits for host customers should either be included or excluded. However, the Consulting Team did suggest including host customer impacts in a secondary TRC test, as this test inherently considers both utility and participant impacts.

Table 7 summarizes the key non-USIs that are both applicable and material to EE and DR in Virginia, according to the recommendation from the Consulting Team and input from the Stakeholder Group.

Table 7: Recommendation for Non-Utility System Impacts

NON-UTILITY SYSTEM IMPACTS

Impact Type	EE	DR
Other Fuels		
Fuel and O&M	✓	✓
Delivery Costs (including other fuel T&D)	✓	Embedded
Environmental Compliance	Embedded	Embedded
Market Price Effects	✓	✓
Societal		
Greenhouse Gas Emissions	✓	✓
Other Environmental Impacts	✓	✓
Public Health	Embedded	Embedded
Resilience	NM	NM
Economic Development and Jobs	N/A to BCA but consider analyzing alongside BCA given policy goals	
Equity		
Energy Security		

✓	Impacts that are both applicable and material
NM	Not material, or not large enough to merit routine inclusion

Step 4: Ensure that Benefits and Costs are Properly Addressed

This crucial step is emphasized at various points throughout the NSPM process. During the implementation of a BCA, it provides general guidance on the importance of symmetrically treating costs and benefits, avoiding double counting, and including costs and benefits that may be difficult to monetize or quantify numerically. For instance, to prevent double counting, it is essential to ensure that accounting for Public Health impacts does not overlap with their inclusion as part of societal Other Environmental impacts, which typically include health impacts associated with changes in criteria air pollutant emissions.

Step 5: Establish Comprehensive, Transparent Documentation

Transparency and thorough documentation are integral throughout the NSPM process. Stakeholders provided both written and verbal feedback during Stakeholder Group and subgroup meetings. Their input was also captured through responses to non-binding polls and comments in the chat box during these meetings. Additionally, the Consulting Team held follow-up discussions with individual stakeholders between meetings to clarify assignments and gain a deeper understanding of their perspectives. Meeting notes were distributed after each meeting to confirm that comments were accurately recorded and understood, and to clearly outline the next steps in the process. More broadly, Step 5 applies to ensuring that once the test is developed through a transparent stakeholder process, the input assumptions used in the BCA are clearly documented, including underlying methodologies, and the BCA results are documented using template reporting tables supported by Commission staff and the stakeholders.

Recommended Virginia Jurisdiction-Specific Test and Secondary Tests

The purpose of the primary BCA test is to answer the question of whether *a DER investment reduces or increases costs, given a jurisdiction's policy objectives, and therefore merits utility investment*. Secondary test(s) can help enhance regulators' overall understanding of DER impacts by answering other questions regarding DER investments. The key uses for secondary tests include informing decisions on how to prioritize DERs, informing decisions regarding marginally cost-effective DERs, and encouraging consistency in BCA analyses across different DER types.

Primary Test: Based on the NSPM multi-step process to develop a primary test described above, the Consulting Team recommended a Virginia Jurisdiction-Specific Test (VA-JST) as the primary cost-effectiveness test for evaluating proposed EE and DR programs, summarized in the tables below.

Table 8: Recommended Primary Virginia JST

ELECTRIC UTILITY SYSTEM IMPACTS

Impact Type	Impact	EE	DR
Energy	Energy Generation	✓	✓
	Capacity	✓	✓
	Environmental Compliance	✓	✓
	RPS/CES Compliance	✓	NM
	Market Price Effects	✓	✓
	Ancillary Services	NM	NM
Transmission	Transmission Capacity	✓	✓
	Transmission System Losses	✓	✓
Distribution	Distribution Capacity	✓	✓
	Distribution System Losses	✓	✓
	Distribution O&M	✓	✓
	Distribution Voltage	NM	NM
General	Financial Incentives	✓	✓
	Program Administration	✓	✓
	Utility Performance Incentives	✓	✓
	Credit and Collection	NM	NM
	Risk	✓	✓
	Reliability	NM	NM
	Resilience	NM	NM

✓ Impacts that are both applicable and material

NM Not material, or not large enough to merit routine inclusion

Table 9: Recommended Primary Virginia JST

NON-UTILITY SYSTEM IMPACTS

Impact Type	EE	DR
Other Fuels		
Fuel and O&M	✓	✓
Delivery Costs (including other fuel T&D)	✓	Embedded
Environmental Compliance	Embedded	Embedded
Market Price Effects	✓	✓
Societal		
Greenhouse Gas Emissions	✓	✓
Other Environmental Impacts	✓	✓
Public Health	Embedded	Embedded
Resilience	NM	NM
Economic Development and Jobs	N/A to BCA but consider analyzing alongside BCA given policy goals	
Equity		
Energy Security		

✓	Impacts that are both applicable and material
NM	Not material, or not large enough to merit routine inclusion

Secondary Test: In addition to the recommended primary VA-JST, the Consulting Team also recommended one secondary test, the Total Resource Cost (TRC) Test, recognizing that the Commission will need to consider the recommendation in the context of a legal assessment of statutory direction. The recommended TRC Test includes the same USI impacts as the VA-JST but also offers insight into the sensitivity of DER cost-effectiveness by including host customer impacts, which are highlighted in green in the table below. As previously mentioned, considering the results of a secondary test along with the primary VA-JST can be important to inform decisions regarding DER investments that marginally pass or fail the primary test and inform decisions on how much utility support to provide to a DER program or initiative.

Table 10: Recommended Secondary TRC Test

NON-UTILITY SYSTEM IMPACTS

Impact Type	EE	DR
Other Fuels		
Fuel and O&M	✓	✓
Delivery Costs (including other fuel T&D)	✓	Embedded
Environmental Compliance	Embedded	Embedded
Market Price Effects	✓	✓
Host Customer		
Measure Costs	✓	✓
Transaction Costs	✓	✓

Risk	✓	✓
Reliability	✓	✓
Resilience	✓	✓
Tax Incentive	✓	✓
Non-Energy Impacts (Non-Low-Income)	✓	✓
Non-Energy Impacts (Low-Income)	✓	✓
Societal		
Greenhouse Gas Emissions	✓	✓
Other Environmental Impacts	✓	✓
Public Health	Embedded	Embedded
Resilience	NM	NM
Economic Development and Jobs	N/A to BCA but consider analyzing alongside BCA given policy goals	
Equity		
Energy Security		
✓	Impacts that are both applicable and material	
NM	Not material, or not large enough to merit routine inclusion	

Other BCA Topics

Other topics addressed during the Stakeholder Group process to inform application and implementation of the proposed Virginia JST included: selection of discount rate(s) and BCA assessment level, as described below.

Discount Rate Selection

The selection of a real discount rate for use in cost-effectiveness analyses should be a function of the jurisdiction's policies, or the regulator's perspective. The more those policies reflect a broader range of societal concerns, the stronger the argument for using a societal discount rate or something close to a societal discount rate. The more that the policies focus on primarily or exclusively utility system impacts, the stronger the case for a higher discount rate.

Many of Virginia's state policy goals analyzed for this process (e.g., GHG, other environmental, economic development, and energy security) referenced societal goals beyond utility system impacts. Thus, the Consulting Team recommended using a real societal discount rate of 2.0% for the VA-JST. Moreover, the Consulting Team also recommended using a 2.0% real societal discount rate for the secondary TRC test, so that the results of the secondary test can be compared to the results of the primary test with the same implied time preference for money.

BCA Assessment Level

The cost-effectiveness of DERs can be measured at different levels of aggregation, often referred to as "assessment levels," which include measure, customer, program, sector, and portfolio levels.

Regarding the appropriate level of aggregation for the Commission to apply the VA-JST when deciding which EE and DR investments merit regulatory support, the Consulting Team recommended applying cost-effectiveness at the program and portfolio levels. While program-level analysis should generally be the standard for determining regulatory support based solely on cost-effectiveness, the team suggested that this could be adjusted to account for considerations such as equity, market transformation, enabling other cost-effective programs, pilot programs, and other policy objectives and/or statutory requirements.

The Consulting Team also noted that analyzing cost-effectiveness at multiple levels can be valuable for informing program design. However, for the specific purpose of approving utility efficiency program investments – that is, for "screening" proposals in or out - regulators might want to prioritize cost-effectiveness at both the individual program and portfolio levels. This approach seeks to balance the need for flexibility in designing and delivering programs that meet customer needs with the imperative to ensure investments lower costs. This recommendation for a sufficiently granular level of analysis also aligns with the current Virginia code.

Stakeholder Comments and Commission Decision

The Virginia Stakeholder Group process concluded in January 2025, culminating in the Stakeholder Group Final Report submitted to the SCC on March 26, 2025. The report summarized the recommended components of the VA-JST and documented the stakeholder feedback throughout the eight meetings.

On May 13, 2025, SCC issued an order directing SCC Staff to investigate the Draft Regulations and file with the Commission a Staff Report containing its findings and recommendations concerning such regulations, together with any responses Staff may wish to provide concerning comments submitted to the Commission regarding the Draft Regulations.

The Staff Report was filed on August 5, 2025, summarizing the comments the Commission received on the Draft Regulations and the recommendation made by subject matter experts and stakeholders. Based on the comments and recommendations, Staff made various findings and recommendations for the Draft Regulation, including:

- **Data Accuracy & Verification:** Utilities should be able to provide accurate data sets based on utility-specific or Virginia-specific data. Staff and other parties should be able to verify the accuracy of such data in the Virginia JST calculations.
- **Applicability:** Regulations required by the Act apply only to Phase I and Phase II utilities, not to natural gas utilities or electric cooperatives.
- **TRC Test Reference:** The Acts did not require the Commission to establish regulations related to the TRC Test specifically, and the TRC Test is mentioned separately from the "Commission regulations" in the definition of "in the public interest" in [Code §] 56-576. Therefore, Staff does not believe it is necessary for the TRC Test to be mentioned specifically within the Draft Regulations for the proposed JST.
- **Screening Level:** Programs should be screened at both the program and portfolio level.
- **Discount Rate:** Proper discount rate should be set on a case-by-case basis by the Commission, as it may vary by utility and over time.
- **Utility System Impacts:**
    - Staff concurred with the USIs recommended in the Stakeholder Group Report

proposed Virginia JST except for inclusion of: environmental compliance, utility performance incentives, and market price effects.
    - Staff noted that accounting for risk should be accomplished by running cost-benefit sensitivities for: (i) High Load Sensitivity; (ii) Low Load Sensitivity; (iii) High Fuel Sensitivity; (iv) Low Fuel Sensitivity; (v) High Transmission & Distribution Sensitivity; and (vi) Low Transmission & Distribution Sensitivity.
- **Non-Utility System Impacts**:
    - Staff concurred with the non-USIs recommended in the Stakeholder Group Report proposed Virginia JST but indicated that all of the recommended Non-USIs would need to be subject to further quantification and verification through the respective utility's stakeholder process and subsequent [Demand Side Management ("DSM")] proceedings.

On September 16, 2025, the Commission ordered that the Revised Regulation, as amended by Staff, should be adopted as a final rule. Beginning with the 2029 energy efficiency plans and thereafter, the Commission adopted the Virginia JST as the single cost effectiveness test to be used by investor-owned utilities in Virginia. While the Commission removed the utility performance incentives from the Final Regulation, they noted that such a metric could be addressed on a case-by-case basis in the context of a specific incumbent electric utility's DSM proceeding. Similarly, whether a societal discount rate should apply to a cost-effectiveness test could be decided on a case-by-case basis.

While the Commission chose not to expand applicability of the standard test to natural gas utilities, the Final Regulation does not prohibit such utilities from using this test in the context of their respective DSM proceedings.

To learn more about Virginia's experience applying the NSPM BCA framework, see the Virginia SCC webpage, including the Order Initiating the Stakeholder Process, the Final Report and Draft Regulations, Staff Report, and the Order Adopting Regulations.