

Office of Regulatory Management
Economic Review Form

Agency name	State Air Pollution Control Board
Virginia Administrative Code (VAC) Chapter citation(s)	Part VII of 9VAC5-140
VAC Chapter title(s)	Regulation for Emissions Trading
Action title	Repeal CO ₂ Budget Trading Program as required by Executive Order 9 (Revision A22)
Date this document prepared	June 8, 2023
Regulatory Stage (including Issuance of Guidance Documents)	Final

Table 1a: Costs and Benefits of the Proposed Changes (Primary Option)

(1) Direct Costs & Benefits	<ul style="list-style-type: none"> • Repeal the CO₂ Budget Trading Program. <p>Direct Costs: No direct costs are being added as a result of this proposed change; rather, the current costs of the program will be rectified by means of the repeal.</p> <p>Direct Benefits: This is discussed in greater detail in the "Virginia Carbon Trading Rule and Regional Greenhouse Gas Initiative (RGGI) Participation Costs and Benefits" report provided to the Governor. Major issues are summarized below.</p> <ol style="list-style-type: none"> 1. Residential consumers will directly benefit from repeal of the program due to the removal of pass along costs from the regulated entities. Dominion Energy, the utility with the largest customer base in the state, had been passing down the costs of participation to consumers at a monthly "recovery rate" of \$2.39 per month, which equates to \$28.68 per year per household. 2. Non-residential consumers will likewise benefit from a reduction in the cost of electricity--the typical industrial customer bill was raised by \$1,554 per month. 3. In a filing before the State Corporation Commission, Dominion Energy stated that RGGI will cost ratepayers between \$1 billion and
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	<p>\$1.2 billion over the next four years; leaving the program will save those costs.</p> <p>3. The 27 facilities currently subject to this program (fossil fuel-fired electric generating facilities) will no longer be required to buy or sell allowances at auction. This means that the costs associated with participating in the program will no longer be passed down to consumers of all classes (local partners, families, small businesses, etc.; that is, every purchaser of electricity in the Commonwealth).</p> <ul style="list-style-type: none"> • Add transition section. <p>Direct Costs: No direct costs are being added as a result of this proposed change.</p> <p>Direct Benefits: No direct benefits are being added as a result of this proposed change.</p>		
(2) Quantitative Factors	Estimated Dollar Amount	Present Value	
Direct Costs	(a) None.	(c) None.	
Direct Benefits	(b) Will depend on multiple factors such as the overall cost of electricity, demand, the price of allowances, etc. This cannot be predicted, but it is reasonable to assume there will be tangible direct benefits.	(d)	
(3) Benefits-Costs Ratio		(4) Net Benefit	
(5) Indirect Costs & Benefits	<p>An indirect benefit of enabling the state to make its own choices regarding the generation of electricity that is not subject to decisions made by a consensus organization of other states will likely be realized. The transition language being added at 9VAC5-140-6445 is needed in order that the repeal be implemented without disruption to affected facilities or the market. These effects cannot be quantified, but can be reasonably expected.</p>		
(6) Information Sources	<p>Virginia Carbon Trading Rule and Regional Greenhouse Gas Initiative (RGGI) Participation Costs and Benefits, a Report to the Honorable Glenn Youngkin, Governor, March 11, 2022; Report of the Virginia Secretary of Natural and Historic Resources and Virginia Secretary of Commerce and Trade, Modeling Decarbonization: Report Summary And Policy Brief for Virginia Governor’s Office Administration and Policymakers (Chapter</p>		

	1194, 2020), to the General Assembly of Virginia, Virginia Department of Energy, December 14, 2021; Virginia 2022 State Energy Plan
(7) Optional	

Table 1b: Costs and Benefits under the Status Quo (No change to the regulation)
This table addresses current requirements and the implications of not making any changes. In other words, describe the costs and benefits of maintaining the current regulatory requirements as is.

(1) Direct Costs & Benefits	<ul style="list-style-type: none"> • Repeal the CO₂ Budget Trading Program: <u>All</u> changes are mandated, and the agency is not exercising any discretion. 		
(2) Quantitative Factors	Estimated Dollar Amount	Present Value	
Direct Costs	(a) N/A	(c) N/A	
Direct Benefits	(b) N/A	(d) N/A	
(3) Benefits-Costs Ratio	N/A	(4) Net Benefit	N/A
(5) Indirect Costs & Benefits			
(6) Information Sources			
(7) Optional			

Table 1c: Costs and Benefits under an Alternative Approach
This table addresses an alternative approach to accomplishing the objectives with different requirements. These alternative approaches may include the use of reasonably available alternatives in lieu of regulation, or information disclosure requirements or performance standards instead of regulatory mandates.

(1) Direct Costs & Benefits	<ul style="list-style-type: none"> • Repeal the CO₂ Budget Trading Program: <u>All</u> changes are mandated, and the agency is not exercising any discretion. 		
(2) Quantitative Factors	Estimated Dollar Amount	Present Value	
Direct Costs	(a) N/A	(c) N/A	
Direct Benefits	(b) N/A	(d) N/A	
(3) Benefits-Costs Ratio	N/A	(4) Net Benefit	N/A
(5) Indirect Costs & Benefits			
(6) Information Sources			
(7) Optional			

Impact on Local Partners

- (1) Describe the direct costs and benefits (as defined on page 1) for local partners in terms of real monetary costs and FTEs. Local partners include local or tribal governments, school divisions, or other local or regional authorities, boards, or commissions. If local partners are not affected, include a specific statement to that effect and a brief explanation of the rationale.
- (2) Quantitative Factors:
 - (a) Enter estimated dollar value of total (overall) direct costs described above.
 - (b) Enter estimated dollar value of total (overall) direct benefits described above.
- (3) Indirect Costs & Benefits: Describe any indirect benefits and costs (as defined on page 1) for local partners that are associated with all significant changes. If there are no indirect costs or benefits, include a specific statement to that effect.
- (4) Information Sources: describe the sources of information used to determine the benefits and costs, including the source of the Quantitative Factors. If dollar amounts are not available, indicate why they are not.
- (5) Assistance: Identify the amount and source of assistance provided for compliance in both funding and training or other technical implementation assistance.
- (6) Optional: Use this space to add any further information regarding the data provided in this table, including calculations, qualitative assessments, etc.

Note: If any of the above information was included in Table 1, use the same information here.

Table 2: Impact on Local Partners

(1) Direct Costs & Benefits	See Table 1.
(2) Quantitative Factors	Estimated Dollar Amount
Direct Costs	(a) See Table 1.
Direct Benefits	(b) See Table 1.
(3) Indirect Costs & Benefits	See Table 1.
(4) Information Sources	See Table 1.
(5) Assistance	
(6) Optional	Since every individual, organization, and business purchases electricity, the effects will be roughly similar or proportional for each sector of electricity users. Local or tribal governments, school divisions, local or regional authorities, boards, and commissions will, therefore, likely experience a decrease in the cost of electricity.

Economic Impacts on Families

- (1) Describe the direct costs and benefits (as defined on page 1) to a typical family of three (average family size in Virginia according to the U. S. Census) arising from any proposed regulatory changes that would affect the costs of food, energy, housing, transportation, healthcare, and education. If families are not affected, include a specific statement to that effect and a brief explanation of the rationale.
- (2) Quantitative Factors:
 - (a) Enter estimated dollar value of direct costs.
 - (b) Enter estimated dollar value of direct benefits.
- (3) Indirect Costs & Benefits: Describe any indirect costs and benefits (as defined on page 1) to a typical family of three that are most likely to result from the proposed changes.
- (4) Information Sources: describe the sources of information used to determine the benefits and costs, including the source of the Quantitative Factors. If dollar amounts are not available, indicate why not.

(5) Optional: Use this space to add any further information regarding the data provided in this table, including calculations, qualitative assessments, etc.

Note: If any of the above information was included in Table 1, use the same information here.

Table 3: Impact on Families

(1) Direct Costs & Benefits	See Table 1.
(2) Quantitative Factors	Estimated Dollar Amount
Direct Costs	(a) See Table 1.
Direct Benefits	(b) See Table 1.
(3) Indirect Costs & Benefits	See Table 1.
(4) Information Sources	
(5) Optional	Since every individual, organization, and business purchases electricity, the effects will be roughly similar or proportional for each sector of electricity users. Families, therefore, will likely experience a decrease in the cost of electricity.

Impacts on Small Businesses

- (1) Describe the direct costs and benefits (as defined on page 1) for small businesses. For purposes of this analysis, “small business” means the same as that term is defined in § 2.2-4007.1. If small businesses are not affected, include a specific statement to that effect and a brief explanation of the rationale.
- (2) Quantitative Factors:
 - (a) Enter estimated dollar value of direct costs.
 - (b) Enter estimated dollar value of direct benefits.
- (3) Indirect Costs & Benefits: Describe the indirect benefits and costs (as defined on page 1) for small businesses that are most likely to result from the proposed changes.
- (4) Alternatives: Add a qualitative discussion of any equally effective alternatives that would make the regulatory burden on small business more equitable compared to other affected business sectors, and how those alternatives were identified.
- (5) Information Sources: describe the sources of information used to determine the benefits and costs, including the source of the Quantitative Factors. If dollar amounts are not available, indicate why not.

(6) Optional: Use this space to add any further information regarding the data provided in this table, including calculations, qualitative assessments, etc.

Note: If any of the above information was included in Table 1, use the same information here.

Table 4: Impact on Small Businesses

(1) Direct Costs & Benefits	See Table 1.
(2) Quantitative Factors	Estimated Dollar Amount
Direct Costs	(a) See Table 1.
Direct Benefits	(b) See Table 1.
(3) Indirect Costs & Benefits	See Table 1.
(4) Alternatives	See Table 1.
(5) Information Sources	
(6) Optional	Since every individual, organization, and business purchases electricity, the effects will be roughly similar or proportional for each sector of electricity users. Small businesses, therefore, will likely experience a decrease in the cost of electricity. Note that the primary regulated entities, Dominion Energy and AEP, are not small businesses.

Changes to Number of Regulatory Requirements

For each individual VAC Chapter amended, repealed, or promulgated by this regulatory action, list (a) the initial requirement count, (b) the count of requirements that this regulatory package is adding, (c) the count of requirements that this regulatory package is reducing, (d) the net change in the number of requirements. This count should be based upon the text as written when this stage was presented for executive branch review. Five rows have been provided, add or delete rows as needed.

Table 5: Total Number of Requirements

	Number of Requirements			
Chapter number	Initial Count	Additions	Subtractions	Net Change

9VAC5-140-6010	1	0	1	-1
9VAC5-140-6020	0	0	0	0
9VAC5-140-6030	0	0	0	0
9VAC5-140-6040	1	0	1	-1
9VAC5-140-6050	7	0	7	-7
9VAC5-140-6060	3	0	3	-3
9VAC5-140-6070	1	0	1	-1
9VAC5-140-6080	6	0	6	-6
9VAC5-140-6090	2	0	2	-2
9VAC5-140-6100	1	0	1	-1
9VAC5-140-6110	2	0	2	-2
9VAC5-140-6120	3	0	3	-3
9VAC5-140-6130	5	0	5	-5
9VAC5-140-6140	2	0	2	-2
9VAC5-140-6150	1	0	1	-1
9VAC5-140-6160	1	0	1	-1

9VAC5-140-6170	3	0	3	-3
9VAC5-140-6180	0	0	0	0
9VAC5-140-6190	3	0	3	-3
9VAC5-140-6200	2	0	2	-2
9VAC5-140-6210	11	0	11	-11
9VAC5-140-6220	1	0	1	-1
9VAC5-140-6230	3	0	3	-3
9VAC5-140-6240	2	0	2	-2
9VAC5-140-6250	3	0	3	-3
9VAC5-140-6260	6	0	6	-6
9VAC5-140-6270	1	0	1	-1
9VAC5-140-6280	0	0	0	0
9VAC5-140-6290	0	0	0	0
9VAC5-140-6300	1	0	1	-1
9VAC5-140-6310	3	0	3	-3
9VAC5-140-6320	3	0	3	-3

9VAC5-140-6330	4	0	4	-4
9VAC5-140-6340	5	0	5	-5
9VAC5-140-6350	2	0	2	-2
9VAC5-140-6360	1	0	1	-1
9VAC5-140-6370	4	0	4	-4
9VAC5-140-6380	0	0	0	0
9VAC5-140-6390	1	0	1	-1
9VAC5-140-6400	4	0	4	-4
9VAC5-140-6410	1	0	1	-1
9VAC5-140-6420	0	0	0	0
9VAC5-140-6430	1	0	1	-1
9VAC5-140-6435	0	0	0	0
9VAC5-140-6440	1	0	1	-1
9VAC5-140-6445	0	0	0	0