

## Legislation Adopted by the 2025 General Assembly

*Subject to review and approval by Governor Youngkin by March 24, 2025.*

*Unless delayed or vetoed, these actions will take effect July 1, 2025.*

**House Bill 1601/Senate Bill 1449** - Requires Virginia localities to have any application for a rezoning, special exception, or special use permit from a High Energy Use Facility (HEUF) (which is defined as a facility that will require 100 megawatts or more of electrical power from an electric utility providing retail service) to take the following actions:

- Perform and submit a site assessment to examine, to the extent practicable and within the one year timeframe allowed by law for all zoning actions to be completed, the sound profile of the HEUF on residential units and schools located within 500 feet of the HEUF property boundary.
- A locality may also require that a site assessment examine, within that same one year timeframe, the effect of the proposed facility on (i) ground and surface water resources, (ii) agricultural resources, (iii) parks, (iv) registered historic sites, and (v) forestland on the HEUF site or immediately contiguous land; and
- Prior to any approval of a rezoning application, special exception, or special use permit for the siting of a new HEUF, a locality shall require that the electric utility providing retail service to the new HEUF, to the extent known and practicable and within the same one year timeframe, submit to the locality a form describing (i) any new or existing substations that will be used to serve the HEUF and (ii) the anticipated transmission voltage required to serve the HEUF.
- This does not apply to a site with an existing legislative or administrative approval where an applicant is seeking an expansion or modification of an already existing or approved facility and such expansion does not exceed an additional 100 megawatts or more of electrical power.

The purpose of the assessment shall be used by the locality to assess consistency with the policies of the locality's comprehensive plan, if any, and the proposed facility's compliance with the locality's adopted noise ordinances, zoning ordinance provisions, and other applicable laws and regulations, if any. The assessment shall not be construed to change, replace, or impact any authority or jurisdiction of the State Corporation Commission, or otherwise delegate any of the State Corporation Commission's authority or jurisdiction to any locality.

**House Bill 2084** - Requires that in at least one biennial review proceeding or other appropriate proceeding filed after January 1, 2025 but not later than July 1, 2027, by Dominion Energy Virginia or Appalachian Power, the State Corporation Commission shall, under its existing authority, determine whether the utilities are using rates, tolls, charges, or schedules that contain reasonable classifications of customers. In making this determination, the Commission shall consider whether new or separate customer classifications are reasonable.

**Senate Bill 1047** - Requires the Virginia Department of Energy, in consultation with the

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State Corporation Commission, to evaluate and assess benefits, impacts, best practices, and implementation recommendations for demand response programs in the State Corporation Commission, to evaluate and assess benefits, impacts, best practices, and implementation recommendations for demand response programs in the Commonwealth. Such evaluation and assessment shall consider (i) existing utilization of demand response programs and networks in the Commonwealth; (ii) current and prospective participation rates; and (iii) potential requirements that any demand response program (a) meet the minimum reliability and resource adequacy standards set by the regional transmission entity of which the utility is a member, (b) reduce customers' energy consumption during the grid's emergency events or when called upon, (c) not increase local air pollution through the use of fossil fuels generators, and (d) be cost effective. The study shall be completed by November 1, 2025.

**Data Center Sales and Use Tax Exemption** – the adopted Appropriations Act included language requiring the Joint Subcommittee on Tax Policy to study the exemption during the remainder of 2025. The goals and objectives of that study shall include: (i) reviewing Virginia's status as a leader for data center development and tax preferences; (ii) competitive advantages provided by existing and future exemptions; (iii) approaches taken in other states to provide stability and continuity for the impacted firms; (iv) investigating methods to attract data center investment to non-urbanized areas of the Commonwealth; (v) reviewing the recommendations and options in the 2024 JLARC study on Data Centers in Virginia; and (vi) reviewing the estimated direct and indirect economic benefits of data center investment in the Commonwealth.

## Failed Legislation by Category

### **Data Center Sales and Use Tax Exemption**

Failed bills included efforts to repeal the exemption entirely, have it only apply to data centers outside of northern Virginia, require the data center operator to pay prevailing wages for service contractors at the facility in order to receive the exemption, or link the ability to claim the exemption to meeting certain energy efficiency standards, use of renewable energy, and the elimination of diesel generators to provide backup power.

### **Utilities**

Failed bills included efforts to require full cost recovery of infrastructure to support data centers and directing the State Corporation Commission to develop new rate tariffs for data center facilities.

### **Environmental Regulation**

Failed bills included efforts to require data centers to submit annual reports on water and power usage, a requirement that all local comprehensive plans have provisions to require alternative cooling and water reuse technologies, and to mandate that high voltage power transmission lines be buried.

### **Zoning**

Failed bills included efforts to require that only permit data centers in land zoned for industrial purposes, require the State Corporation Commission to approve the construction of new data centers, and prohibit data centers from being constructed within ¼ of a mile of any park, school, or residential zoned land, and to increase noise abatement requirements.