

Virginia's gas system is caught between a pipe-replacement mandate and a data-center demand shock.

The SAVE rider keeps accelerated main replacement on the books while a Northern Virginia data-center boom drives unprecedented demand for gas-fired power — and the Clean Economy Act points the throughput curve the other way. Every one of those forces reshuffles the projects on your capital list. Invizion helps gas utilities re-sequence a capital portfolio in a click — and defend every decision to the SCC.

~1.3M¹	2×²	\$16.79³	\$37.2M⁴
Virginia residential natural-gas customers in 2024 — a market that is still slowly growing, not shrinking.	Projected doubling of Virginia's electricity demand within a decade — enough new gas generation to need a ~1,500 MW plant every two years.	Average residential gas price per Mcf in 2025, up from \$12.72 in 2020 — the affordability pressure behind every rate case.	Columbia Gas of Virginia's 2024 requested annual revenue increase before the State Corporation Commission.

THE VIRGINIA LANDSCAPE

Four forces are moving your project list at once

None of these is theoretical, and none waits for your next budget cycle. Together they mean the capital plan you filed last year may already be the wrong plan.

SYSTEM INTEGRITY — AGING PIPE

Replace the old iron and steel — on the SCC's clock

Virginia's SAVE Act lets utilities recover accelerated replacement of infrastructure that reduces corrosion, equipment and material failures, and now greenhouse-gas emissions and leaks — projects begun after January 1, 2010 and outside the existing rate base.⁵

The work is real and continuous: Roanoke Gas alone replaced 4.2 miles of main and 311 service lines under SAVE in fiscal 2025, on top of 5.4 miles and 412 services the year before.⁶ Across the state, distribution-integrity and PHMSA replacement obligations keep bare-steel and legacy pipe on the priority list for years.⁷

DEMAND — DATA CENTERS

A load surge that pulls gas two ways at once

JLARC's independent forecast projects Virginia's electricity demand could double within ten years, driven overwhelmingly by data centers — PJM already booked 5.5% year-over-year growth in the Dominion zone, and Loudoun County alone is roughly half the state's data-center industry.²

Meeting that unconstrained demand would require adding new gas generation at the pace of a ~1,500 MW plant every two years for fifteen years.² For gas LDCs in Northern Virginia, that is both an opportunity — large-load and generation interconnects — and a capacity-planning problem competing for the same capital.

DECARBONIZATION — THROUGHPUT RISK

The Clean Economy Act points the curve down

The 2020 Virginia Clean Economy Act sets a 100% carbon-free electricity standard (Dominion by 2045, Appalachian Power by 2050), and the same policy momentum feeds building-electrification debates that pressure long-run gas throughputs.⁸

Utilities are hedging: SAVE now credits emissions-reducing and leak-management projects,⁵ and Roanoke Gas opened Virginia's first commercial renewable-natural-gas facility in 2023.⁶ But a 30-year replacement program financed against a possibly declining sales base is exactly the stranded-asset math a capital plan has to confront.

SUPPLY & RECOVERY — RATES

New supply, higher bills, tougher rate cases

The Mountain Valley Pipeline entered service in June 2024, adding Appalachian supply and new interconnects — Roanoke Gas began taking gas from it that year.⁶ But residential prices have climbed to \$16.79/Mcf in 2025 from \$12.72 in 2020, and every replacement dollar lands on that bill.³

The SCC is not rubber-stamping: Columbia Gas of Virginia's 2022 case was approved at \$25.8 million of a \$40.5 million request, and its 2024 case seeks \$37.2 million more.⁴ Affordability is now the binding constraint on the capital program.

WHO DELIVERS VIRGINIA'S GAS

Four investor-owned LDCs and a set of municipal systems

Virginia's gas distribution is carried by four SCC-regulated investor-owned utilities — concentrated in Northern Virginia, Hampton Roads, the Richmond corridor, and the Roanoke Valley — alongside several city-owned systems. The pressures are shared; the accountability path differs.

Investor-owned gas LDCs

Rates & capital recovery regulated by the SCC

Washington Gas (WGL / AltaGas)	Northern Virginia · part of a 1M+ customer DC/MD/VA system1011
Virginia Natural Gas (Southern Company Gas)	310,000+ customers · Hampton Roads / southeastern VA1215
Columbia Gas of Virginia (NiSource)	~293,000 customers · 98 communities, ~65% of Virginia13
Roanoke Gas (RGC Resources)	~62,500 customers · Roanoke, Salem & Vinton6

Columbia Gas of Virginia serves roughly 65% of the state's geography across 98 communities.13 Each of these utilities recovers accelerated replacement through the SAVE rider and periodic base-rate cases before the SCC.5

Municipal gas systems

City-owned · rates set by councils, not the SCC

Richmond Dept. of Public Utilities (Gas)	Municipally owned · Richmond region14
Charlottesville Gas	City-owned natural-gas system · Charlottesville area
Danville Utilities (Gas)	Municipal natural-gas system · Southside Virginia

Municipal systems set their own rates through city councils rather than the SCC, but face the same PHMSA integrity obligations and aging-pipe economics — and are eligible for federal distribution-modernization grants.7

Every capital dollar has to be defensible

Whether you answer to the State Corporation Commission or a city council, the question is the same: why this project, why now, why at this cost?

State Corporation Commission (SCC) regulates rates, capital recovery, and infrastructure filings for Virginia's investor-owned gas LDCs.⁹

The SAVE Act (Steps to Advance Virginia's Energy Plan, Va. Code §56-603 et seq.) authorizes an accelerated infrastructure-replacement rider that recovers eligible replacement costs outside a full rate case, with annual reconciliation⁵

Columbia Gas of Virginia rate cases: the 2022 case was settled at a \$25.8M increase (of \$40.5M requested), and the 2024 case seeks \$37.2M more — approvals are not a formality⁴

SAVE returns: Columbia Gas of Virginia uses a 9.70% ROE for its SAVE filings, and Roanoke Gas' SAVE rider is set to collect roughly \$2.61M in 2026 following SCC approval.⁴⁶

Municipal systems in Richmond, Charlottesville, and Danville set rates through their city councils, outside SCC jurisdiction¹⁴

The recovery mechanisms — can your plan absorb the timing?

Virginia's gas utilities fund modernization mostly through surcharge riders and base rates, not federal grants. The constraint is sequencing: which projects qualify for SAVE, which wait for a rate case, and how the recovery lines up with the spend.

SAVE rider recovery: Roanoke Gas' SAVE Plan revenues rose to about \$1.59M in fiscal 2025 and are projected near \$2.61M for 2026 — a live example of surcharge-based capital recovery⁶

Base-rate recovery: Columbia Gas of Virginia's 2022 case added \$25.8M to revenues, and its 2024 filing requests \$37.2M more — the backstop for investment SAVE does not cover⁴

Sustained capex: Roanoke Gas spent about \$20.7M in fiscal 2025 and plans roughly \$22M per year — a scale of ongoing investment typical of even a small LDC.⁶

Renewable natural gas: Roanoke Gas' RNG venture with the Western Virginia Water Authority — Virginia's first commercial RNG facility — generated about \$1.76M in revenue in fiscal 2025, a decarbonization hedge with its own capital profiles⁶

Federal replacement programs: PHMSA's distribution-integrity and pipeline-replacement framework underpins the SAVE case, and federal modernization grants target municipally owned systems — timing and eligibility, not availability, are the planning question¹⁷

VIRGINIA'S GAS SECTOR, IN BRIEF

Questions Virginia gas leaders are asking

Short, sourced answers — the same facts we dig into with utilities looking at their capital programs.

How big is Virginia's natural gas distribution sector?

Virginia had roughly 1.3 million residential gas customers in 2024, plus commercial and industrial load, served mainly by Washington Gas (Northern Virginia), Virginia Natural Gas (Hampton Roads, 310,000+ customers), Columbia Gas of Virginia (~293,000 customers), and Roanoke Gas, alongside city-owned systems in Richmond, Charlottesville, and Danville¹¹²¹³

What is the SAVE Act?

The SAVE Act (Steps to Advance Virginia's Energy Plan, Va. Code §56-603 et seq.) lets gas utilities recover accelerated replacement of aging or leak-prone infrastructure through a rider outside a full rate case, with annual reconciliation. Eligible projects reduce corrosion, equipment and material failures, emissions, and leaks.⁵

How are data centers affecting Virginia's gas system?

Data centers could double Virginia's electricity demand within a decade, concentrated in Northern Virginia; meeting unconstrained demand would need new gas generation at the pace of a ~1,500 MW plant every two years for fifteen years. That drives both large-load opportunity and hard capacity-planning questions for Northern Virginia LDCs²

Does the Virginia Clean Economy Act ban natural gas?

No. The 2020 VCEA sets a 100% carbon-free electricity standard (Dominion by 2045, Appalachian Power by 2050); it does not ban gas service. But that policy direction, plus building-electrification debates, is the throughput and stranded-asset risk a long-horizon gas capital plan has to model⁸

Who sets gas rates in Virginia?

The State Corporation Commission regulates rates and capital recovery for investor-owned LDCs such as Washington Gas, Virginia Natural Gas, Columbia Gas of Virginia, and Roanoke Gas. Municipal systems in Richmond, Charlottesville, and Danville set their own rates through city council⁹¹⁴

How does Invizion help Virginia gas utilities plan capital?

Invizion is scenario-based capital portfolio optimization for utilities. It lets you model how a SAVE-eligible replacement wave, a data-center interconnect, an RNG project, or a Clean Economy Act throughput scenario reshuffles your whole project list, re-sequence the portfolio automatically against your constraints, and keep a defensible record of every decision for the SCC or your city council.

REFERENCES

Sources

Every figure in this briefing is tied to a primary or authoritative source.

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ABOUT INVIZION

Capital program optimization for utilities

Invizion is a purpose-built capital lifecycle management platform for utilities. It integrates budgeting, CIP, scenario analysis, and funding-source tracking in one system — so utilities can re-sequence a capital portfolio in a click and demonstrate audit-ready, defensible decisions to regulators, boards, and rating agencies.

See how utilities keep capital plans current and defensible with Invizion.

Explore Invizion →