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SENATE BILL NO. 234

Offered January 10, 2024

Prefiled January 9, 2024

A BILL to amend the Code of Virginia by adding in Chapter 17 of Title 45.2 an article numbered 10, consisting of a section numbered 45.2-1735, relating to Parking Lot Solar Development Pilot Grant Program; report.

Patrons—Hashmi and Subramanyam

Referred to Committee on Finance and Appropriations

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Chapter 17 of Title 45.2 an article numbered 10, consisting of a section numbered 45.2-1735, as follows:

Article 10.

Parking Lot Solar Development Pilot Program and Fund.

§ 45.2-1735. Parking Lot Solar Development Pilot Program and Fund; report.

A. As used in this section:

"Distribution company" means an incumbent electric utility that owns, operates, and maintains an electric distribution system.

"Energy community" means (i) a brownfield, as defined in § 45.2-1725; (ii) a metropolitan statistical area or non-metropolitan statistical area that (a) has 0.17 percent or greater direct employment or 25 percent or greater local tax revenues related to the extraction, processing, transport, or storage of coal, oil, or natural gas and (b) has an unemployment rate at or above the national average unemployment rate for the previous year; or (iii) a census tract (a) in which a coal mine has closed or a coal-fired electric generating unit has been retired or (b) that is directly adjoining to any census tract in which a coal mine has closed or a coal fired electric generating unit has been retired.

"GATS" means the General Attribute Tracking System that verifies renewable energy certificates.

"Low-income community" means any population census tract if (i) the poverty rate for such tract is at least 20 percent; (ii) in the case of a tract not located within a metropolitan area, the median family income for such tract does not exceed 80 percent of statewide median family income; or (iii) in the case of a tract located within a metropolitan area, the median family income for such tract does not exceed 80 percent of the greater of statewide median family income or the metropolitan area median family income.

"Parking lot" means a paved land area or facility for the temporary parking or storage of motor vehicles used for personal, business, or commercial purposes.

"Program" means the Parking Lot Solar Development Pilot Program.

"Renewable energy certificate" means a certificate issued for each megawatt-hour of electricity generated and delivered to the electricity grid from a renewable energy resource and traded in the GATS marketplace for purchase by utilities and companies to fulfill renewable energy portfolio standards.

"Solar project" means a photovoltaic solar installation on a canopy constructed over a parking lot.

"Solar renewable energy credit" means a renewable energy certificate issued for each megawatt-hour of electricity generated and delivered to the electricity grid from a solar energy resource.

B. The Parking Lot Solar Development Pilot Program is hereby established for the purposes of encouraging the development of solar projects up to one megawatt in size in Chesterfield County and Richmond City. In administering the Program, the Department shall consult with the Department of Environmental Quality to establish and publish guidelines and criteria for solar projects, including preference for solar project sites located near areas of high electric demand, solar projects that will decrease the need for new transmission lines, solar projects located near future electric vehicle charging sites, and solar projects located near low-income community and energy community sites. The criteria for grant recipients shall include requirements for solar project developers to hire local residents to implement the Program. The Commission and the Department of Energy shall oversee each solar project funded through the Program and ensure annual reporting on each such project.

C. There is hereby created in the state treasury a special nonreverting fund to be known as the Parking Lot Solar Development Pilot Project Fund, referred to in this section as "the Fund." The Fund shall be established on the books of the Comptroller. All funds appropriated for such purpose and any gifts, donations, grants, bequests, and other funds received on its behalf shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the purposes of

59 (i) funding solar renewable energy credit values at an updated 10-year levelized incentive level through the
60 renewable energy certificate market and (ii) implementing and administering the Parking Lot Solar
61 Development Pilot Program and an alternative auction site that sets a fixed price for solar renewable energy
62 credits not sold in the Commonwealth. Moneys used for implementing and administering the Program and
63 alternative auction site shall not exceed 10 percent of the amount available in the Fund each year.
64 Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by
65 the Comptroller upon written request signed by the Director. In the event that there are unsold solar
66 renewable energy credits remaining at the final stage of such an alternative auction held in a given year,
67 each distribution company shall be required to purchase a percentage share of the remaining solar
68 renewable energy credits equal to its percentage share of the prior year's renewable energy portfolio
69 standard compliance obligation pursuant to § 56-585.5. The price per solar renewable energy credit
70 applicable to such remainder purchase shall be the same as the fixed price applicable to solar renewable
71 energy credits offered in the auction, provided that if announced by January 15 of such year, the Department
72 may in its discretion establish a remainder purchase price at a discounted amount of no less than 90 percent
73 of such fixed price.

74 D. No later than December 1, 2024, and every five years thereafter, the Department shall, in consultation
75 with the Department of Environmental Quality, localities, interest groups, private businesses, and other
76 stakeholders, engage in a consultant-driven analysis to evaluate current costs of solar installations and
77 incentive levels across market segments, perform an analysis of economic costs and benefits of the Parking
78 Lot Solar Development Pilot Program, consider comparative regional economic impacts of solar ownership,
79 and study benefits to grid security and reliability, ratepayers, and environmental goals of the Commonwealth.
80 The purpose of this analysis shall be to (i) develop a solar financing model to establish the 10-year levelized
81 incentive in each market segment, under a range of future conditions, that allows solar project owners to
82 achieve their target economic rate of return and (ii) to set the lower clearinghouse auction price for solar
83 renewable energy credits pursuant to subsection C.

84 E. The Department shall, in consultation with the Department of Environmental Quality, institutions of
85 higher education, localities, interest groups, private businesses, and other stakeholders, develop an online
86 mapping database of potential parking lot solar sites for development in the Commonwealth, with additional
87 considerations for electric charging infrastructure programs, grid and transmission benefits, and low-income
88 community and energy community sites. The online mapping database shall be completed no later than
89 December 1, 2024, and shall be updated as needed at the discretion of the Department.

90 F. Solar projects that are part of the Program shall require revenue grade electric meters that meet
91 industry consensus codes in order to participate in the solar renewable energy credit program.

92 G. The Department, in consultation with the Department of Environmental Quality, shall submit an
93 annual report to the General Assembly regarding the administration of the Fund and Program for the
94 preceding fiscal year. The report shall include the number of projects installed, the number of acres
95 preserved through the installation of solar projects, the amount of nameplate capacity constructed under the
96 Program, the number of jobs created as a direct result of the Program, and the general economic impact of
97 the Program. The report shall be submitted to the Chairs of the House Committee on Commerce and Energy
98 and the Senate Committee on Commerce and Labor no later than November 1 of each year. No annual report
99 shall be required if the Program does not receive funding.

100 **2. That, for the purposes of the consultation required by subsection D of § 45.2-1735 of the Code of**
101 **Virginia, as created by this act, interest groups and other stakeholders shall include the Chesapeake**
102 **Solar and Storage Association, the Solar Energy Industries Association, Sun Tribe, the Nature**
103 **Conservancy, Piedmont Environmental Council, Virginia Association of Counties, Southern**
104 **Environmental Law Center, Dominion Energy, Appalachian Power Company, and the Virginia,**
105 **Maryland and Delaware Association of Electric Cooperatives.**