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SENATE BILL NO. 893

Offered January 8, 2025

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A BILL to amend and reenact §§ 56-576 and 56-585.5 of the Code of Virginia, relating to renewable energy portfolio standard program; geothermal heating and cooling systems; report.

Patron—Surovell

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That §§ 56-576 and 56-585.5 of the Code of Virginia are amended and reenacted as follows:

§ 56-576. Definitions.

As used in this chapter:

"Affiliate" means any person that controls, is controlled by, or is under common control with an electric utility.

"Aggregator" means a person that, as an agent or intermediary, (i) offers to purchase, or purchases, electric energy or (ii) offers to arrange for, or arranges for, the purchase of electric energy, for sale to, or on behalf of, two or more retail customers not controlled by or under common control with such person. The following activities shall not, in and of themselves, make a person an aggregator under this chapter: (i) furnishing legal services to two or more retail customers, suppliers or aggregators; (ii) furnishing educational, informational, or analytical services to two or more retail customers, unless direct or indirect compensation for such services is paid by an aggregator or supplier of electric energy; (iii) furnishing educational, informational, or analytical services to two or more suppliers or aggregators; (iv) providing default service under § 56-585; (v) engaging in activities of a retail electric energy supplier, licensed pursuant to § 56-587, which are authorized by such supplier's license; and (vi) engaging in actions of a retail customer, in common with one or more other such retail customers, to issue a request for proposal or to negotiate a purchase of electric energy for consumption by such retail customers.

"Business park" means a land development containing a minimum of 100 contiguous acres classified as a Tier 4 site under the Virginia Economic Development Partnership's Business Ready Sites Program that is developed and constructed by a locality, an industrial development authority, or a similar political subdivision of the Commonwealth created pursuant to § 15.2-4903 or other act of the General Assembly, in order to promote business development.

"Combined heat and power" means a method of using waste heat from electrical generation to offset traditional processes, space heating, air conditioning, or refrigeration.

"Commission" means the State Corporation Commission.

"Community in which a majority of the population are people of color" means a U.S. Census tract where more than 50 percent of the population comprises individuals who identify as belonging to one or more of the following groups: Black, African American, Asian, Pacific Islander, Native American, other non-white race, mixed race, Hispanic, Latino, or linguistically isolated.

"Cooperative" means a utility formed under or subject to Chapter 9.1 (§ 56-231.15 et seq.).

"Covered entity" means a provider in the Commonwealth of an electric service not subject to competition but does not include default service providers.

"Covered transaction" means an acquisition, merger, or consolidation of, or other transaction involving stock, securities, voting interests or assets by which one or more persons obtains control of a covered entity.

"Curtailement" means inducing retail customers to reduce load during times of peak demand so as to ease the burden on the electrical grid.

"Customer choice" means the opportunity for a retail customer in the Commonwealth to purchase electric energy from any supplier licensed and seeking to sell electric energy to that customer.

"Demand response" means measures aimed at shifting time of use of electricity from peak-use periods to times of lower demand by inducing retail customers to curtail electricity usage during periods of congestion and higher prices in the electrical grid.

"Distribute," "distributing," or "distribution of" electric energy means the transfer of electric energy through a retail distribution system to a retail customer.

"Distributor" means a person owning, controlling, or operating a retail distribution system to provide electric energy directly to retail customers.

"Electric distribution grid transformation project" means a project associated with electric distribution infrastructure, including related data analytics equipment, that is designed to accommodate or facilitate the integration of utility-owned or customer-owned renewable electric generation resources with the utility's

59 electric distribution grid or to otherwise enhance electric distribution grid reliability, electric distribution grid
 60 security, customer service, or energy efficiency and conservation, including advanced metering infrastructure;
 61 intelligent grid devices for real time system and asset information; automated control systems for electric
 62 distribution circuits and substations; communications networks for service meters; intelligent grid devices
 63 and other distribution equipment; distribution system hardening projects for circuits, other than the
 64 conversion of overhead tap lines to underground service, and substations designed to reduce service outages
 65 or service restoration times; physical security measures at key distribution substations; cyber security
 66 measures; energy storage systems and microgrids that support circuit-level grid stability, power quality,
 67 reliability, or resiliency or provide temporary backup energy supply; electrical facilities and infrastructure
 68 necessary to support electric vehicle charging systems; LED street light conversions; and new customer
 69 information platforms designed to provide improved customer access, greater service options, and expanded
 70 access to energy usage information.

71 "Electric utility" means any person that generates, transmits, or distributes electric energy for use by retail
 72 customers in the Commonwealth, including any investor-owned electric utility, cooperative electric utility, or
 73 electric utility owned or operated by a municipality.

74 "Electrification" means measures that (i) electrify space heating, water heating, cooling, drying, cooking,
 75 industrial processes, and other building and industrial end uses that would otherwise be served by onsite,
 76 nonelectric fuels, provided that the electrification measures reduce site energy consumption; (ii) to the
 77 maximum extent practical, seek to combine with federally authorized customer rebates for heat pump
 78 technology; and (iii) for those measures that provide measurable and verifiable energy savings to low-income
 79 customers or elderly customers, to the maximum extent practical, seek to combine with either
 80 contemporaneously installed measures or previously installed measures that are or were provided under
 81 federally funded weatherization programs or state-provided, locality-provided, or utility-provided energy
 82 efficiency programs.

83 "Energy efficiency program" means a program that reduces the total amount of energy that is required for
 84 the same process or activity implemented after the expiration of capped rates but does not include
 85 electrification of any process or activity primarily fueled by natural gas. Energy efficiency programs include
 86 equipment, physical, or program change designed to produce measured and verified reductions in the amount
 87 of site energy required to perform the same function and produce the same or a similar outcome. Energy
 88 efficiency programs may include (i) electrification; (ii) programs that result in improvements in lighting
 89 design, heating, ventilation, and air conditioning systems, appliances, building envelopes, and industrial and
 90 commercial processes; (iii) measures, such as the installation of advanced meters, implemented or installed
 91 by utilities, that reduce fuel use or losses of electricity and otherwise improve internal operating efficiency in
 92 generation, transmission, and distribution systems; and (iv) customer engagement programs that result in
 93 measurable and verifiable energy savings that lead to efficient use patterns and practices. Energy efficiency
 94 programs include demand response, combined heat and power and waste heat recovery, curtailment, or other
 95 programs that are designed to reduce site energy consumption so long as they reduce the total amount of site
 96 energy that is required for the same process or activity. Utilities shall be authorized to install and operate such
 97 advanced metering technology and equipment on a customer's premises; however, nothing in this chapter
 98 establishes a requirement that an energy efficiency program be implemented on a customer's premises and be
 99 connected to a customer's wiring on the customer's side of the inter-connection without the customer's
 100 expressed consent. Electricity consumption increases that result from Commission-approved electrification
 101 measures shall not be considered as a reduction in energy savings under the energy savings requirements set
 102 forth in subsection B of § 56-596.2. Utilities may apply verified total site energy reductions that are
 103 attributable to Commission-approved electrification measures to the energy savings requirements set forth in
 104 subsection B of § 56-596.2, subject to a conversion of British thermal unit-based energy savings to an
 105 equivalent kilowatt-hour-based energy savings, which conversion shall be subject to Commission approval.

106 "Generate," "generating," or "generation of" electric energy means the production of electric energy.

107 "Generator" means a person owning, controlling, or operating a facility that produces electric energy for
 108 sale.

109 "Geothermal heating and cooling system" means a system that:

110 1. Exchanges thermal energy from groundwater or a shallow ground source to generate thermal energy
 111 through an electric geothermal heat pump or a system of electric geothermal heat pumps interconnected with
 112 any geothermal extraction facility that is (i) a closed loop or a series of closed loop systems in which fluid is
 113 permanently confined within a pipe or tubing and does not come in contact with the outside environment or
 114 (ii) an open loop system in which ground or surface water is circulated in an environmentally safe manner
 115 directly into the facility and returned to the same aquifer or surface water source;

116 2. Meets or exceeds the current federal Energy Star product specification standards;

117 3. Replaces or displaces less efficient space or water heating systems, regardless of fuel type;

118 4. Replaces or displaces less efficient space cooling systems that do not meet federal Energy Star product
 119 specification standards; and

120 5. Does not feed electricity back to the grid.

121 "Historically economically disadvantaged community" means (i) a community in which a majority of the
122 population are people of color or (ii) a low-income geographic area.

123 "Incremental annual savings" means the total combined kilowatt-hour savings achieved by electric utility
124 energy efficiency and demand response programs and measures in the program year in which they are
125 installed.

126 "Incumbent electric utility" means each electric utility in the Commonwealth that, prior to July 1, 1999,
127 supplied electric energy to retail customers located in an exclusive service territory established by the
128 Commission.

129 "Independent system operator" means a person that may receive or has received, by transfer pursuant to
130 this chapter, any ownership or control of, or any responsibility to operate, all or part of the transmission
131 systems in the Commonwealth.

132 "In the public interest," for purposes of assessing energy efficiency programs prior to the 2029 program
133 year, describes an energy efficiency program if the Commission determines that the net present value of the
134 benefits exceeds the net present value of the costs as determined by not less than any three of the following
135 four tests: (i) the Total Resource Cost Test; (ii) the Utility Cost Test (also referred to as the Program
136 Administrator Test); (iii) the Participant Test; and (iv) the Ratepayer Impact Measure Test. Such
137 determination shall include an analysis of all four tests, and a program or portfolio of programs shall be
138 approved if the net present value of the benefits exceeds the net present value of the costs as determined by
139 not less than any three of the four tests. For programs proposed for the 2029 program year and all subsequent
140 years, the Commission shall establish targets pursuant to subdivision B 4 of § 56-596.2, and a program shall
141 be approved if the Commission determines it is cost-effective pursuant to applicable Commission regulations
142 and that the net present value of the benefits exceeds the net present value of the costs as determined by the
143 Total Resource Cost Test. If the Commission determines that an energy efficiency program or portfolio of
144 programs is not in the public interest, its final order shall include all work product and analysis conducted by
145 the Commission's staff in relation to that program, including testimony relied upon by the Commission's staff,
146 that has bearing upon the Commission's decision. If the Commission reduces the proposed budget for a
147 program or portfolio of programs, its final order shall include an analysis of the impact such budget reduction
148 has upon the cost-effectiveness of such program or portfolio of programs. An order by the Commission (a)
149 finding that a program or portfolio of programs is not in the public interest or (b) reducing the proposed
150 budget for any program or portfolio of programs shall adhere to existing protocols for extraordinarily
151 sensitive information. In addition, an energy efficiency program may be deemed to be "in the public interest"
152 if the program (1) provides measurable and verifiable energy savings to low-income customers or elderly
153 customers or (2) is a pilot program of limited scope, cost, and duration, that is intended to determine whether
154 a new or substantially revised program or technology would be cost-effective.

155 "Low-income geographic area" means any locality, or community within a locality, that has a median
156 household income that is not greater than 80 percent of the local median household income, or any area in the
157 Commonwealth designated as a qualified opportunity zone by the U.S. Secretary of the Treasury via his
158 delegation of authority to the Internal Revenue Service.

159 "Low-income utility customer" means any person or household whose income is no more than 80 percent
160 of the median income of the locality in which the customer resides. The median income of the locality is
161 determined by the U.S. Department of Housing and Urban Development.

162 "Measured and verified" means a process determined pursuant to methods accepted for use by utilities and
163 industries to measure, verify, and validate energy savings and peak demand savings. This may include the
164 protocol established by the United States Department of Energy, Office of Federal Energy Management
165 Programs, Measurement and Verification Guidance for Federal Energy Projects, measurement and
166 verification standards developed by the American Society of Heating, Refrigeration and Air Conditioning
167 Engineers (ASHRAE), or engineering-based estimates of energy and demand savings associated with specific
168 energy efficiency measures, as determined by the Commission.

169 "Municipality" means a city, county, town, authority, or other political subdivision of the Commonwealth.

170 "New underground facilities" means facilities to provide underground distribution service. "New
171 underground facilities" includes underground cables with voltages of 69 kilovolts or less, pad-mounted
172 devices, connections at customer meters, and transition terminations from existing overhead distribution
173 sources.

174 "Peak-shaving" means measures aimed solely at shifting time of use of electricity from peak-use periods
175 to times of lower demand by inducing retail customers to curtail electricity usage during periods of
176 congestion and higher prices in the electrical grid.

177 "Percentage of Income Payment Program (PIPP) eligible utility customer" means any person or household
178 whose income does not exceed 150 percent of the federal poverty level.

179 "Person" means any individual, corporation, partnership, association, company, business, trust, joint
180 venture, or other private legal entity, and the Commonwealth or any municipality.

181 "Previously developed project site" means any property, including related buffer areas, if any, that has

182 been previously disturbed or developed for non-single-family residential, non-agricultural, or non-
183 silvicultural use, regardless of whether such property currently is being used for any purpose.

184 "Previously developed project site" includes a brownfield as defined in § 10.1-1230 or any parcel that has
185 been previously used (i) for a retail, commercial, or industrial purpose; (ii) as a parking lot; (iii) as the site of
186 a parking lot canopy or structure; (iv) for mining, which is any lands affected by coal mining that took place
187 before August 3, 1977, or any lands upon which extraction activities have been permitted by the Department
188 of Energy under Title 45.2; (v) for quarrying; or (vi) as a landfill.

189 "Qualified waste heat resource" means (i) exhaust heat or flared gas from an industrial process that does
190 not have, as its primary purpose, the production of electricity and (ii) a pressure drop in any gas for an
191 industrial or commercial process.

192 "Renewable energy" means energy derived from sunlight, wind, falling water, biomass, sustainable or
193 otherwise, (the definitions of which shall be liberally construed), energy from waste, landfill gas, municipal
194 solid waste, wave motion, tides, geothermal heating and cooling systems, and geothermal power and does not
195 include energy derived from coal, oil, natural gas, or nuclear power. "Renewable energy" also includes the
196 proportion of the thermal or electric energy from a facility that results from the co-firing of biomass.
197 "Renewable energy" does not include waste heat from fossil-fired facilities or electricity generated from
198 pumped storage but includes run-of-river generation from a combined pumped-storage and run-of-river
199 facility.

200 "Renewable thermal energy" means the thermal energy output from (i) a renewable-fueled combined heat
201 and power generation facility that is (a) constructed, or renovated and improved, after January 1, 2012, (b)
202 located in the Commonwealth, and (c) utilized in industrial processes other than the combined heat and power
203 generation facility or (ii) a solar energy system, certified to the OG-100 standard of the Solar Ratings and
204 Certification Corporation or an equivalent certification body, that (a) is constructed, or renovated and
205 improved, after January 1, 2013, (b) is located in the Commonwealth, and (c) heats water or air for
206 residential, commercial, institutional, or industrial purposes.

207 "Renewable thermal energy equivalent" means the electrical equivalent in megawatt hours of renewable
208 thermal energy calculated by dividing (i) the heat content, measured in British thermal units (BTUs), of the
209 renewable thermal energy at the point of transfer to a residential, commercial, institutional, or industrial
210 process by (ii) the standard conversion factor of 3.413 million BTUs per megawatt hour.

211 "Renovated and improved facility" means a facility the components of which have been upgraded to
212 enhance its operating efficiency.

213 "Retail customer" means any person that purchases retail electric energy for its own consumption at one
214 or more metering points or nonmetered points of delivery located in the Commonwealth.

215 "Retail electric energy" means electric energy sold for ultimate consumption to a retail customer.

216 "Revenue reductions related to energy efficiency programs" means reductions in the collection of total
217 non-fuel revenues, previously authorized by the Commission to be recovered from customers by a utility, that
218 occur due to measured and verified decreased consumption of electricity caused by energy efficiency
219 programs approved by the Commission and implemented by the utility, less the amount by which such non-
220 fuel reductions in total revenues have been mitigated through other program-related factors, including
221 reductions in variable operating expenses.

222 "Rooftop solar installation" means a distributed electric generation facility, storage facility, or generation
223 and storage facility utilizing energy derived from sunlight, with a rated capacity of not less than 50 kilowatts,
224 that is installed on the roof structure of an incumbent electric utility's commercial or industrial class customer,
225 including host sites on commercial buildings, multifamily residential buildings, school or university
226 buildings, and buildings of a church or religious body.

227 "Solar energy system" means a system of components that produces heat or electricity, or both, from
228 sunlight.

229 "Supplier" means any generator, distributor, aggregator, broker, marketer, or other person who offers to
230 sell or sells electric energy to retail customers and is licensed by the Commission to do so, but it does not
231 mean a generator that produces electric energy exclusively for its own consumption or the consumption of an
232 affiliate.

233 "Supply" or "supplying" electric energy means the sale of or the offer to sell electric energy to a retail
234 customer.

235 "Total annual energy savings" means (i) the total combined kilowatt-hour savings achieved by electric
236 utility energy efficiency and demand response programs and measures installed in that program year, as well
237 as savings still being achieved by measures and programs implemented in prior years, or (ii) savings
238 attributable to newly installed combined heat and power facilities, including waste heat-to-power facilities,
239 and any associated reduction in transmission line losses, provided that biomass is not a fuel and the total
240 efficiency, including the use of thermal energy, for eligible combined heat and power facilities must meet or
241 exceed 65 percent and have a nameplate capacity rating of less than 25 megawatts.

242 "Transmission of," "transmit," or "transmitting" electric energy means the transfer of electric energy

243 through the Commonwealth's interconnected transmission grid from a generator to either a distributor or a
244 retail customer.

245 "Transmission system" means those facilities and equipment that are required to provide for the
246 transmission of electric energy.

247 "Waste heat to power" means a system that generates electricity through the recovery of a qualified waste
248 heat resource.

249 **§ 56-585.5. Generation of electricity from renewable and zero-carbon sources.**

250 A. As used in this section:

251 "Accelerated renewable energy buyer" means a commercial or industrial customer of a Phase I or Phase II
252 Utility, irrespective of generation supplier, with an aggregate load over 25 megawatts in the prior calendar
253 year, that enters into arrangements pursuant to subsection G, as certified by the Commission.

254 "Aggregate load" means the combined electrical load associated with selected accounts of an accelerated
255 renewable energy buyer with the same legal entity name as, or in the names of affiliated entities that control,
256 are controlled by, or are under common control of, such legal entity or are the names of affiliated entities
257 under a common parent.

258 "Control" has the same meaning as provided in § 56-585.1:11.

259 "Falling water" means hydroelectric resources, including run-of-river generation from a combined
260 pumped-storage and run-of-river facility. "Falling water" does not include electricity generated from pumped-
261 storage facilities.

262 "Low-income qualifying projects" means a project that provides a minimum of 50 percent of the
263 respective electric output to low-income utility customers as that term is defined in § 56-576.

264 "Phase I Utility" has the same meaning as provided in subdivision A 1 of § 56-585.1.

265 "Phase II Utility" has the same meaning as provided in subdivision A 1 of § 56-585.1.

266 "Previously developed project site" means any property, including related buffer areas, if any, that has
267 been previously disturbed or developed for non-single-family residential, nonagricultural, or nonsilvicultural
268 use, regardless of whether such property currently is being used for any purpose. "Previously developed
269 project site" includes a brownfield as defined in § 10.1-1230 or any parcel that has been previously used (i)
270 for a retail, commercial, or industrial purpose; (ii) as a parking lot; (iii) as the site of a parking lot canopy or
271 structure; (iv) for mining, which is any lands affected by coal mining that took place before August 3, 1977,
272 or any lands upon which extraction activities have been permitted by the Department of Energy under Title
273 45.2; (v) for quarrying; or (vi) as a landfill.

274 "Total electric energy" means total electric energy sold to retail customers in the Commonwealth service
275 territory of a Phase I or Phase II Utility, other than accelerated renewable energy buyers, by the incumbent
276 electric utility or other retail supplier of electric energy in the previous calendar year, excluding an amount
277 equivalent to the annual percentages of the electric energy that was supplied to such customer from nuclear
278 generating plants located within the Commonwealth in the previous calendar year, provided such nuclear
279 units were operating by July 1, 2020, or from any zero-carbon electric generating facilities not otherwise RPS
280 eligible sources and placed into service in the Commonwealth after July 1, 2030.

281 "Zero-carbon electricity" means electricity generated by any generating unit that does not emit carbon
282 dioxide as a by-product of combusting fuel to generate electricity.

283 B. 1. By December 31, 2024, except for any coal-fired electric generating units (i) jointly owned with a
284 cooperative utility or (ii) owned and operated by a Phase II Utility located in the coalfield region of the
285 Commonwealth that co-fires with biomass, any Phase I and Phase II Utility shall retire all generating units
286 principally fueled by oil with a rated capacity in excess of 500 megawatts and all coal-fired electric
287 generating units operating in the Commonwealth.

288 2. By December 31, 2045, except for biomass-fired electric generating units that do not co-fire with coal,
289 each Phase I and II Utility shall retire all other electric generating units located in the Commonwealth that
290 emit carbon as a by-product of combusting fuel to generate electricity.

291 3. A Phase I or Phase II Utility may petition the Commission for relief from the requirements of this
292 subsection on the basis that the requirement would threaten the reliability or security of electric service to
293 customers. The Commission shall consider in-state and regional transmission entity resources and shall
294 evaluate the reliability of each proposed retirement on a case-by-case basis in ruling upon any such petition.

295 C. Each Phase I and Phase II Utility shall participate in a renewable energy portfolio standard program
296 (RPS Program) that establishes annual goals for the sale of renewable energy to all retail customers in the
297 utility's service territory, other than accelerated renewable energy buyers pursuant to subsection G, regardless
298 of whether such customers purchase electric supply service from the utility or from suppliers other than the
299 utility. To comply with the RPS Program, each Phase I and Phase II Utility shall procure and retire
300 Renewable Energy Certificates (RECs) originating from renewable energy standard eligible sources (RPS
301 eligible sources). For purposes of complying with the RPS Program from 2021 to 2024, a Phase I and Phase
302 II Utility may use RECs from any renewable energy facility, as defined in § 56-576, provided that such
303 facilities are located in the Commonwealth or are physically located within the PJM Interconnection, LLC

304 (PJM) region. However, at no time during this period or thereafter may any Phase I or Phase II Utility use
 305 RECs from (i) renewable thermal energy, (ii) renewable thermal energy equivalent, or (iii) biomass-fired
 306 facilities that are outside the Commonwealth. From compliance year 2025 and all years after, each Phase I
 307 and Phase II Utility may only use RECs from RPS eligible sources for compliance with the RPS Program.

308 In order to qualify as RPS eligible sources, such sources must be (a) electric-generating resources that
 309 generate electric energy derived from solar or wind located in the Commonwealth or off the Commonwealth's
 310 Atlantic shoreline or in federal waters and interconnected directly into the Commonwealth or physically
 311 located within the PJM region; (b) falling water resources located in the Commonwealth or physically located
 312 within the PJM region that were in operation as of January 1, 2020, that are owned by a Phase I or Phase II
 313 Utility or for which a Phase I or Phase II Utility has entered into a contract prior to January 1, 2020, to
 314 purchase the energy, capacity, and renewable attributes of such falling water resources; (c) non-utility-owned
 315 resources from falling water that (1) are less than 65 megawatts, (2) began commercial operation after
 316 December 31, 1979, or (3) added incremental generation representing greater than 50 percent of the original
 317 nameplate capacity after December 31, 1979, provided that such resources are located in the Commonwealth
 318 or are physically located within the PJM region; (d) waste-to-energy or landfill gas-fired generating resources
 319 located in the Commonwealth and in operation as of January 1, 2020, provided that such resources do not use
 320 waste heat from fossil fuel combustion; (e) geothermal heating and cooling systems located in the
 321 Commonwealth; or (f) biomass-fired facilities in operation in the Commonwealth and in operation as of
 322 January 1, 2023, that (1) supply no more than 10 percent of their annual net electrical generation to the
 323 electric grid or no more than 15 percent of their annual total useful energy to any entity other than the
 324 manufacturing facility to which the generating source is interconnected and are fueled by forest-product
 325 manufacturing residuals, including pulping liquor, bark, paper recycling residuals, biowastes, or biomass, as
 326 described in subdivisions A 1, 2, and 4 of § 10.1-1308.1, provided that biomass as described in subdivision A
 327 1 of § 10.1-1308.1 results from harvesting in accordance with best management practices for the sustainable
 328 harvesting of biomass developed and enforced by the State Forester pursuant to § 10.1-1105, or (2) are owned
 329 by a Phase I or Phase II Utility, have less than 52 megawatts capacity, and are fueled by forest-product
 330 manufacturing residuals, biowastes, or biomass, as described in subdivisions A 1, 2, and 4 of § 10.1-1308.1,
 331 provided that biomass as described in subdivision A 1 of § 10.1-1308.1 results from harvesting in accordance
 332 with best management practices for the sustainable harvesting of biomass developed and enforced by the
 333 State Forester pursuant to § 10.1-1105. Regardless of any future maintenance, expansion, or refurbishment
 334 activities, the total amount of RECs that may be sold by any RPS eligible source using biomass in any year
 335 shall be no more than the number of megawatt hours of electricity produced by that facility in 2022; however,
 336 in no year may any RPS eligible source using biomass sell RECs in excess of the actual megawatt-hours of
 337 electricity generated by such facility that year. In order to comply with the RPS Program, each Phase I and
 338 Phase II Utility may use and retire the environmental attributes associated with any existing owned or
 339 contracted solar, wind, falling water, or biomass electric generating resources in operation, or proposed for
 340 operation, in the Commonwealth or solar, wind, or falling water resources physically located within the PJM
 341 region, with such resource qualifying as a Commonwealth-located resource for purposes of this subsection, as
 342 of January 1, 2020, provided that such renewable attributes are verified as RECs consistent with the PJM-EIS
 343 Generation Attribute Tracking System.

344 1. *a.* The RPS Program requirements shall be a percentage of the total electric energy sold in the previous
 345 calendar year and shall be implemented in accordance with the following schedule:

Phase I Utilities		Phase II Utilities	
Year	RPS Program Requirement	Year	RPS Program Requirement
347 2021	6%	2021	14%
348 2022	7%	2022	17%
349 2023	8%	2023	20%
350 2024	10%	2024	23%
351 2025	14%	2025	26%
352 2026	17%	2026	29%
353 2027	20%	2027	32%
354 2028	24%	2028	35%
355 2029	27%	2029	38%
356 2030	30%	2030	41%
357 2031	33%	2031	45%
358 2032	36%	2032	49%
359 2033	39%	2033	52%
360 2034	42%	2034	55%
361 2035	45%	2035	59%
362 2036	53%	2036	63%
363 2037	53%	2037	67%

365	2038	57%	2038	71%
366	2039	61%	2039	75%
367	2040	65%	2040	79%
368	2041	68%	2041	83%
369	2042	71%	2042	87%
370	2043	74%	2043	91%
371	2044	77%	2044	95%
372	2045	80%	2045 and	100%
373			thereafter	
374	2046	84%		
375	2047	88%		
376	2048	92%		
377	2049	96%		
378	2050 and	100%		
379	thereafter			

380 *b. Beginning with the 2026 compliance year and thereafter, each Phase I and Phase II Utility shall*
 381 *procure and retire RECs from geothermal heating and cooling systems, as a percentage of the total number*
 382 *of RECs used for RPS program compliance, in the following amounts, at minimum: (i) 0.5 percent in 2026,*
 383 *(ii) 0.75 percent in 2027, and (iii) one percent in and after 2028.*

384 2. A Phase II Utility shall meet one percent of the RPS Program requirements in any given compliance
 385 year with solar, wind, or anaerobic digestion resources of one megawatt or less located in the
 386 Commonwealth, with not more than 3,000 kilowatts at any single location or at contiguous locations owned
 387 by the same entity or affiliated entities and, to the extent that low-income qualifying projects are available,
 388 then no less than 25 percent of such one percent shall be composed of low-income qualifying projects.

389 3. Beginning with the 2025 compliance year and thereafter, at least 75 percent of all RECs used by a
 390 Phase II Utility in a compliance period shall come from RPS eligible resources located in the
 391 Commonwealth.

392 4. Any Phase I or Phase II Utility may apply renewable energy sales achieved or RECs acquired in excess
 393 of the sales requirement for that RPS Program to the sales requirements for RPS Program requirements in the
 394 year in which it was generated and the five calendar years after the renewable energy was generated or the
 395 RECs were created. To the extent that a Phase I or Phase II Utility procures RECs for RPS Program
 396 compliance from resources the utility does not own, the utility shall be entitled to recover the costs of such
 397 certificates at its election pursuant to § 56-249.6 or subdivision A 5 d of § 56-585.1.

398 5. Energy ~~from derived from~~ a geothermal heating and cooling system is eligible for inclusion in meeting
 399 the requirements of the RPS Program. RECs from a geothermal heating and cooling system are created ~~based~~
 400 ~~on the amount of energy~~ *by calculating the difference between the load served by the geothermal heating and*
 401 *cooling system and the load served by a less efficient baseline system, converted from BTUs to*
 402 *kilowatt-hours, that is generated by a geothermal heating and cooling system for space heating and cooling or*
 403 *water heating. To make this calculation, the Commission shall identify an appropriate formula supported by a*
 404 *geothermal industry trade organization. The Commission shall determine the form and manner in which such*
 405 *RECs are verified.*

406 D. Each Phase I or Phase II Utility shall petition the Commission for necessary approvals to procure
 407 zero-carbon electricity generating capacity as set forth in this subsection and energy storage resources as set
 408 forth in subsection E. To the extent that a Phase I or Phase II Utility constructs or acquires new zero-carbon
 409 generating facilities or energy storage resources, the utility shall petition the Commission for the recovery of
 410 the costs of such facilities, at the utility's election, either through its rates for generation and distribution
 411 services or through a rate adjustment clause pursuant to subdivision A 6 of § 56-585.1. All costs not sought
 412 for recovery through a rate adjustment clause pursuant to subdivision A 6 of § 56-585.1 associated with
 413 generating facilities provided by sunlight or onshore or offshore wind are also eligible to be applied by the
 414 utility as a customer credit reinvestment offset as provided in subdivision A 8 of § 56-585.1. Costs associated
 415 with the purchase of energy, capacity, or environmental attributes from facilities owned by the persons other
 416 than the utility required by this subsection shall be recovered by the utility either through its rates for
 417 generation and distribution services or pursuant to § 56-249.6.

418 1. Each Phase I Utility shall petition the Commission for necessary approvals to construct, acquire, or
 419 enter into agreements to purchase the energy, capacity, and environmental attributes of 600 megawatts of
 420 generating capacity using energy derived from sunlight or onshore wind.

421 a. By December 31, 2023, each Phase I Utility shall petition the Commission for necessary approvals to
 422 construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental attributes of
 423 at least 200 megawatts of generating capacity located in the Commonwealth using energy derived from
 424 sunlight or onshore wind, and 35 percent of such generating capacity procured shall be from the purchase of
 425 energy, capacity, and environmental attributes from solar or onshore wind facilities owned by persons other

426 than the utility, with the remainder, in the aggregate, being from construction or acquisition by such Phase I
427 Utility.

428 b. By December 31, 2027, each Phase I Utility shall petition the Commission for necessary approvals to
429 construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental attributes of
430 at least 200 megawatts of additional generating capacity located in the Commonwealth using energy derived
431 from sunlight or onshore wind, and 35 percent of such generating capacity procured shall be from the
432 purchase of energy, capacity, and environmental attributes from solar or onshore wind facilities owned by
433 persons other than the utility, with the remainder, in the aggregate, being from construction or acquisition by
434 such Phase I Utility.

435 c. By December 31, 2030, each Phase I Utility shall petition the Commission for necessary approvals to
436 construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental attributes of
437 at least 200 megawatts of additional generating capacity located in the Commonwealth using energy derived
438 from sunlight or onshore wind, and 35 percent of such generating capacity procured shall be from the
439 purchase of energy, capacity, and environmental attributes from solar or onshore wind facilities owned by
440 persons other than the utility, with the remainder, in the aggregate, being from construction or acquisition by
441 such Phase I Utility.

442 d. Nothing in this subdivision 1 shall prohibit such Phase I Utility from constructing, acquiring, or
443 entering into agreements to purchase the energy, capacity, and environmental attributes of more than 600
444 megawatts of generating capacity located in the Commonwealth using energy derived from sunlight or
445 onshore wind, provided the utility receives approval from the Commission pursuant to §§ 56-580 and
446 56-585.1.

447 2. By December 31, 2035, each Phase II Utility shall petition the Commission for necessary approvals to
448 (i) construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental attributes
449 of 16,100 megawatts of generating capacity located in the Commonwealth using energy derived from
450 sunlight or onshore wind, which shall include 1,100 megawatts of solar generation of a nameplate capacity
451 not to exceed three megawatts per individual project and 35 percent of such generating capacity procured
452 shall be from the purchase of energy, capacity, and environmental attributes from solar facilities owned by
453 persons other than a utility, including utility affiliates and deregulated affiliates and (ii) pursuant to §
454 56-585.1:11, construct or purchase one or more offshore wind generation facilities located off the
455 Commonwealth's Atlantic shoreline or in federal waters and interconnected directly into the Commonwealth
456 with an aggregate capacity of up to 5,200 megawatts. At least 200 megawatts of the 16,100 megawatts shall
457 be placed on previously developed project sites.

458 a. By December 31, 2024, each Phase II Utility shall petition the Commission for necessary approvals to
459 construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental attributes of
460 at least 3,000 megawatts of generating capacity located in the Commonwealth using energy derived from
461 sunlight or onshore wind, and 35 percent of such generating capacity procured shall be from the purchase of
462 energy, capacity, and environmental attributes from solar or onshore wind facilities owned by persons other
463 than the utility, with the remainder, in the aggregate, being from construction or acquisition by such Phase II
464 Utility.

465 b. By December 31, 2027, each Phase II Utility shall petition the Commission for necessary approvals to
466 construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental attributes of
467 at least 3,000 megawatts of additional generating capacity located in the Commonwealth using energy
468 derived from sunlight or onshore wind, and 35 percent of such generating capacity procured shall be from the
469 purchase of energy, capacity, and environmental attributes from solar or onshore wind facilities owned by
470 persons other than the utility, with the remainder, in the aggregate, being from construction or acquisition by
471 such Phase II Utility.

472 c. By December 31, 2030, each Phase II Utility shall petition the Commission for necessary approvals to
473 construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental attributes of
474 at least 4,000 megawatts of additional generating capacity located in the Commonwealth using energy
475 derived from sunlight or onshore wind, and 35 percent of such generating capacity procured shall be from the
476 purchase of energy, capacity, and environmental attributes from solar or onshore wind facilities owned by
477 persons other than the utility, with the remainder, in the aggregate, being from construction or acquisition by
478 such Phase II Utility.

479 d. By December 31, 2035, each Phase II Utility shall petition the Commission for necessary approvals to
480 construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental attributes of
481 at least 6,100 megawatts of additional generating capacity located in the Commonwealth using energy
482 derived from sunlight or onshore wind, and 35 percent of such generating capacity procured shall be from the
483 purchase of energy, capacity, and environmental attributes from solar or onshore wind facilities owned by
484 persons other than the utility, with the remainder, in the aggregate, being from construction or acquisition by
485 such Phase II Utility.

486 e. Nothing in this subdivision 2 shall prohibit such Phase II Utility from constructing, acquiring, or

487 entering into agreements to purchase the energy, capacity, and environmental attributes of more than 16,100
 488 megawatts of generating capacity located in the Commonwealth using energy derived from sunlight or
 489 onshore wind, provided the utility receives approval from the Commission pursuant to §§ 56-580 and
 490 56-585.1.

491 3. Nothing in this section shall prohibit a utility from petitioning the Commission to construct or acquire
 492 zero-carbon electricity or from entering into contracts to procure the energy, capacity, and environmental
 493 attributes of zero-carbon electricity generating resources in excess of the requirements in subsection B. The
 494 Commission shall determine whether to approve such petitions on a stand-alone basis pursuant to §§ 56-580
 495 and 56-585.1, provided that the Commission's review shall also consider whether the proposed generating
 496 capacity (i) is necessary to meet the utility's native load, (ii) is likely to lower customer fuel costs, (iii) will
 497 provide economic development opportunities in the Commonwealth, and (iv) serves a need that cannot be
 498 more affordably met with demand-side or energy storage resources.

499 Each Phase I and Phase II Utility shall, at least once every year, conduct a request for proposals for new
 500 solar and wind resources. Such requests shall quantify and describe the utility's need for energy, capacity, or
 501 renewable energy certificates. The requests for proposals shall be publicly announced and made available for
 502 public review on the utility's website at least 45 days prior to the closing of such request for proposals. The
 503 requests for proposals shall provide, at a minimum, the following information: (a) the size, type, and timing
 504 of resources for which the utility anticipates contracting; (b) any minimum thresholds that must be met by
 505 respondents; (c) major assumptions to be used by the utility in the bid evaluation process, including
 506 environmental emission standards; (d) detailed instructions for preparing bids so that bids can be evaluated on
 507 a consistent basis; (e) the preferred general location of additional capacity; and (f) specific information
 508 concerning the factors involved in determining the price and non-price criteria used for selecting winning
 509 bids. A utility may evaluate responses to requests for proposals based on any criteria that it deems reasonable
 510 but shall at a minimum consider the following in its selection process: (1) the status of a particular project's
 511 development; (2) the age of existing generation facilities; (3) the demonstrated financial viability of a project
 512 and the developer; (4) a developer's prior experience in the field; (5) the location and effect on the
 513 transmission grid of a generation facility; (6) benefits to the Commonwealth that are associated with
 514 particular projects, including regional economic development and the use of goods and services from Virginia
 515 businesses; and (7) the environmental impacts of particular resources, including impacts on air quality within
 516 the Commonwealth and the carbon intensity of the utility's generation portfolio.

517 4. In connection with the requirements of this subsection, each Phase I and Phase II Utility shall,
 518 commencing in 2020 and concluding in 2035, submit annually a plan and petition for approval for the
 519 development of new solar and onshore wind generation capacity. Such plan shall reflect, in the aggregate and
 520 over its duration, the requirements of subsection D concerning the allocation percentages for construction or
 521 purchase of such capacity. Such petition shall contain any request for approval to construct such facilities
 522 pursuant to subsection D of § 56-580 and a request for approval or update of a rate adjustment clause
 523 pursuant to subdivision A 6 of § 56-585.1 to recover the costs of such facilities. Such plan shall also include
 524 the utility's plan to meet the energy storage project targets of subsection E, including the goal of installing at
 525 least 10 percent of such energy storage projects behind the meter. In determining whether to approve the
 526 utility's plan and any associated petition requests, the Commission shall determine whether they are
 527 reasonable and prudent and shall give due consideration to (i) the RPS and carbon dioxide reduction
 528 requirements in this section; (ii) the promotion of new renewable generation and energy storage resources
 529 within the Commonwealth, and associated economic development; and (iii) fuel savings projected to be
 530 achieved by the plan. Notwithstanding any other provision of this title, the Commission's final order
 531 regarding any such petition and associated requests shall be entered by the Commission not more than six
 532 months after the date of the filing of such petition.

533 5. If, in any year, a Phase I or Phase II Utility is unable to meet the compliance obligation of the RPS
 534 Program requirements or if the cost of RECs necessary to comply with RPS Program requirements exceeds
 535 \$45 per megawatt hour, such supplier shall be obligated to make a deficiency payment equal to \$45 for each
 536 megawatt-hour shortfall for the year of noncompliance, except that the deficiency payment for any shortfall
 537 in procuring RECs for solar, wind, or anaerobic digesters located in the Commonwealth shall be \$75 per
 538 ~~megawatts~~ megawatt hour for resources one megawatt and lower, *and the deficiency payment for any*
 539 *shortfall in procuring RECs for geothermal heating and cooling systems located in the Commonwealth shall*
 540 *be \$100 per megawatt hour.* The amount of any deficiency payment shall increase by one percent annually
 541 after 2021. A Phase I or Phase II Utility shall be entitled to recover the costs of such payments as a cost of
 542 compliance with the requirements of this subsection pursuant to subdivision A 5 d of § 56-585.1. All
 543 proceeds from the deficiency payments shall be deposited into an interest-bearing account administered by
 544 the Department of Energy. In administering this account, the Department of Energy shall manage the account
 545 as follows: (i) 50 percent of total revenue shall be directed to job training programs in historically
 546 economically disadvantaged communities; (ii) 16 percent of total revenue shall be directed to energy
 547 efficiency measures for public facilities; (iii) 30 percent of total revenue shall be directed to renewable energy

548 programs located in historically economically disadvantaged communities; and (iv) four percent of total
549 revenue shall be directed to administrative costs.

550 For any project constructed pursuant to this subsection or subsection E, a utility shall, subject to a
551 competitive procurement process, procure equipment from a Virginia-based or United States-based
552 manufacturer using materials or product components made in Virginia or the United States, if reasonably
553 available and competitively priced.

554 E. To enhance reliability and performance of the utility's generation and distribution system, each Phase I
555 and Phase II Utility shall petition the Commission for necessary approvals to construct or acquire new,
556 utility-owned energy storage resources.

557 1. By December 31, 2035, each Phase I Utility shall petition the Commission for necessary approvals to
558 construct or acquire 400 megawatts of energy storage capacity. Nothing in this subdivision shall prohibit a
559 Phase I Utility from constructing or acquiring more than 400 megawatts of energy storage, provided that the
560 utility receives approval from the Commission pursuant to §§ 56-580 and 56-585.1.

561 2. By December 31, 2035, each Phase II Utility shall petition the Commission for necessary approvals to
562 construct or acquire 2,700 megawatts of energy storage capacity. Nothing in this subdivision shall prohibit a
563 Phase II Utility from constructing or acquiring more than 2,700 megawatts of energy storage, provided that
564 the utility receives approval from the Commission pursuant to §§ 56-580 and 56-585.1.

565 3. No single energy storage project shall exceed 500 megawatts in size, except that a Phase II Utility may
566 procure a single energy storage project up to 800 megawatts.

567 4. All energy storage projects procured pursuant to this subsection shall meet the competitive procurement
568 protocols established in subdivision D 3.

569 5. After July 1, 2020, at least 35 percent of the energy storage facilities placed into service shall be (i)
570 purchased by the public utility from a party other than the public utility or (ii) owned by a party other than a
571 public utility, with the capacity from such facilities sold to the public utility. By January 1, 2021, the
572 Commission shall adopt regulations to achieve the deployment of energy storage for the Commonwealth
573 required in subdivisions 1 and 2, including regulations that set interim targets and update existing utility
574 planning and procurement rules. The regulations shall include programs and mechanisms to deploy energy
575 storage, including competitive solicitations, behind-the-meter incentives, non-wires alternatives programs,
576 and peak demand reduction programs.

577 F. All costs incurred by a Phase I or Phase II Utility related to compliance with the requirements of this
578 section or pursuant to § 56-585.1:11, including (i) costs of generation facilities powered by sunlight or
579 onshore or offshore wind, or energy storage facilities, that are constructed or acquired by a Phase I or Phase II
580 Utility after July 1, 2020, (ii) costs of capacity, energy, or environmental attributes from generation facilities
581 powered by sunlight or onshore or offshore wind, or falling water, or energy storage facilities purchased by
582 the utility from persons other than the utility through agreements after July 1, 2020, and (iii) all other costs of
583 compliance, including costs associated with the purchase of RECs associated with RPS Program
584 requirements pursuant to this section shall be recovered from all retail customers in the service territory of a
585 Phase I or Phase II Utility as a non-bypassable charge, irrespective of the generation supplier of such
586 customer, except (a) as provided in subsection G for an accelerated renewable energy buyer or (b) as
587 provided in subdivision C 3 of § 56-585.1:11, with respect to the costs of an offshore wind generation
588 facility, for a PIPP eligible utility customer or an advanced clean energy buyer or qualifying large general
589 service customer, as those terms are defined in § 56-585.1:11. If a Phase I or Phase II Utility serves
590 customers in more than one jurisdiction, such utility shall recover all of the costs of compliance with the RPS
591 Program requirements from its Virginia customers through the applicable cost recovery mechanism, and all
592 associated energy, capacity, and environmental attributes shall be assigned to Virginia to the extent that such
593 costs are requested but not recovered from any system customers outside the Commonwealth.

594 By September 1, 2020, the Commission shall direct the initiation of a proceeding for each Phase I and
595 Phase II Utility to review and determine the amount of such costs, net of benefits, that should be allocated to
596 retail customers within the utility's service territory which have elected to receive electric supply service from
597 a supplier of electric energy other than the utility, and shall direct that tariff provisions be implemented to
598 recover those costs from such customers beginning no later than January 1, 2021. Thereafter, such charges
599 and tariff provisions shall be updated and tried up by the utility on an annual basis, subject to continuing
600 review and approval by the Commission.

601 G. 1. An accelerated renewable energy buyer may contract with a Phase I or Phase II Utility, or a person
602 other than a Phase I or Phase II Utility, to obtain (i) RECs from RPS eligible resources or (ii) bundled
603 capacity, energy, and RECs from solar or wind generation resources located within the PJM region and
604 initially placed in commercial operation after January 1, 2015, including any contract with a utility for such
605 generation resources that does not allocate to or recover from any other customer of the utility the cost of
606 such resources. Such an accelerated renewable energy buyer may offset all or a portion of its electric load for
607 purposes of RPS compliance through such arrangements. An accelerated renewable energy buyer shall be
608 exempt from the assignment of non-bypassable RPS compliance costs pursuant to subsection F, with the

609 exception of the costs of an offshore wind generating facility pursuant to § 56-585.1:11, based on the amount
 610 of RECs obtained pursuant to this subsection in proportion to the customer's total electric energy
 611 consumption, on an annual basis. An accelerated renewable energy buyer obtaining RECs only shall not be
 612 exempt from costs related to procurement of new solar or onshore wind generation capacity, energy, or
 613 environmental attributes, or energy storage facilities, by the utility pursuant to subsections D and E, however,
 614 an accelerated renewable energy buyer that is a customer of a Phase II Utility and was subscribed, as of
 615 March 1, 2020, to a voluntary companion experimental tariff offering of the utility for the purchase of
 616 renewable attributes from renewable energy facilities that requires a renewable facilities agreement and the
 617 purchase of a minimum of 2,000 renewable attributes annually, shall be exempt from allocation of the net
 618 costs related to procurement of new solar or onshore wind generation capacity, energy, or environmental
 619 attributes, or energy storage facilities, by the utility pursuant to subsections D and E, based on the amount of
 620 RECs associated with the customer's renewable facilities agreements associated with such tariff offering as of
 621 that date in proportion to the customer's total electric energy consumption, on an annual basis. To the extent
 622 that an accelerated renewable energy buyer contracts for the capacity of new solar or wind generation
 623 resources pursuant to this subsection, the aggregate amount of such nameplate capacity shall be offset from
 624 the utility's procurement requirements pursuant to subsection D. All RECs associated with contracts entered
 625 into by an accelerated renewable energy buyer with the utility, or a person other than the utility, for an RPS
 626 Program shall not be credited to the utility's compliance with its RPS requirements, and the calculation of the
 627 utility's RPS Program requirements shall not include the electric load covered by customers certified as
 628 accelerated renewable energy buyers.

629 2. Each Phase I or Phase II Utility shall certify, and verify as necessary, to the Commission that the
 630 accelerated renewable energy buyer has satisfied the exemption requirements of this subsection for each year,
 631 or an accelerated renewable energy buyer may choose to certify satisfaction of this exemption by reporting to
 632 the Commission individually. The Commission may promulgate such rules and regulations as may be
 633 necessary to implement the provisions of this subsection.

634 3. Provided that no incremental costs associated with any contract between a Phase I or Phase II Utility
 635 and an accelerated renewable energy buyer is allocated to or recovered from any other customer of the utility,
 636 any such contract with an accelerated renewable energy buyer that is a jurisdictional customer of the utility
 637 shall not be deemed a special rate or contract requiring Commission approval pursuant to § 56-235.2.

638 H. No customer of a Phase II Utility with a peak demand in excess of 100 megawatts in 2019 that elected
 639 pursuant to subdivision A 3 of § 56-577 to purchase electric energy from a competitive service provider prior
 640 to April 1, 2019, shall be allocated any non-bypassable charges pursuant to subsection F for such period that
 641 the customer is not purchasing electric energy from the utility, and such customer's electric load shall not be
 642 included in the utility's RPS Program requirements. No customer of a Phase I Utility that elected pursuant to
 643 subdivision A 3 of § 56-577 to purchase electric energy from a competitive service provider prior to February
 644 1, 2019, shall be allocated any non-bypassable charges pursuant to subsection F for such period that the
 645 customer is not purchasing electric energy from the utility, and such customer's electric load shall not be
 646 included in the utility's RPS Program requirements.

647 I. In any petition by a Phase I or Phase II Utility for a certificate of public convenience and necessity to
 648 construct and operate an electrical generating facility that generates electric energy derived from sunlight
 649 submitted pursuant to § 56-580, such utility shall demonstrate that the proposed facility was subject to
 650 competitive procurement or solicitation as set forth in subdivision D 3.

651 J. Notwithstanding any contrary provision of law, for the purposes of this section, any falling water
 652 generation facility located in the Commonwealth and commencing commercial operations prior to July 1,
 653 2024, shall be considered a renewable energy portfolio standard (RPS) eligible source.

654 K. Nothing in this section shall apply to any entity organized under Chapter 9.1 (§ 56-231.15 et seq.).

655 L. The Commission shall adopt such rules and regulations as may be necessary to implement the
 656 provisions of this section, including a requirement that participants verify whether the RPS Program
 657 requirements are met in accordance with this section.

658 **2. That the Commission on Electric Utility Regulation (the Commission) shall prepare a report**
 659 **evaluating the procurement and retirement of renewable energy certificates from geothermal heating**
 660 **and cooling systems in the Commonwealth pursuant to subdivision C 1 b of § 56-585.5 of the Code of**
 661 **Virginia, as amended by this act. The Commission shall deliver such report to the Chairs of the House**
 662 **Committee on Labor and Commerce and Senate Committee on Commerce and Labor on or before**
 663 **November 1, 2027.**

664 **3. That pursuant to § 54.1-2014 of the Code of Virginia, the Real Estate Appraiser Board (the Board)**
 665 **shall evaluate the development of a continuing education curriculum for licensees that includes how to**
 666 **calculate the value of energy efficiency equipment, including solar, geothermal, and solar water**
 667 **heaters, for the purposes of real estate appraisal. On or before November 1, 2025, the Board shall**
 668 **report its findings to the Chairmen of the House Committee on Labor and Commerce, the Commerce**
Committee on Commerce and Labor, and the Commission on Electric Utility Regulation.