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**HOUSE BILL NO. 2266**

Offered January 13, 2025

Prefiled January 7, 2025

A *BILL to direct the State Corporation Commission to establish a distribution cost sharing program for required distribution system upgrades.*

Patrons—Tran and Watts

Referred to Committee on Labor and Commerce

**Be it enacted by the General Assembly of Virginia:**

1. § 1. A. *No later than July 1, 2026, the State Corporation Commission (the Commission) shall establish by regulation a distribution cost sharing program (the program) for required system upgrades to interconnect small generating facilities that are participating projects. Under the program, when an incumbent electric utility determines that a qualifying upgrade is required to interconnect a triggering project, the utility shall determine the qualifying upgrade charge and the net increase in hosting capacity that would result from the construction of the qualifying upgrade. The program shall require each incumbent electric utility to spread the value of all qualifying upgrade charges among all participating projects based on the kilowatt-hour output of each participating project. The Commission shall require each utility to file any tariffs, agreements, or forms necessary for the implementation of the program by December 1, 2026.*

B. *As used in this act:*

"Hosting capacity" means the amount of aggregate generation that can be accommodated on the electric distribution system without any infrastructure upgrades.

"Participating project" means any small generating facility with an AC nameplate rating greater than 50 kilowatts and less than two megawatts within the utility's service territory.

"Qualifying upgrade" means a system upgrade that increases the hosting capacity of the utility's distribution system.

"Qualifying upgrade charge" means the amount to be paid for a qualifying upgrade.

"System upgrade" means a distribution system upgrade and includes only costs that the Commission determines to be reasonable and prudent.

"Triggering project" means a project application in the interconnection queue at a given substation or feeder that requires a qualifying upgrade to successfully interconnect the project to the electric distribution system.

INTRODUCED

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