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SENATE BILL NO. 1216

Offered January 8, 2025

Prefiled January 8, 2025

A BILL to amend the Code of Virginia by adding a section numbered 56-577.2, relating to retail electric energy; renewable energy certificates.

Patron—Pekarsky

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:**1. That the Code of Virginia is amended by adding a section numbered 56-577.2 as follows:****§ 56-577.2. Retail electric energy; renewable energy certificates.****A. As used in this section:**

"Bundled renewable energy certificates" are electric generation resources purchased on a customer's behalf from generation resources that are the same as the generation resources used to serve the customer's energy and capacity needs.

"Competitive service provider" means a service provider of electric energy licensed to sell retail electric energy within the Commonwealth, other than any incumbent electric utility that is not the incumbent electric utility serving the exclusive service territory in which a customer is located.

"Renewable energy" has the same meaning as provided in § 56-576, except that it does not include energy derived from (i) biomass, (ii) waste heat from fossil fuel or biomass combustion, (iii) waste, (iv) landfill gas, or (v) municipal solid waste.

"Renewable energy certificate" means a tradable commodity or instrument issued by a regional transmission entity or affiliate or successor thereof in the United States that validates the generation of electricity from renewable energy sources or that is certified under a generally recognized renewable energy certificate standard. One renewable energy certificate equals 1,000 kWh or one MWh of electricity generated from renewable energy.

"Unbundled renewable energy certificates" means renewable energy certificates purchased on a customer's behalf from generation resources different from the generation resources used to serve the customer's energy and capacity needs.

"Zero-carbon electricity" means electricity generated by any generating unit that does not emit carbon dioxide as a byproduct of combusting fuel or manufacturing fuel for combustion to generate electricity. "Zero-carbon electricity" does not include carbon capture and sequestration.

B. Notwithstanding subdivision A 5 of § 56-577, retail electric utility customers may contract with competitive service providers pursuant to this section regardless of whether the retail electric customer's incumbent electric utility has obtained approval from the Commission for a voluntary tariff pursuant to subdivision A 5 of § 56-577. A competitive service provider shall serve 100 percent of its customers' energy and capacity needs, as measured on a monthly basis, from electric generating units located within the PJM transmission region.

C. A competitive service provider shall ensure that 100 percent of its customers' energy is clean. Energy is clean if it is either zero-carbon electricity, matched with renewable energy certificates on a kilowatt-hour basis, or a combination of both. No competitive service provider shall use renewable energy certificates that are not derived from renewable energy as defined in this section.

D. Competitive service providers shall match a percentage of each retail electric customer's annual load with zero-carbon electricity or renewable energy certificates from generating resources within the PJM transmission region. This percentage shall be equal to the annual obligation of the customer's incumbent electric utility pursuant to the renewable energy portfolio standard under § 56-585.5, unless the customer's incumbent electric utility is a distribution cooperative or municipal utility, in which case the percentage shall be equal to the renewable energy portfolio standard under § 56-585.5 for Phase I Utilities, as that term is defined in subdivision A 1 of § 56-585.1. Competitive service providers may procure zero-carbon electricity or renewable energy certificates in excess of this percentage, and any zero-carbon electricity or renewable energy certificates in excess of this percentage may be procured from outside the PJM transmission region.

E. Notwithstanding the provisions of subsection F of § 56-585.5, retail customers purchasing electric energy pursuant to this section shall be exempt from the non-bypassable charges imposed by the renewable energy portfolio standard under § 56-585.5 as follows:

1. If a competitive service provider is meeting 100 percent of a retail customer's electric energy needs with bundled renewable energy certificates from within the PJM transmission region, such customer shall be exempt from all non-bypassable charges imposed by the renewable energy portfolio standard under § 56-

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59 585.5, except for the costs of an offshore wind generating facility imposed pursuant to § 56-585.1:11.

60 2. If a competitive service provider is meeting a retail customer's obligation as described in subsection D
61 with unbundled renewable energy certificates, such customer shall be exempt from non-bypassable charges
62 that are specific to renewable energy certificates but shall not be exempt from non-bypassable charges for
63 energy and capacity, pursuant to the renewable energy portfolio standard under § 56-585.5.

64 F. Electric energy sold to retail customers pursuant to this section shall be excluded from the calculation
65 of "total electric energy" in § 56-585.5.

66 2. That the State Corporation Commission may promulgate any rules or regulations as it deems
67 necessary to ensure that the provisions of this act do not create an unreasonable shifting of costs to
68 customers that are not participating in the retail purchase of electricity pursuant to § 56-577 of the
69 Code of Virginia or § 56-589 of the Code of Virginia, including reasonable timelines for nonresidential
70 customers seeking to return to incumbent electric utility service, provided that such timelines are not
71 longer than the timelines applicable to customers returning to incumbent utility service pursuant to
72 subdivisions A 3 and A 4 of § 56-577.

73 3. That the State Corporation Commission shall ensure that in all integrated resource plans submitted
74 pursuant to Chapter 24 (§ 56-597 et seq.) of Title 56 of the Code of Virginia and cost recovery
75 proceedings conducted pursuant to § 56-585.1 of the Code of Virginia no incumbent electric utility is
76 improperly incorporating the loads of retail electric customers into its forecasts or load projections.