

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30

SENATE BILL NO. 1281
AMENDMENT IN THE NATURE OF A SUBSTITUTE
(Proposed by the Senate Committee on Commerce and Labor
on _____)
(Patron Prior to Substitute—Senator Hackworth)

A BILL to amend the Code of Virginia by adding a section numbered 56-589.2, relating to electric utilities; municipal aggregation pilot program.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding a section numbered 56-589.2 as follows:

§ 56-589.2. Municipal aggregation pilot program.

A. The Commission shall conduct a pilot program under which a county, city, or town (municipality) and any other political subdivisions of the Commonwealth may, at its election and upon authorization by majority votes of its governing body, aggregate electrical energy and demand requirements for the purpose of negotiating the purchase of electrical energy requirements from any licensed supplier within the Commonwealth, as follows:

1. All electric energy needs of residential, commercial, and industrial retail customers within the municipality's boundaries not already being served by a licensed supplier on an opt-in or opt-out basis may be aggregated. Aggregation pursuant to this subdivision shall not require licensure pursuant to § 56-588.

2. The pilot program shall allow aggregation under the provisions of subdivision 1 with the certificated service territory of a Phase I Utility beginning on December 1, 2025, or at a later date at the discretion of the municipality or other political subdivision.

3. A licensed supplier participating in this pilot shall provide or otherwise pay for capacity for resource adequacy and reliability purposes, and the licensed supplier may choose to source capacity from any of the following sources in amounts and terms of the supplier's choosing, so long as, cumulatively, the supplier's provision or purchase of capacity is equal to the obligations of its participating customers under the tariff of the relevant regional transmission organization: (i) capacity owned or bilaterally contracted to the licensed supplier or its affiliate; (ii) the base residual auction, or its successor, of the relevant regional transmission organization; or (iii) a Phase I Utility, by paying for that service subject to its approved tariff setting forth the capacity price of its fixed resource requirement plan, if any.

4. For a customer participating in the pilot program, a 90-day advance notice to return to the Phase I

31 *Utility is required.*

32 *5. After consultation with interested parties, a Phase I Utility shall file a pilot program implementation*
33 *plan with the Commission by July 1, 2025, and the Commission shall approve the plan with any modifications*
34 *necessary to meet the requirements of this section by December 1, 2025. Such a plan shall facilitate (i) the*
35 *integration of the weatherization, energy efficiency, and demand response programs of the Phase I Utility*
36 *and those of the selected licensed suppliers to pilot participants and (ii) the notification process of a*
37 *participating municipality to the Phase I Utility and ensure that the licensed supplier provides the Phase I*
38 *Utility with the information necessary to enroll participating customers. The Phase I Utility shall begin*
39 *customer enrollment no later than 45 days from when the licensed supplier provides the necessary enrollment*
40 *information.*

41 *B. Under seal, a participating municipality shall provide the Commission with the terms and conditions of*
42 *any executed agreements with a licensed supplier. The Commission shall review the pilot program for its*
43 *effectiveness in benefiting participants and nonparticipants and report to the Governor and the Chairmen of*
44 *the House Committee on Labor and Commerce and the Senate Committee on Commerce and Labor by*
December 1, 2027.

45 *C. The Commission shall ensure that in all integrated resource plans submitted pursuant to Chapter 24 (§*
46 *56-597 et seq.) and cost recovery proceedings conducted pursuant to § 56-585.1 or 56-585.8, no incumbent*
47 *electric utility is improperly incorporating the loads of retail electric customers into its forecasts or load*
48 *projections.*

49 *D. The provisions of this section shall expire on December 31, 2028.*