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HOUSE BILL NO. 2744
AMENDMENT IN THE NATURE OF A SUBSTITUTE
(Proposed by the House Committee on Labor and Commerce
on January 30, 2025)
(Patron Prior to Substitute—Delegate Sickles)

A *BILL to reduce heating-related costs of living for low-income residents by requiring certain electric utilities to provide energy efficiency upgrades; report.*

Be it enacted by the General Assembly of Virginia:

1. § 1. *It shall be the policy of the Commonwealth to reduce, wherever feasible and cost-effective, heating-related costs of living for low-income residents. In furtherance of this policy, and in addition to other policies and programs to improve energy efficiency and lower costs of living for residents of the Commonwealth, Phase I and Phase II Utilities shall make best, reasonable efforts to provide by December 31, 2030, prescriptive efficiency measures and related efficiency improvements to at least 30 percent of the qualifying households identified by the Phase I or Phase II Utility, or in the case of a Phase II Utility, to 8,400 qualifying households, whichever is less, provided that such upgrades are determined by the State Corporation Commission (the Commission) to be in the public interest.*

§ 2. *Prescriptive efficiency measures undertaken at qualifying households in furtherance of this act shall be reasonably expected to (i) lower each household's total heating-related energy costs, which determination shall be subject to Commission review and approval, and based upon widely available and credible energy consumption and cost data, including data from the U.S. Department of Energy, as appropriate, and taking into account the housing stock and other relevant factors in the Phase I or Phase II Utility's service territory and (ii) reduce onsite air pollution, with special emphasis on improving indoor air quality where feasible. It shall be the duty of the Phase I or Phase II Utility or its designated agent, and shall not be the duty of an installer, to make best efforts to identify qualifying households in its respective territory and to make the determinations specified in clauses (i) and (ii).*

§ 3. *A Phase I or Phase II Utility shall consult directly with the Department of Energy to utilize, wherever feasible, state-derived or federally derived sources of funding for the purposes of implementing § 1.*

§ 4. *The Commission may in its discretion provide performance-based incentives to a Phase I or Phase II Utility in furtherance of this act, including early action credit for prescriptive efficiency measures installed before January 1, 2029, and the Commission may, at any time before January 1, 2029, make a determination on whether the target described in § 1 is feasible and, based on that determination, may adjust the target at its sole discretion. The Commission shall not penalize a utility for its inability to meet the 30 percent target described in § 1.*

§ 5. *No later than January 1, 2027, annually thereafter, and in any recurring filing that the Commission deems appropriate, each Phase I and Phase II Utility shall report to the Commission its activities, plans, and progress regarding the provisions of this act. In any such filing and at least biennially, each Phase I and Phase II Utility shall also report updated and aggregated ratepayer data regarding bill and energy savings from all energy efficiency and demand response programs, including actual and potential savings across each customer class, which may include actual and potential avoided costs of grid and transmission upgrades, pollution allowances, energy, capacity, and imported fuel purchases. For the purposes of estimating the potential for energy efficiency and demand response cost savings, any study of potential energy efficiency and demand response savings necessary to comply with the requirements of this section shall assume, in at least one projected scenario, 75 percent customer awareness of such energy efficiency and demand response programs across each customer class.*

§ 6. *As used in this act:*

"Installer" means any entity that directly provides energy efficiency or weatherization upgrades to low-income residents in the Commonwealth and that receives federal, state, or utility funding from a Phase I or Phase II Utility, in whole or in part, to provide such upgrades.

"Low-income resident" means any individual or household with an income no more than 60 percent of the median state income or 80 percent of the median income of the locality in which such individual or household resides, whichever is greatest.

"Phase I Utility" and "Phase II Utility" have the same meaning as provided in subdivision A 1 of § 56-585.1 of the Code of Virginia.

"Prescriptive efficiency measure" means a utility-provided energy efficiency upgrade or upgrades at a qualifying household that substantially reduce or eliminate the household's reliance on fuel delivered to the household and stored onsite and utilized for household heating, cooking, or water heating, and which thereby reduce the total energy-related costs of living for that household, and which are combined, wherever feasible, with additional efficiency measures, including insulation, when that household also qualifies for such additional efficiency measures.

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60 *"Qualifying household" means any single-family or multifamily dwelling occupied by a low-income*
61 *resident that is a customer of a Phase I or Phase II Utility who (i) relies on fuel delivered to the household*
62 *and stored onsite and utilized for household heating, cooking, or water heating; (ii) has measured or rated*
63 *appliance efficiency ratings of less than 83 percent; and (iii) is eligible for or has received building envelope*
64 *upgrades through federal, state, or utility funded energy efficiency or weatherization programs.*