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SENATE BILL NO. 893
AMENDMENT IN THE NATURE OF A SUBSTITUTE
(Proposed by the Senate Committee on Commerce and Labor
on February 3, 2025)
(Patron Prior to Substitute—Senator Surovell)

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.

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 electric distribution grid or to otherwise enhance electric distribution grid reliability, electric distribution grid security, customer service, or energy efficiency and conservation, including advanced metering infrastructure; intelligent grid devices for real time system and asset information; automated control systems for electric

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

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

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

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

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

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

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

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

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

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

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

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

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

121 "Incremental annual savings" means the total combined kilowatt-hour savings achieved by electric utility

122 energy efficiency and demand response programs and measures in the program year in which they are
123 installed.

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

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

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

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

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

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

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

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

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

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

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

179 "Previously developed project site" means any property, including related buffer areas, if any, that has
180 been previously disturbed or developed for non-single-family residential, non-agricultural, or non-
181 silvicultural use, regardless of whether such property currently is being used for any purpose.

182 "Previously developed project site" includes a brownfield as defined in § 10.1-1230 or any parcel that has

183 been previously used (i) for a retail, commercial, or industrial purpose; (ii) as a parking lot; (iii) as the site of
184 a parking lot canopy or structure; (iv) for mining, which is any lands affected by coal mining that took place
185 before August 3, 1977, or any lands upon which extraction activities have been permitted by the Department
186 of Energy under Title 45.2; (v) for quarrying; or (vi) as a landfill.

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

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

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

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

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

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

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

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

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

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

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

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

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

240 "Transmission of," "transmit," or "transmitting" electric energy means the transfer of electric energy
241 through the Commonwealth's interconnected transmission grid from a generator to either a distributor or a
242 retail customer.

243 "Transmission system" means those facilities and equipment that are required to provide for the

244 transmission of electric energy.

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

247 **§ 56-585.5. Generation of electricity from renewable and zero-carbon sources.**

248 A. As used in this section:

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

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

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

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

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

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

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

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

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

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

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

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

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

293 C. Each Phase I and Phase II Utility shall participate in a renewable energy portfolio standard program
294 (RPS Program) that establishes annual goals for the sale of renewable energy to all retail customers in the
295 utility's service territory, other than accelerated renewable energy buyers pursuant to subsection G, regardless
296 of whether such customers purchase electric supply service from the utility or from suppliers other than the
297 utility. To comply with the RPS Program, each Phase I and Phase II Utility shall procure and retire
298 Renewable Energy Certificates (RECs) originating from renewable energy standard eligible sources (RPS
299 eligible sources). For purposes of complying with the RPS Program from 2021 to 2024, a Phase I and Phase
300 II Utility may use RECs from any renewable energy facility, as defined in § 56-576, provided that such
301 facilities are located in the Commonwealth or are physically located within the PJM Interconnection, LLC
302 (PJM) region. However, at no time during this period or thereafter may any Phase I or Phase II Utility use
303 RECs from (i) renewable thermal energy, (ii) renewable thermal energy equivalent, or (iii) biomass-fired
304 facilities that are outside the Commonwealth. From compliance year 2025 and all years after, each Phase I

305 and Phase II Utility may only use RECs from RPS eligible sources for compliance with the RPS Program.

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

342 1. *a.* The RPS Program requirements shall be a percentage of the total electric energy sold in the previous
 343 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
2021	6%	2021	14%
2022	7%	2022	17%
2023	8%	2023	20%
2024	10%	2024	23%
2025	14%	2025	26%
2026	17%	2026	29%
2027	20%	2027	32%
2028	24%	2028	35%
2029	27%	2029	38%
2030	30%	2030	41%
2031	33%	2031	45%
2032	36%	2032	49%
2033	39%	2033	52%
2034	42%	2034	55%
2035	45%	2035	59%
2036	53%	2036	63%
2037	53%	2037	67%
2038	57%	2038	71%
2039	61%	2039	75%

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

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

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

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

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

396 5. Energy ~~from derived from~~ a geothermal heating and cooling system is eligible for inclusion in meeting
 397 the requirements of the RPS Program. RECs from a geothermal heating and cooling system are created based
 398 ~~on the amount of energy~~ by calculating the difference between the load served by the geothermal heating and
 399 cooling system and the load served by a less efficient baseline system, converted from BTUs to
 400 kilowatt-hours, that is generated by a geothermal heating and cooling system for space heating and cooling or
 401 water heating. The Commission shall determine the form and manner in which such RECs are verified.

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

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

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

424 b. By December 31, 2027, each Phase I Utility shall petition the Commission for necessary approvals to
 425 construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental attributes of

426 at least 200 megawatts of additional generating capacity located in the Commonwealth using energy derived
427 from sunlight or onshore wind, and 35 percent of such generating capacity procured shall be from the
428 purchase of energy, capacity, and environmental attributes from solar or onshore wind facilities owned by
429 persons other than the utility, with the remainder, in the aggregate, being from construction or acquisition by
430 such Phase I Utility.

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

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

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

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

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

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

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

482 e. Nothing in this subdivision 2 shall prohibit such Phase II Utility from constructing, acquiring, or
483 entering into agreements to purchase the energy, capacity, and environmental attributes of more than 16,100
484 megawatts of generating capacity located in the Commonwealth using energy derived from sunlight or
485 onshore wind, provided the utility receives approval from the Commission pursuant to §§ 56-580 and
486 56-585.1.

487 3. Nothing in this section shall prohibit a utility from petitioning the Commission to construct or acquire

488 zero-carbon electricity or from entering into contracts to procure the energy, capacity, and environmental
 489 attributes of zero-carbon electricity generating resources in excess of the requirements in subsection B. The
 490 Commission shall determine whether to approve such petitions on a stand-alone basis pursuant to §§ 56-580
 491 and 56-585.1, provided that the Commission's review shall also consider whether the proposed generating
 492 capacity (i) is necessary to meet the utility's native load, (ii) is likely to lower customer fuel costs, (iii) will
 493 provide economic development opportunities in the Commonwealth, and (iv) serves a need that cannot be
 494 more affordably met with demand-side or energy storage resources.

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

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

529 5. If, in any year, a Phase I or Phase II Utility is unable to meet the compliance obligation of the RPS
 530 Program requirements or if the cost of RECs necessary to comply with RPS Program requirements exceeds
 531 \$45 per megawatt hour, such supplier shall be obligated to make a deficiency payment equal to \$45 for each
 532 megawatt-hour shortfall for the year of noncompliance, except that the deficiency payment for any shortfall
 533 in procuring RECs for solar, wind, or anaerobic digesters located in the Commonwealth shall be \$75 per
 534 ~~megawatts~~ megawatt hour for resources one megawatt and lower, and the deficiency payment for any
 535 shortfall in procuring RECs for geothermal heating and cooling systems located in the Commonwealth shall
 536 be \$100 per megawatt hour. A Phase I or Phase II Utility shall issue a quarterly request for proposals
 537 regarding the procurement of RECs for geothermal heating and cooling systems in the Commonwealth as
 538 required by this subdivision. A Phase I or Phase II Utility shall be exempt from making an annual deficiency
 539 payment for the quantity of required RECs for geothermal heating and cooling systems that are not made
 540 available in each request for proposals at a price that is equal to or below the price of such deficiency
 541 payment in a compliance year. The amount of any deficiency payment shall increase by one percent annually
 542 after 2021. A Phase I or Phase II Utility shall be entitled to recover the costs of such payments as a cost of
 543 compliance with the requirements of this subsection pursuant to subdivision A 5 d of § 56-585.1. All
 544 proceeds from the deficiency payments shall be deposited into an interest-bearing account administered by
 545 the Department of Energy. In administering this account, the Department of Energy shall manage the account
 546 as follows: (i) 50 percent of total revenue shall be directed to job training programs in historically
 547 economically disadvantaged communities; (ii) 16 percent of total revenue shall be directed to energy
 548 efficiency measures for public facilities; (iii) 30 percent of total revenue shall be directed to renewable energy

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

652 J. Notwithstanding any contrary provision of law, for the purposes of this section, any falling water
 653 generation facility located in the Commonwealth and commencing commercial operations prior to July 1,
 654 2024, shall be considered a renewable energy portfolio standard (RPS) eligible source.

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

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

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

665 **3. That pursuant to § 54.1-2014 of the Code of Virginia, the Real Estate Appraiser Board (the Board)**
 666 **shall promulgate regulations requiring the development of a continuing education curriculum and**
 667 **required training for all licensees that includes how to properly determine the increase in value of real**
 668 **estate created by reductions in building energy costs associated with solar, geothermal, and solar water**
 669 **heating investments for the purposes of real estate appraisals. On or before November 1, 2025, the**
 670 **Board shall report on the implementation of such curriculum and training to the Chairmen of the**

671 House Committees on Labor and Commerce and General Laws, the Senate Committees on Commerce
672 and Labor and General Laws and Technology, and the Commission on Electric Utility Regulation.