

HOUSE BILL NO. 2087

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Commerce and Labor

on \_\_\_\_\_)

(Patron Prior to Substitute—Delegate Shin)

A BILL to amend the Code of Virginia by adding sections numbered 56-581.2 and 56-581.3 and to repeal § 56-585.1:13 of the Code of Virginia, relating to electric utilities; electric vehicle charging stations; transportation electrification.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding sections numbered 56-581.2 and 56-581.3 as follows: § 56-581.2. Transportation electrification.

A. As used in this section, unless the context requires a different meaning:

"Electrical distribution infrastructure" means equipment, structures, and associated engineering and civil construction work designed to support electric vehicle charging stations, including poles, vaults, service drops, transformers, mounting pads, trenching, conduit, wire, cable, meters, and other necessary equipment.

"Fast-charging station" means a charging system capable of delivering at least 50 kilowatts of direct current electrical power to an electric vehicle's rechargeable battery at a voltage of 200 volts or greater.

"Historically economically disadvantaged community" has the same meaning as provided in § 56-576.

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

"Rural community" means a city with a population density of less than 1,470 people per square mile or a county with a population density of less than 160 people per square mile.

"Transportation electrification" means the use of electricity from external sources to power all or part of passenger vehicles, trucks, buses, trains, boats, or other equipment that transport materials, goods, or people.

B. The Commission shall require each Phase I and Phase II Utility to maintain an accurate and full accounting of all expenses related to electrical distribution infrastructure as it relates to this section.

C. A Phase I or Phase II Utility may file a proposed tariff with the Commission to provide utility-owned and utility-operated electrical distribution infrastructure between the main overhead or underground lines and the customer electrical revenue meter available to customers installing separately metered infrastructure to support electric vehicle charging stations, other than those in single-family residences. The Commission shall issue an order on such filing within six months after filing. Such proposal and such tariff shall provide that related costs incurred by such utility shall be tracked and reported separately and shall be eligible for cost recovery only pursuant to the utility's rates for generation and distribution services. In any proceeding in which the Commission reviews such costs, such costs shall be evaluated by the same standards as costs incurred for other necessary and essential distribution infrastructure. Customers may elect to take service under such a tariff as an alternative to taking service under existing line extension rules. The provisions of this section shall not modify any arrangements for contribution in aid of construction or other agreements in effect prior to the effective date of the tariff.

D. Each Phase I Utility shall file by May 15, 2026, and every three years thereafter, and each Phase II Utility shall file in each integrated resource plan filing required by § 56-599, transportation electrification plans to accelerate widespread transportation electrification across the Commonwealth in a manner designed to achieve the most reasonable and prudent utility investments in transportation electrification throughout the utility's service territory, which shall include rural communities and historically economically disadvantaged areas. Such transportation electrification plans shall consider potential rate designs, incentives, investments, and programs designed to accelerate transportation electrification in a reasonable and prudent manner. The initial plan shall include:

1. Programs to incentivize and facilitate the deployment of electric vehicle charging infrastructure for light-duty, medium-duty, and heavy-duty vehicles, including a program to provide incentives and technical assistance to, or partnerships with, petroleum distributors and convenience stores to expand such fueling services to include fast-charging stations;

2. Rate designs and programs that encourage transportation electrification and electric vehicle charging; benefit rural communities and historically economically disadvantaged areas; support the off-peak utilization of the electric grid; facilitate fuel cost savings; and support various categories of vehicles and charging use cases, including public level 2 and direct-current fast-charging, workplace charging, residential charging for single-family and multifamily dwellings, fleet and depot charging, vehicle-to-grid battery discharge designed

57 to improve grid conditions including by alleviating peak demand, non-road industrial areas including ports,  
58 and charging for light-duty, medium-duty, and heavy-duty vehicles;

59 3. Commercial and industrial rates designed for high-voltage charging applications, taking into account  
60 alternatives to traditional demand-based charges that appropriately recover the marginal costs associated  
61 with such applications;

62 4. Targeted and broad customer education and outreach programs that increase the awareness of related  
63 customer incentives and the ratepayer benefits of transportation electrification; and

64 5. Responses to Commission prompts in previous transportation electrification plans.

65 E. In considering transportation electrification plans filed pursuant to subsection D, the Commission shall  
66 consider whether such plans are reasonably expected to:

67 1. Increase access to transportation electrification, including for rural communities and historically  
68 economically disadvantaged communities;

69 2. Provide lower costs to customers and fleet operators who charge electric vehicles during off-peak  
70 hours;

71 3. Improve the utility's electrical system efficiency, operational flexibility, and system utilization during  
72 off-peak hours while also mitigating increased peak demand;

73 4. Expand access to public charging in a manner that does not result in unreasonable competition with  
74 companies as defined in § 56-265.1;

75 5. Improve air quality and transparency, including the incorporation of public reporting requirements to  
76 inform program design and Commission policy; and

77 6. Identify and address aggregate distribution grid capacity upgrade needs to support transportation  
78 electrification or other expenditures necessary to serve projected transportation electrification growth.

79 F. The Commission's consideration of the factors enumerated in subsection E shall not impact its  
80 determinations required pursuant to subsection E of § 56-599.

81 G. In any biennial rate case following the submission of any transportation electrification plan required  
82 by subsection D, a Phase I or II Utility shall, pursuant to the utility's rates for generation and distribution  
83 services, seek recovery of necessary and appropriate expenditures, distribution grid capacity upgrades, and  
84 rate designs to serve aggregate transportation electrification needs as identified in the transportation  
85 electrification plan.

86 **§ 56-581.3. Fast-charging station proposals; requirements.**

87 Beginning January 1, 2028, a Phase I or Phase II Utility may petition for approval of expenditures to  
88 develop, own, maintain, or operate public-facing fast-charging stations only at or beyond a radial distance  
89 as determined by the Commission relative to the location of any privately owned fast-charging station that is  
90 already in commercial operation or has a pending building permit or interconnection request as of July 1,  
91 2027. Such radial distance shall be determined by the Commission pursuant to a rulemaking proceeding  
92 initiated by June 1, 2027 with a final order entered no later than December 31, 2027.

93 **2. That § 56-585.1:13 of the Code of Virginia is repealed effective December 31, 2027.**

94 **3. That no later than June 1, 2027, the State Corporation Commission (the Commission) shall initiate a**  
95 **rulemaking proceeding pursuant to § 56-581.3 of the Code of Virginia, as created by this act, to**  
96 **determine the appropriate radial distance between privately owned fast-charging stations that are**  
97 **already in commercial operation or have a pending building permit or interconnection request as of**  
98 **July 1, 2027, and fast-charging stations owned, maintained, or operated by a Phase I or Phase II**  
99 **Utility, as those terms are defined in subdivision A 1 of § 56-585.1 of the Code of Virginia. In**  
100 **determining such radial distance, the Commission shall consider the policy of the Commonwealth,**  
101 **pursuant to Chapter 268 of the Acts of Assembly of 2021, Special Session I, to promote, to the greatest**  
102 **extent possible, private competition and investment in transportation electrification and to enable**  
103 **public utilities and the public sector to complement such private investment where most effective. In**  
104 **conducting such proceeding, the Commission's review shall include (i) an analysis of the adequacy of**  
105 **electric vehicle charging infrastructure throughout the Commonwealth and how equitably such**  
106 **infrastructure is distributed; (ii) a consideration of the impact of any federal grants or loans made to**  
107 **provide electric vehicle charging infrastructure in the Commonwealth; (iii) minimum requirements for**  
108 **direct current fast-charging equipment, including adherence to universal design guidelines and the**  
109 **minimum number of privately-owned direct current fast-charging stations at a single location that may**  
110 **prevent the development of direct current fast-charging stations by a Phase I or II Utility within the**  
111 **radial distance determined by the Commission; (iv) a consideration of similar radial distance**  
112 **arrangements or determinations made in other states with vertically integrated utilities; and (v) any**  
113 **other issues deemed relevant by the Commission. The Commission shall enter its final order no later**  
114 **than December 31, 2027.**

115 **4. That no later than December 31, 2029, the State Corporation Commission shall review the final rule**  
116 **promulgated pursuant to the second enactment of this act to assess its effectiveness in promoting the**  
117 **adequacy of publicly available electric vehicle fast-charging infrastructure throughout the**  
118 **Commonwealth and to promote small business investment and competition in transportation**

**119 electrification, including by petroleum distributors and convenience stores.**