

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 *An Act to direct the State Corporation Commission to establish a distribution cost sharing program for*
3 *required distribution system upgrades; report.*

4 [S 1058]

5 Approved

6 **Be it enacted by the General Assembly of Virginia:**

7 **1. § 1. A.** *No later than July 1, 2026, the State Corporation Commission (the Commission) shall establish by*
8 *regulation a distribution cost sharing program (the program) for Phase I and Phase II Utilities, as those*
9 *terms are defined in subdivision A 1 of § 56-585.1 of the Code of Virginia, to construct distribution system*
10 *upgrades required to interconnect participating projects. Under the program, when a Phase I or Phase II*
11 *Utility determines that a qualifying upgrade is required to interconnect a triggering project, it shall*
12 *determine the costs of the qualifying upgrade and the net increase in hosting capacity that would result from*
13 *the construction of the qualifying upgrade. The costs of the qualifying upgrade shall be subject to approval*
14 *by the Commission that the costs are reasonable and prudent. The program shall require each Phase I and*
15 *Phase II Utility to spread the costs of all qualifying upgrades among all participating projects based on the*
16 *alternating current (AC) nameplate capacity rating of each participating project, except that a participating*
17 *project shall be exempted from the program if the developer of such project elects to pay in full the*
18 *approved cost of any associated qualifying upgrade. The Commission shall determine the appropriate time*
19 *period for cost recovery under the program. The program shall also require that the costs attributed to*
20 *jurisdictional participating projects are recovered from jurisdictional customers and costs attributed to*
21 *nonjurisdictional participating projects are recovered from nonjurisdictional customers. The Commission*
22 *may establish a system to refund projects for any interconnection upgrade costs collected during time*
23 *periods in which such projects are not operational and may provide such refunds upon the petition of the*
24 *owner of a participating project. The Commission shall require each utility to file any tariffs, agreements, or*
25 *forms necessary for the implementation of the program by December 1, 2026.*

26 **B. As used in this act:**

27 *"Hosting capacity" means the amount of aggregate generation that can be accommodated on the electric*
28 *distribution system without any infrastructure upgrades.*

29 *"Participating project" means any solar generating facility with an AC nameplate capacity rating greater*
30 *than or equal to 250 kilowatts and less than or equal to three megawatts within the Phase I or Phase II*
31 *Utility's service territory seeking to interconnect to the utility's distribution system and participate in net*
32 *energy metering pursuant to § 56-594 of the Code of Virginia.*

33 *"Qualifying upgrade" means a system upgrade that increases the hosting capacity of the utility's*
34 *distribution system.*

35 *"Triggering project" means a project application in the interconnection queue at a given substation or*
36 *feeder that requires a qualifying upgrade to successfully interconnect the project to the electric distribution*
37 *system.*

38 **2. That the State Corporation Commission shall submit a report on the implementation of the**
39 **distribution cost sharing program established pursuant to this act to the Chairs of the House**
40 **Committee on Labor and Commerce and the Senate Committee on Commerce and Labor by no later**
41 **than November 1, 2028.**