

# 2026 SESSION

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1 **SENATE BILL NO. 225**

2 Offered January 14, 2026

3 Prefiled January 10, 2026

4 A BILL to amend the Code of Virginia by adding in Chapter 22 of Title 2.2 an article numbered 13,  
5 consisting of sections numbered 2.2-2378 through 2.2-2390, relating to Virginia Clean Energy Innovation  
6 Bank; established; report.

7 Patron—Surovell

8 Referred to Committee on General Laws and Technology

9 Be it enacted by the General Assembly of Virginia:

10 1. That the Code of Virginia is amended by adding in Chapter 22 of Title 2.2 an article numbered 13,  
11 consisting of sections numbered 2.2-2378 through 2.2-2390, as follows:

12 Article 13.

13 *Virginia Clean Energy Innovation Bank.*

14 **§ 2.2-2378. Virginia Clean Energy Innovation Bank.**  
15 The Virginia Clean Energy Innovation Bank is created as a public body corporate and as a political  
16 subdivision of the Commonwealth. The purpose of the Bank is to accelerate the deployment of clean energy  
17 projects, greenhouse gas emissions reduction projects, and other qualified projects through the strategic  
18 deployment of public funds in the form of grants, loans, credit enhancements, and other financing  
19 mechanisms in order to leverage existing public and private sources of capital to reduce the upfront and total  
20 cost of qualified projects and to overcome financial barriers to project adoption, especially in low-income  
21 communities.

22 **§ 2.2-2379. Definitions.**

23 As used in this article, unless the context requires a different meaning:

24 "Bank" means the Virginia Clean Energy Innovation Bank.

25 "Board" means the Board of Directors of the Virginia Clean Energy Innovation Bank.

26 "Community navigator" means an organization that works to facilitate access to clean energy project  
27 financing by individuals and community groups.

28 "Credit enhancement" means a pool of capital set aside to cover potential losses on loans and other  
29 investments made by financing entities. "Credit enhancement" includes loan loss reserves and loan  
30 guarantees.

31 "Energy storage system" means a system that absorbs, stores, and discharges electricity. "Energy storage  
32 system" does not include fossil fuel storage or power-to-gas storage that directly uses fossil fuel inputs.

33 "Greenhouse gas emissions" means emissions of carbon dioxide, methane, nitrous oxide,  
34 hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride emitted by anthropogenic sources.

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

36 "Loan loss reserves" means a pool of capital set aside to reimburse a private lender if a customer defaults  
37 on a loan, up to an agreed-upon percentage of loans originated by the private lender.

38 "Local workers" means Virginia residents who permanently reside within 150 miles of the location of a  
39 proposed project in which the Bank is considering participating.

40 "Microgrid system" means an electric grid that (i) serves a discrete geographical area from distributed  
41 energy resources and (ii) can operate independently from the central electric grid on a permanent or  
42 temporary basis.

43 "President" means the president appointed by the Board of Directors of the Bank.

44 "Qualified project" means a project, technology, product, service, or measure promoting energy  
45 efficiency, clean energy, electrification, or water conservation and quality that (i) substantially reduces  
46 greenhouse gas emissions; (ii) reduces energy use without diminishing the level of service; (iii) increases the  
47 deployment of renewable or non-carbon emitting energy projects, energy storage systems, district heating,  
48 smart grid technologies, or microgrid systems; (iv) replaces existing fossil-fuel-based technology with an  
49 end-use electric technology; (v) supports the development and deployment of electric vehicle charging  
50 stations and associated infrastructure, electric buses, and electric fleet vehicles; (vi) reduces water use or  
51 protects, restores, or preserves the quality of the Commonwealth's surface waters or the Chesapeake Bay; or  
52 (vii) incentivizes customers to shift demand in response to changes in the price of electricity or when system  
53 reliability is not jeopardized.

54 "Renewable energy" means electric energy generated by a source that is considered a renewable energy  
55 standard eligible source under the provisions of § 56-585.5.

56 "Securitization" means the conversion of an asset composed of individual loans into marketable

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59     *securities.*

60     "Smart grid" means a digital technology that allows for two-way communication between a utility and the  
61     utility's customers and enables the utility to control power flow and load in real time.

62     **§ 2.2-2380. Board of Directors; members; terms; compensation; president.**

63     A. The Bank shall be governed by a Board of Directors that shall have a total membership of 12 members  
64     that shall consist of nine nonlegislative citizen members and three ex officio members. Nonlegislative citizen  
65     members shall be appointed as follows: four members to be appointed by the Senate Committee on Rules,  
66     four members to be appointed by the Speaker of the House of Delegates, and one member to be appointed by  
67     the Governor, each of whom shall have expertise in real estate, finance, or project development, or legal  
68     expertise in zero-emission or low-emission energy generation, infrastructure, transportation, agriculture,  
69     storm water management, or housing. The Director of the Department of Energy, the Chief Executive Officer  
70     of the Virginia Economic Development Partnership Authority, and the State Treasurer or their designees  
71     shall serve ex officio with voting privileges. Nonlegislative citizen members of the Board shall be citizens of  
72     the Commonwealth.

73     B. After an initial staggering of terms, nonlegislative citizen members of the Board shall serve terms of  
74     three years. No nonlegislative citizen member shall be eligible to serve more than two consecutive three-year  
75     terms. Any appointment to fill a vacancy shall be for the remainder of the unexpired term. A person  
76     appointed to fill a vacancy may be appointed to serve two additional terms. Ex officio members shall serve  
77     terms coincident with their terms of office.

78     C. Members of the Board shall receive such compensation for the performance of their duties as provided  
79     in § 2.2-2813. Members shall be reimbursed for all reasonable and necessary expenses incurred in the  
80     performance of their duties as provided in §§ 2.2-2813 and 2.2-2825. Funding for the costs of compensation  
81     and expenses of the members shall be provided by the Bank.

82     D. The Board shall annually elect a chair and vice-chair from among its nonlegislative citizen members.  
83     A majority of the members shall constitute a quorum for the transaction of the Board's business, and no  
84     vacancy in the membership shall impair the right of a quorum to exercise the rights and perform all duties of  
85     the Board. The Board shall meet at least quarterly or at the call of the chair.

86     E. The Board shall appoint a president of the Bank, who shall not be a member of the Board, and who  
87     shall serve at the pleasure of the Board and carry out such powers and duties conferred upon him by the  
88     Board.

89     **§ 2.2-2381. Powers and duties of the president.**

90     The president shall employ or retain such agents or employees as may be necessary to fulfill the duties of  
91     the Bank conferred upon the president, subject to the Board's approval. Employees of the Bank shall be  
92     eligible for membership in the Virginia Retirement System and participation in all of the health and related  
93     insurance and other benefits, including premium conversion and flexible benefits, available to state  
94     employees as provided by law. The president shall also exercise such powers and duties relating to the Bank  
95     as may be delegated to him by the Board, including powers and duties involving the exercise of discretion.  
96     The president shall also exercise and perform such other powers and duties as may be lawfully delegated to  
97     him or as may be conferred or imposed upon him by law.

98     **§ 2.2-2382. Powers and duties of the Bank.**

99     A. The Bank is granted all powers necessary or convenient for the carrying out of its purposes pursuant to  
100     this article, including the power to:

101       1. Sue and be sued, implead and be impleaded, and complain and defend in all courts;

102       2. Adopt, use, and alter at will a common seal;

103       3. Acquire, purchase, hold, use, lease, or otherwise dispose of any real or personal property or any  
104       interest therein;

105       4. Fix, alter, charge, and collect rates, rentals, fees, and other charges for the use of property of, the sale  
106       of products of, or services rendered by the Bank to pay its expenses;

107       5. Prepare and enter into contracts and agreements with any person or federal, state, or local government  
108       agency;

109       6. Employ, at its discretion, such agents and employees as may be necessary, and fix their compensation  
110       to be payable from funds made available to the Bank. Such agents and employees may reside within or  
111       outside of the Commonwealth and the United States and are not required to be citizens of the  
112       Commonwealth. Legal services for the Bank shall be provided by the Attorney General in accordance with  
113       Chapter 5 (§ 2.2-500 et seq.);

114       7. Apply for and accept gifts, grants, aid, and donations from any source to be expended in furtherance of  
115       accomplishing the objectives of the Bank. All federal funding accepted under this subdivision shall be  
116       accepted and expended by the Bank in accordance with such terms and conditions as are prescribed by the  
117       United States and are consistent with state law, and all state funding accepted under this subdivision shall be  
118       accepted and expended in accordance with such terms and conditions as prescribed by the Commonwealth;

119       8. Adopt, alter, and repeal bylaws, rules, and regulations governing the transaction of the Bank's  
120       business, exercise of its powers, and performance of its duties; and

121     9. Seek to qualify as a state energy financing institution as defined in 42 U.S.C. § 16511.

122     B. In carrying out its powers and duties pursuant to this article, the Bank shall:

123       1. Serve as a financial resource to reduce the upfront and total costs of implementing qualified projects;

124       2. Ensure that all financed projects reduce or do not contribute to greenhouse gas emissions and that no  
125 more than 15 percent in the aggregate of available funds are used to finance projects involving coalbed  
126 methane gas, as such term is defined in § 45.2-1600, or nuclear power;

127       3. Ensure that financing terms and conditions offered are well suited to qualified projects;

128       4. Strategically prioritize the use of the Bank's funds to leverage private investment in qualified projects,  
129 with the aim of achieving a high ratio of private to public money invested through funding mechanisms that  
130 support, enhance, and complement private lending and investment;

131       5. Coordinate with existing federal, state, local, utility, and other programs to ensure that the Bank's  
132 resources are being used most effectively to add to and complement those programs;

133       6. Stimulate demand for qualified projects by (i) contracting with the Department to provide, including  
134 through subcontracts with community navigators, information to project participants about federal, state,  
135 local, utility, and other Bank financial assistance for qualifying projects and technical information on energy  
136 conservation and renewable energy measures; (ii) forming partnerships with contractors and informing  
137 contractors about the Bank's financing programs; (iii) developing innovative marketing strategies to  
138 stimulate project owner interest, especially in underserved communities; and (iv) incentivizing financing  
139 entities to increase activity in underserved markets;

140       7. Finance projects in all regions of the Commonwealth;

141       8. Develop participant eligibility standards and other terms and conditions for financial support provided  
142 by the Bank;

143       9. Develop and administer (i) policies to collect reasonable fees for Bank services and (ii) risk  
144 management activities to support ongoing Bank activities;

145       10. Develop consumer protection standards governing the Bank's investments to ensure that financial  
146 support is provided responsibly and transparently and is in the financial interest of participating project  
147 owners;

148       11. Develop methods to accurately measure the impact of the Bank's activities, particularly on low-  
149 income communities and on greenhouse gas emissions reductions;

150       12. Hire a president and sufficient staff with the appropriate skills and qualifications to carry out the  
151 Bank's programs, making an affirmative effort to recruit and hire a president and staff who are from, or  
152 share the interests of, the communities the Bank is required to serve;

153       13. Acting under its powers as a state energy financing institution under 42 U.S.C. § 16511, collaborate  
154 with the U.S. Department of Energy Loan Programs Office to ensure that authorities made available under  
155 the federal Inflation Reduction Act of 2022, P.L. 117-169, maximally benefit Virginians;

156       14. Ensure that Bank contracts with all third-party administrators, contractors, and subcontractors  
157 contain required covenants, representations, and warranties specifying that contracted third parties are  
158 agents of the Bank and that all acts of contracted third parties are considered acts of the Bank, provided that  
159 the act is within the contracted scope of work; and

160       15. Undertake such other activities as are necessary to carry out the provisions of this article.

161     C. In carrying out its powers and duties pursuant to this article, the Bank may:

162       1. Employ credit enhancement mechanisms that reduce financial risk for financing entities by providing  
163 assurance that a limited portion of a loan or other financial instrument is assumed by the Bank via a loan  
164 loss reserve, loan guarantee, or other mechanism;

165       2. Co-invest in a qualified project by providing senior or subordinated debt, equity, or other mechanisms  
166 in conjunction with other investment, co-lending, or financing;

167       3. Aggregate small and geographically dispersed qualified projects in order to diversify risk or secure  
168 additional private investment through securitization or similar resale of the Bank's interest in a completed  
169 qualified project; and

170       4. Expend funds appropriated to the Bank for start-up purposes, which may be used for financing  
171 programs and project investments authorized under this article, prior to adoption of the strategic plan  
172 required pursuant to § 2.2-2384 and the investment strategy required pursuant to § 2.2-2385.

173     § 2.2-2383. **Bank lending practices; consumer protection.**

174     A. In determining the projects in which the Bank will participate, the Bank shall give preference to  
175 projects that (i) maximize the creation of high-quality employment and apprenticeship opportunities for local  
176 workers, consistent with the public interest, especially workers from historically economically disadvantaged  
177 communities, and Virginia communities hosting retired or retiring electric generation facilities, including  
178 workers previously employed at retiring facilities, and (ii) utilize energy technologies produced domestically  
179 that received an advanced manufacturing tax credit under § 45X of the Internal Revenue Code, as allowed  
180 under the federal Inflation Reduction Act of 2022, P.L. 117-169.

181     B. The Bank shall require, for all projects for which the Bank provides financing, that (i) financing is not  
182 offered without first providing the financing terms and conditions of any project for comment by the Treasury

183 *Board established by § 2.2-2415 and ensuring that the participants meet the Bank's underwriting criteria and*  
184 *(ii) any loan made to a homeowner for a project on the homeowner's residence complies with all applicable*  
185 *state and federal consumer lending laws.*

186 **§ 2.2-2384. Strategic plan.**

187 *A. By December 15, 2026, and each December 15 in even-numbered years thereafter, the Bank shall*  
188 *develop and adopt a strategic plan that prioritizes the Bank's activities over the next two years. The strategic*  
189 *plan shall (i) identify targeted underserved markets for qualified projects in Virginia; (ii) develop specific*  
190 *programs to overcome market impediments through access to Bank financing and technical assistance; and*  
191 *(iii) develop outreach and marketing strategies designed to make potential project developers, participants,*  
192 *and communities aware of financing and technical assistance available from the Bank, including the*  
193 *deployment of community navigators.*

194 *B. Elements of the strategic plan shall be informed by the Bank's analysis of the market for qualified*  
195 *projects and by the Bank's experience under the previous strategic plan, including the degree to which*  
196 *performance targets were or were not achieved by each financing program. In addition, the Bank shall*  
197 *actively seek input regarding activities that should be included in the strategic plan from stakeholders,*  
198 *historically economically disadvantaged communities, the general public, and participants, including via*  
199 *meetings required pursuant to § 2.2-2386.*

200 *C. The Bank shall establish annual targets in a strategic plan for each financing program regarding the*  
201 *number of projects, level of Bank investments, greenhouse gas emissions reductions, and installed generating*  
202 *capacity or energy savings the Bank hopes to achieve, including separate targets for Bank activities*  
203 *undertaken in historically economically disadvantaged communities.*

204 *D. The Bank's targets and strategies shall be designed to ensure that no less than 40 percent of the direct*  
205 *benefits of Bank activities flow to historically economically disadvantaged communities.*

206 *E. The Bank shall submit a draft strategic plan to the General Assembly by October 15 in any even-*  
207 *numbered year.*

208 **§ 2.2-2385. Investment strategy; content; process.**

209 *A. No later than December 15, 2026, and every four years thereafter, the Bank shall adopt a long-term*  
210 *investment strategy to ensure that the Bank's paramount goal to reduce greenhouse gas emissions is reflected*  
211 *in all of the Bank's operations. The investment strategy shall address:*

212 *1. The types of qualified projects the Bank should focus on;*

213 *2. Gaps in current qualified project financing that present the greatest opportunities for successful action*  
214 *by the Bank;*

215 *3. How the Bank can best position itself to maximize its impact without displacing, subsidizing, or*  
216 *assuming risk that should be shared with financing entities;*

217 *4. Financing tools that will be most effective in achieving the Bank's goals;*

218 *5. Partnerships the Bank should establish with other organizations to increase the likelihood of success;*  
219 *and*

220 *6. How values of economic and geographic balance can be integrated into all investment operations of*  
221 *the Bank.*

222 *B. In developing an investment strategy, the Bank shall consult, at a minimum, with similar organizations*  
223 *in other states, lending authorities, state agencies, utilities, environmental and energy policy nonprofits, and*  
224 *other organizations that can provide valuable advice on the Bank's activities. The Bank shall consult with the*  
225 *Department of Environmental Quality and the Department of Conservation and Recreation to identify and*  
226 *incorporate flood resilience and water quality projects into the investment strategy.*

227 *C. The long-term investment strategy shall contain provisions ensuring that:*

228 *1. Bank investments are not made solely to reduce private risk; and*

229 *2. Private financing entities do not unilaterally control the terms of investments to which the Bank is a*  
230 *party.*

231 *D. The Board shall submit a draft long-term investment strategy for comment to each of the groups and*  
232 *individuals with whom the Board consults pursuant to subsection B and to the General Assembly and shall*  
233 *post the draft strategy on the Bank's website. The Bank shall accept written comments on the draft strategy*  
234 *for at least 30 days and shall consider the comments in preparing the final long-term investment strategy.*

235 **§ 2.2-2386. Public outreach.**

236 *The Bank shall:*

237 *1. Maintain a public website that provides information about the Bank's operations, current financing*  
238 *programs, and practices, including rates, terms, and conditions; the number and amount of investments by*  
239 *project type; the number of jobs created; the financing application process; and other information;*

240 *2. Periodically issue an electronic newsletter to stakeholders and the public containing information on the*  
241 *Bank's products, programs, and services and key Bank events and decisions; and*

242 *3. Hold quarterly meetings that are accessible online to update the general public on the Bank's activities,*  
243 *report progress being made in regard to the Bank's strategic plan and long-term investment strategy, and*  
244 *invite audience questions regarding Bank programs.*

**§ 2.2-2387. Form and audit of accounts and records.**

245     A. The accounts and records of the Bank showing the receipt and disbursement of funds from whatever  
 246     source derived shall be in such form as the Auditor of Public Accounts prescribes.

247     B. The accounts and records of the Bank are subject to an annual audit by the Auditor of Public Accounts  
 248     or his legal representative.

**§ 2.2-2388. Exemption from taxes or assessments.**

249     The exercise of the powers granted by this article shall be in all respects for the benefit of the people of  
 250     the Commonwealth, for the increase of their commerce and prosperity, and for the improvement of their  
 251     health and living conditions, and as the operation and maintenance of projects by the Bank and the  
 252     undertaking of activities in furtherance of the purpose of the Bank constitute the performance of essential  
 253     governmental functions, the Bank shall not be required to pay any taxes or assessments upon any project or  
 254     any property acquired or used by the Bank under the provisions of this article or upon the income therefrom,  
 255     including sales and use taxes on tangible personal property used in the operations of the Bank, and shall at  
 256     all times be free from state and local taxation. The exemption granted in this section shall not be construed to  
 257     extend to persons conducting on the premises of a facility businesses for which local or state taxes would  
 258     otherwise be required.

**§ 2.2-2389. Exemption of Bank from personnel and procurement procedures.**

259     The provisions of the Virginia Personnel Act (§ 2.2-2900 et seq.) and the Virginia Public Procurement Act  
 260     (§ 2.2-4300 et seq.) shall not apply to the Bank in the exercise of any power conferred under this article.

**§ 2.2-2390. Annual report.**

261     The Bank shall submit to the Governor and the General Assembly an annual executive summary of the  
 262     interim activity and work of the Bank no later than the first day of each regular session of the General  
 263     Assembly. The executive summary shall be submitted as a report document as provided in the procedures of  
 264     the Division of Legislative Automated Systems for the processing of legislative documents and reports and  
 265     shall be posted on the General Assembly's website. The executive summary shall include information  
 266     regarding efforts supported by the Bank.

267     2. That the initial appointments of nonlegislative citizen members to the Board of Directors of the  
 268     Virginia Clean Energy Innovation Bank established by this act shall be staggered as follows: (i) one  
 269     member appointed by the Senate Committee on Rules for a term of one year and two members  
 270     appointed by the Speaker of the House of Delegates for a term of one year; (ii) two members appointed  
 271     by the Senate Committee on Rules for a term of two years and one member appointed by the Speaker  
 272     of the House of Delegates for a term of two years; and (iii) one member appointed by the Senate  
 273     Committee on Rules for a term of three years, one member appointed by the Speaker of the House of  
 274     Delegates for a term of three years, and one member appointed by the Governor for a term of three  
 275     years. A nonlegislative citizen member who is appointed for an initial term of one or two years may be  
 276     appointed for an additional two terms.