

# 2026 SESSION

INTRODUCED

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1 **HOUSE BILL NO. 395**

2 Offered January 14, 2026

3 Prefiled January 12, 2026

4 *A BILL to amend and reenact §§ 56-594, 56-594.01, and 56-594.2 of the Code of Virginia and to amend the*  
5 *Code of Virginia by adding in Chapter 23 of Title 56 a section numbered 56-596.7, relating to electric*  
6 *utilities; small portable solar generation devices.*

7 Patron—Krizek

8 Committee Referral Pending

9 Be it enacted by the General Assembly of Virginia:

10 **1. That §§ 56-594, 56-594.01, and 56-594.2 of the Code of Virginia are amended and reenacted and that**  
11 **the Code of Virginia is amended by adding in Chapter 23 of Title 56 a section numbered 56-596.7 as**  
12 **follows:**

13 **§ 56-594. Net energy metering provisions.**

14 A. The Commission shall establish by regulation a program that affords eligible customer-generators the  
15 opportunity to participate in net energy metering, and a program, to begin no later than July 1, 2014, for  
16 customers of investor-owned utilities and to begin no later than July 1, 2015, and to end July 1, 2019, for  
17 customers of electric cooperatives as provided in subsection G, to afford eligible agricultural  
18 customer-generators the opportunity to participate in net energy metering. The regulations may include, but  
19 need not be limited to, requirements for (i) retail sellers; (ii) owners or operators of distribution or  
20 transmission facilities; (iii) providers of default service; (iv) eligible customer-generators; (v) eligible  
21 agricultural customer-generators; or (vi) any combination of the foregoing, as the Commission determines  
22 will facilitate the provision of net energy metering, provided that the Commission determines that such  
23 requirements do not adversely affect the public interest. On and after July 1, 2017, small agricultural  
24 generators or eligible agricultural customer-generators may elect to interconnect pursuant to the provisions of  
25 this section or as small agricultural generators pursuant to § 56-594.2, but not both. Existing eligible  
26 agricultural customer-generators may elect to become small agricultural generators, but may not revert to  
27 being eligible agricultural customer-generators after such election. On and after July 1, 2019, interconnection  
28 of eligible agricultural customer-generators shall cease for electric cooperatives only, and such facilities shall  
29 interconnect solely as small agricultural generators. For electric cooperatives, eligible agricultural  
30 customer-generators whose renewable energy generating facilities were interconnected before July 1, 2019,  
31 may continue to participate in net energy metering pursuant to this section for a period not to exceed 25 years  
32 from the date of their renewable energy generating facility's original interconnection.

33 B. For the purpose of this section:

34 "Eligible agricultural customer-generator" means a customer that operates a renewable energy generating  
35 facility as part of an agricultural business, which generating facility (i) uses as its sole energy source solar  
36 power, wind power, or aerobic or anaerobic digester gas, (ii) does not have an aggregate generation capacity  
37 of more than 500 kilowatts, (iii) is located on land owned or controlled by the agricultural business, (iv) is  
38 connected to the customer's wiring on the customer's side of its interconnection with the distributor; (v) is  
39 interconnected and operated in parallel with an electric company's transmission and distribution facilities, ~~and~~  
40 (vi) is used primarily to provide energy to metered accounts of the agricultural business; ~~and~~ (vii) is not a  
41 *small portable solar generation device as defined in § 56-596.7.* An eligible agricultural customer-generator  
42 may be served by multiple meters serving the eligible agricultural customer-generator that are located at the  
43 same or adjacent sites, such that the eligible agricultural customer-generator may aggregate in a single  
44 account the electricity consumption and generation measured by the meters, provided that the same utility  
45 serves all such meters. The aggregated load shall be served under the appropriate tariff.

46 "Eligible customer-generator" means a customer that owns and operates, or contracts with other persons  
47 to own, operate, or both, an electrical generating facility, including any additions or enhancements such as  
48 battery storage or a smart inverter, that (i) has a capacity of not more than 25 kilowatts for residential  
49 customers and not more than three megawatts for nonresidential customers; (ii) uses as its total source of fuel  
50 renewable energy, as defined in § 56-576; (iii) is located on land owned or leased by the customer and is  
51 connected to the customer's wiring on the customer's side of its interconnection with the distributor; (iv) is  
52 interconnected and operated in parallel with an electric company's transmission and distribution facilities; ~~and~~  
53 (v) is intended primarily to offset all or part of the customer's own electricity requirements; ~~and~~ (vi) is not a  
54 *small portable solar generation device as defined in § 56-596.7.* No contract, lease, or arrangement by which  
55 a third party owns, maintains, or operates an electrical generating facility on an eligible customer-generator's  
56 property shall constitute the sale of electricity or cause the customer-generator or the third party to be

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59 considered an electric utility by virtue of participating in net energy metering. In addition to the electrical  
60 generating facility size limitations in clause (i), the capacity of any generating facility installed under this  
61 section between July 1, 2015, and July 1, 2020, shall not exceed the expected annual energy consumption  
62 based on the previous 12 months of billing history or an annualized calculation of billing history if 12 months  
63 of billing history is not available. In addition to the electrical generating facility size limitation in clause (i),  
64 in the certificated service territory of a Phase I Utility, the capacity of any generating facility installed under  
65 this section after July 1, 2020, shall not exceed 100 percent of the expected annual energy consumption based  
66 on the previous 12 months of billing history or an annualized calculation of billing history if 12 months of  
67 billing history is not available, and in the certificated service territory of a Phase II Utility, the capacity of any  
68 generating facility installed under this section after July 1, 2020, shall not exceed 150 percent of the expected  
69 annual energy consumption based on the previous 12 months of billing history or an annualized calculation of  
70 billing history if 12 months of billing history is not available.

71 "Net energy metering" means measuring the difference, over the net metering period, between (i)  
72 electricity supplied to an eligible customer-generator or eligible agricultural customer-generator from the  
73 electric grid and (ii) the electricity generated and fed back to the electric grid by the eligible customer-  
74 generator or eligible agricultural customer-generator.

75 "Net metering period" means the 12-month period following the date of final interconnection of the  
76 eligible customer-generator's or eligible agricultural customer-generator's system with an electric service  
77 provider, and each 12-month period thereafter.

78 "Small agricultural generator" has the same meaning that is ascribed to that term in § 56-594.2.

79 C. The Commission's regulations shall ensure that (i) the metering equipment installed for net metering  
80 shall be capable of measuring the flow of electricity in two directions and (ii) any eligible customer-generator  
81 seeking to participate in net energy metering shall notify its supplier and receive approval to interconnect  
82 prior to installation of an electrical generating facility. The electric distribution company shall have 30 days  
83 from the date of notification for residential facilities, and 60 days from the date of notification for  
84 nonresidential facilities, to determine whether the interconnection requirements have been met. Such  
85 regulations shall allocate fairly the cost of such equipment and any necessary interconnection. An eligible  
86 customer-generator's electrical generating system, and each electrical generating system of an eligible  
87 agricultural customer-generator, shall meet all applicable safety and performance standards established by the  
88 National Electrical Code, the Institute of Electrical and Electronics Engineers, and accredited testing  
89 laboratories such as Underwriters Laboratories. Beyond the requirements set forth in this section and to  
90 ensure public safety, power quality, and reliability of the supplier's electric distribution system, an eligible  
91 customer-generator or eligible agricultural customer-generator whose electrical generating system meets  
92 those standards and rules shall bear all reasonable costs of equipment required for the interconnection to the  
93 supplier's electric distribution system, including costs, if any, to (a) install additional controls and (b) perform  
94 or pay for additional tests. No eligible customer-generator or eligible agricultural customer-generator shall be  
95 required to provide proof of liability insurance or to purchase additional liability insurance as a condition of  
96 interconnection.

97 D. The Commission shall establish minimum requirements for contracts to be entered into by the parties  
98 to net metering arrangements. Such requirements shall protect the eligible customer-generator or eligible  
99 agricultural customer-generator against discrimination by virtue of its status as an eligible customer-generator  
100 or eligible agricultural customer-generator, and permit customers that are served on time-of-use tariffs that  
101 have electricity supply demand charges contained within the electricity supply portion of the time-of-use  
102 tariffs to participate as an eligible customer-generator or eligible agricultural customer-generator.  
103 Notwithstanding the cost allocation provisions of subsection C, eligible customer-generators or eligible  
104 agricultural customer-generators served on demand charge-based time-of-use tariffs shall bear the  
105 incremental metering costs required to net meter such customers.

106 E. If electricity generated by an eligible customer-generator or eligible agricultural customer-generator  
107 over the net metering period exceeds the electricity consumed by the eligible customer-generator or eligible  
108 agricultural customer-generator, the customer-generator or eligible agricultural customer-generator shall be  
109 compensated for the excess electricity if the entity contracting to receive such electric energy and the eligible  
110 customer-generator or eligible agricultural customer-generator enter into a power purchase agreement for  
111 such excess electricity. Upon the written request of the eligible customer-generator or eligible agricultural  
112 customer-generator, the supplier that serves the eligible customer-generator or eligible agricultural customer-  
113 generator shall enter into a power purchase agreement with the requesting eligible customer-generator or  
114 eligible agricultural customer-generator that is consistent with the minimum requirements for contracts  
115 established by the Commission pursuant to subsection D. The power purchase agreement shall obligate the  
116 supplier to purchase such excess electricity at the rate that is provided for such purchases in a net metering  
117 standard contract or tariff approved by the Commission, unless the parties agree to a higher rate. The eligible  
118 customer-generator or eligible agricultural customer-generator owns any renewable energy certificates  
119 associated with its electrical generating facility; however, at the time that the eligible customer-generator or  
120 eligible agricultural customer-generator enters into a power purchase agreement with its supplier, the eligible

121 customer-generator or eligible agricultural customer-generator shall have a one-time option to sell the  
 122 renewable energy certificates associated with such electrical generating facility to its supplier and be  
 123 compensated at an amount that is established by the Commission to reflect the value of such renewable  
 124 energy certificates. Nothing in this section shall prevent the eligible customer-generator or eligible  
 125 agricultural customer-generator and the supplier from voluntarily entering into an agreement for the sale and  
 126 purchase of excess electricity or renewable energy certificates at mutually-agreed upon prices if the eligible  
 127 customer-generator or eligible agricultural customer-generator does not exercise its option to sell its  
 128 renewable energy certificates to its supplier at Commission-approved prices at the time that the eligible  
 129 customer-generator or eligible agricultural customer-generator enters into a power purchase agreement with  
 130 its supplier. All costs incurred by the supplier to purchase excess electricity and renewable energy certificates  
 131 from eligible customer-generators or eligible agricultural customer-generators shall be recoverable through its  
 132 Renewable Energy Portfolio Standard (RPS) rate adjustment clause, if the supplier has a Commission-  
 133 approved RPS plan. If not, then all costs shall be recoverable through the supplier's fuel adjustment clause.  
 134 For purposes of this section, "all costs" shall be defined as the rates paid to the eligible customer-generator or  
 135 eligible agricultural customer-generator for the purchase of excess electricity and renewable energy  
 136 certificates and any administrative costs incurred to manage the eligible customer-generator's or eligible  
 137 agricultural customer-generator's power purchase arrangements. The net metering standard contract or tariff  
 138 shall be available to eligible customer-generators or eligible agricultural customer-generators on a first-come,  
 139 first-served basis in each electric distribution company's Virginia service area until the rated generating  
 140 capacity owned and operated by eligible customer-generators, eligible agricultural customer-generators, and  
 141 small agricultural generators in the Commonwealth reaches six percent, in the aggregate, five percent of  
 142 which is available to all customers and one percent of which is available only to low-income utility customers  
 143 of each electric distribution company's adjusted Virginia peak-load forecast for the previous year, and shall  
 144 require the supplier to pay the eligible customer-generator or eligible agricultural customer-generator for such  
 145 excess electricity in a timely manner at a rate to be established by the Commission.

146 On and after the earlier of (i) 2024 for a Phase I Utility or 2025 for a Phase II Utility or (ii) when the  
 147 aggregate rated generating capacity owned and operated by eligible customer-generators, eligible agricultural  
 148 customer-generators, and small agricultural generators in the Commonwealth reaches three percent of a Phase  
 149 I or Phase II Utility's adjusted Virginia peak-load forecast for the previous year, the Commission shall  
 150 conduct a net energy metering proceeding.

151 In any net energy metering proceeding, the Commission shall, after notice and opportunity for hearing,  
 152 evaluate and establish (a) an amount customers shall pay on their utility bills each month for the costs of  
 153 using the utility's infrastructure; (b) an amount the utility shall pay to appropriately compensate the customer,  
 154 as determined by the Commission, for the total benefits such facilities provide; (c) the direct and indirect  
 155 economic impact of net metering to the Commonwealth; and (d) any other information the Commission  
 156 deems relevant. The Commission shall establish an appropriate rate structure related thereto, which shall  
 157 govern compensation related to all eligible customer-generators, eligible agricultural customer-generators,  
 158 and small agricultural generators, except low-income utility customers, that interconnect after the effective  
 159 date established in the Commission's final order. Nothing in the Commission's final order shall affect any  
 160 eligible customer-generators, eligible agricultural customer-generators, and small agricultural generators who  
 161 interconnect before the effective date of such final order. As part of the net energy metering proceeding, the  
 162 Commission shall evaluate the six percent aggregate net metering cap and may, if appropriate, raise or  
 163 remove such cap. The Commission shall enter its final order in such a proceeding no later than 12 months  
 164 after it commences such proceeding, and such final order shall establish a date by which the new terms and  
 165 conditions shall apply for interconnection and shall also provide that, if the terms and conditions of  
 166 compensation in the final order differ from the terms and conditions available to customers before the  
 167 proceeding, low-income utility customers may interconnect under whichever terms are most favorable to  
 168 them.

169 F. Any residential eligible customer-generator or eligible agricultural customer-generator, in the service  
 170 territory of a Phase II Utility who owns and operates, or contracts with other persons to own, operate, or both,  
 171 an electrical generating facility with a capacity that exceeds 15 kilowatts shall pay to its supplier, in addition  
 172 to any other charges authorized by law, a monthly standby charge. The amount of the standby charge and the  
 173 terms and conditions under which it is assessed shall be in accordance with a methodology developed by the  
 174 supplier and approved by the Commission. The Commission shall approve a supplier's proposed standby  
 175 charge methodology if it finds that the standby charges collected from all such eligible customer-generators  
 176 and eligible agricultural customer-generators allow the supplier to recover only the portion of the supplier's  
 177 infrastructure costs that are properly associated with serving such eligible customer-generators or eligible  
 178 agricultural customer-generators. Such an eligible customer-generator or eligible agricultural customer-  
 179 generator shall not be liable for a standby charge until the date specified in an order of the Commission  
 180 approving its supplier's methodology. For customers of all other investor-owned utilities, on and after July 1,  
 181 2020, standby charges are prohibited for any residential eligible customer-generator or agricultural customer-

182 generator.

183 G. On and after the later of July 1, 2019, or the effective date of regulations that the Commission is  
184 required to adopt pursuant to § 56-594.01, (i) net energy metering in the service territory of each electric  
185 cooperative shall be conducted as provided in a program implemented pursuant to § 56-594.01 and (ii) the  
186 provisions of this section shall not apply to net energy metering in the service territory of an electric  
187 cooperative except as provided in § 56-594.01.

188 H. The Commission may adopt such rules or establish such guidelines as may be necessary for its general  
189 administration of this section.

190 I. When the Commission conducts a net energy metering proceeding, it shall:

191 1. Investigate and determine the costs and benefits of the current net energy metering program;

192 2. Establish an appropriate netting measurement interval for a successor tariff that is just and reasonable in  
193 light of the costs and benefits of the net metering program in aggregate, and applicable to new requests for  
194 net energy metering service;

195 3. Determine a specific avoided cost for customer-generators, the different type of customer-generator  
196 technologies where the Commission deems it appropriate, and establish the methodology for determining the  
197 compensation rate for any net excess generation determined according to the applicable net measurement  
198 interval for any new tariff; and

199 4. Make all reasonable efforts to ensure that the net energy metering program does not result in  
200 unreasonable cost-shifting to nonparticipating electric utility customers.

201 J. In evaluating the costs and benefits of the net energy metering program, the Commission shall consider:

202 1. The aggregate impact of customer-generators on the electric utility's long-run marginal costs of  
203 generation, distribution, and transmission;

204 2. The cost of service implications of customer-generators on other customers within the same class,  
205 including an evaluation of whether customer-generators provide an adequate rate of return to the electrical  
206 utility compared to the otherwise applicable rate class when, for analytical purposes only, examined as a  
207 separate class within a cost of service study;

208 3. The direct and indirect economic impact of the net energy metering program to the Commonwealth;  
209 and

210 4. Any other information it deems relevant, including environmental and resilience benefits of customer-  
211 generator facilities.

212 K. Notwithstanding the provisions of this section, § 56-585.1:8, or any other provision of law to the  
213 contrary, any locality that is a nonjurisdictional customer of a Phase II Utility, as defined in § 56-585.1:3, and  
214 is in Planning District Eight with a population greater than 1 million may (i) install solar-powered or  
215 wind-powered electric generation facilities with a rated capacity not exceeding five megawatts, whether the  
216 facilities are owned by the locality or owned and operated by a third party pursuant to a contract with the  
217 locality, on any locality-owned site within the locality and (ii) credit the electricity generated at any such  
218 facility as directed by the governing body of the locality to any one or more of the metered accounts of  
219 buildings or other facilities of the locality or the locality's public school division that are located within the  
220 locality, without regard to whether the buildings and facilities are located at the same site where the electric  
221 generation facility is located or at a site contiguous thereto. The amount of the credit for such electricity to  
222 the metered accounts of the locality or its public school division shall be identical, with respect to the rate  
223 structure, all retail rate components, and monthly charges, to the amount the locality or public school division  
224 would otherwise be charged for such amount of electricity under its contract with the public utility, without  
225 the assessment by the public utility of any distribution charges, service charges, or fees in connection with or  
226 arising out of such crediting.

227 L. Any eligible customer-generator or eligible agricultural customer-generator may participate in demand  
228 response, energy efficiency, or peak reduction from dispatch of onsite battery service, provided that the  
229 compensation received is in exchange for a distinct service that is not already compensated by net metering  
230 credits for electricity exported to the electric distribution system or compensated by any other utility program  
231 or tariff. The Commission shall review and evaluate the continuing need for the imposition of standby or  
232 other charges on eligible customer-generators or eligible agricultural customer-generators in any net energy  
233 metering proceeding conducted pursuant to subsection E.

234 **§ 56-594.01. Net energy metering provisions for electric cooperative service territories.**

235 A. The Commission shall establish by regulation a program that affords eligible customer-generators the  
236 opportunity to participate in net energy metering in the service territory of each electric cooperative, which  
237 program shall commence on the later of July 1, 2019, or the effective date of such regulations. Such  
238 regulations shall be similar to existing regulations promulgated pursuant to § 56-594. In lieu of adopting new  
239 regulations, the Commission may amend such existing regulations to apply to electric cooperatives with such  
240 revisions as are required to comply with the provisions of this section. The regulations may include  
241 requirements applicable to (i) retail sellers, (ii) owners or operators of distribution or transmission facilities,  
242 (iii) providers of default service, (iv) eligible customer-generators, or (v) any combination of the foregoing,  
243 as the Commission determines will facilitate the provision of net energy metering, provided that the

244 Commission determines that such requirements do not adversely affect the public interest.

245 B. As used in this section:

246 "Eligible customer-generator" means a customer that owns and operates, or contracts with other persons  
 247 to own, operate, or both, an electrical generating facility that (i) has a capacity of not more than 20 kilowatts  
 248 for residential customers and not more than one megawatt for nonresidential customers on an electrical  
 249 generating facility placed in service after July 1, 2015; (ii) uses as its total source of fuel renewable energy as  
 250 defined in § 56-576; (iii) is located on the customer's premises and is connected to the customer's wiring on  
 251 the customer's side of its interconnection with the distributor; (iv) is interconnected and operated in parallel  
 252 with an electric company's transmission and distribution facilities; ~~and~~ (v) is intended primarily to offset all  
 253 or part of the customer's own electricity requirements; *and* (vi) is not a small portable solar generation device  
 254 as defined in § 56-596.7. In addition to the electrical generating facility size limitations in clause (i), the  
 255 capacity of any generating facility installed under this section after July 1, 2015, shall not exceed the  
 256 expected annual energy consumption based on the previous 12 months of billing history or an annualized  
 257 calculation of billing history if 12 months of billing history is not available.

258 "Net energy metering" means measuring the difference, over the net metering period, between (i)  
 259 electricity supplied to an eligible customer-generator from the electric grid and (ii) the electricity generated  
 260 and fed back to the electric grid by the eligible customer-generator.

261 "Net metering period" means the 12-month period following the date of final interconnection of the  
 262 eligible customer-generator's system with an electric service provider, and each 12-month period thereafter.

263 C. The Commission's regulations shall ensure that (i) the metering equipment installed for net metering  
 264 shall be capable of measuring the flow of electricity in two directions and (ii) any eligible customer-generator  
 265 seeking to participate in net energy metering shall notify its supplier and receive approval to interconnect  
 266 prior to installation of an electrical generating facility. The Commission shall publish a form for such prior  
 267 notice and such notice shall be processed promptly by the supplier prior to any construction activity taking  
 268 place. After construction, inspection and documentation thereof shall be required prior to interconnection.  
 269 The electric distribution company shall have 30 days from the date of each notification for residential  
 270 facilities, and 60 days from the date of each notification for nonresidential facilities, to determine whether the  
 271 interconnection requirements have been met. Such regulations shall allocate fairly the cost of such equipment  
 272 and any necessary interconnection. An eligible customer-generator's electrical generating system shall meet  
 273 all applicable safety and performance standards established by the National Electrical Code, the Institute of  
 274 Electrical and Electronics Engineers, and accredited testing laboratories such as Underwriters Laboratories. In  
 275 addition to the requirements set forth in this section and to ensure public safety, power quality, and reliability  
 276 of the supplier's electric distribution system, an eligible customer-generator whose electrical generating  
 277 system meets those standards and rules shall bear all reasonable costs of equipment required for the  
 278 interconnection to the supplier's electric distribution system, including costs, if any, to (a) install additional  
 279 controls, (b) perform or pay for additional tests, and (c) purchase additional liability insurance. An electric  
 280 cooperative may publish and use its own forms, including an electronic form, for purposes of implementing  
 281 the regulations described herein so long as the information collected on the Commission's form is also  
 282 collected by the cooperative and submitted to the Commission.

283 D. The Commission shall establish minimum requirements for contracts to be entered into by the parties  
 284 to net metering arrangements. Such requirements shall protect the eligible customer-generator against  
 285 discrimination by virtue of its status as an eligible customer-generator and permit customers that are served  
 286 on time-of-use tariffs that have electricity supply demand charges contained within the electricity supply  
 287 portion of the time-of-use tariffs to participate as an eligible customer-generator. Notwithstanding the cost  
 288 allocation provisions of subsection C, eligible customer-generators served on demand charge-based time-of-  
 289 use tariffs shall bear the incremental metering costs required to net meter such customers.

290 E. If electricity generated by an eligible customer-generator over the net metering period exceeds the  
 291 electricity consumed by the eligible customer-generator, the customer-generator shall be compensated for the  
 292 excess electricity if the entity contracting to receive such electric energy and the eligible customer-generator  
 293 enter into a power purchase agreement for such excess electricity. Upon the written request of the eligible  
 294 customer-generator, the supplier that serves the eligible customer-generator shall enter into a power purchase  
 295 agreement with the requesting eligible customer-generator that is consistent with the minimum requirements  
 296 for contracts established by the Commission pursuant to subsection D. The power purchase agreement shall  
 297 obligate the supplier to purchase such excess electricity at the rate that is provided for such purchases in a net  
 298 metering standard contract or tariff approved by the Commission, unless the parties agree to a higher rate.  
 299 The eligible customer-generator owns any renewable energy certificates associated with its electrical  
 300 generating facility; however, at the time that the eligible customer-generator enters into a power purchase  
 301 agreement with its supplier, the eligible customer-generator shall have a one-time option to sell the renewable  
 302 energy certificates associated with such electrical generating facility to its supplier and be compensated at an  
 303 amount that is established by the Commission to reflect the value of such renewable energy certificates.  
 304 Nothing in this section shall prevent the eligible customer-generator and the supplier from voluntarily  
 305 entering into an agreement for the sale and purchase of excess electricity or renewable energy certificates at

306 mutually agreed upon prices if the eligible customer-generator does not exercise its option to sell its  
307 renewable energy certificates to its supplier at Commission-approved prices at the time that the eligible  
308 customer-generator enters into a power purchase agreement with its supplier. All costs incurred by the  
309 supplier to purchase excess electricity and renewable energy certificates from eligible customer-generators  
310 shall be recoverable through its fuel adjustment clause. For purposes of this section, "all costs" shall be  
311 defined as the rates paid to the eligible customer-generator for the purchase of excess electricity and  
312 renewable energy certificates and any administrative costs incurred to manage the eligible customer-  
313 generator's power purchase arrangements. The net metering standard contract or tariff shall be available to  
314 eligible customer-generators on a first-come, first-served basis, subject to the provisions of subsection F, and  
315 shall require the supplier to pay the eligible customer-generator for such excess electricity in a timely manner  
316 at a rate to be established by the Commission.

317 F. Net energy metering shall be open to customers on a first-come, first-served basis until such time as the  
318 total capacity of the generation facilities, expressed in alternating current nameplate, reaches two percent of  
319 system peak for residential customers, two percent of system peak for not-for-profit and nonjurisdictional  
320 customers, and one percent of system peak for other nonresidential customers, which are herein referred to as  
321 the electric cooperative's caps. As used in this subsection, "percent of system peak" refers to a percentage of  
322 the electric cooperative's highest total system peak, based on the noncoincident peak of the electric  
323 cooperative or the coincident peak of all of the electric cooperative's customers, within the past three years as  
324 listed in Part O, Line 20 of Form 7 filed with the Rural Utilities Service or its equivalent, less any portion of  
325 the cooperative's total load that is served by a competitive service provider or by a market-based rate. Such  
326 caps shall not decrease but may increase if the system peak in any year exceeds the previous year's system  
327 peak. Nothing in this subsection shall amend or confer new rights upon any existing nonjurisdictional  
328 contract or arrangement or work to submit any nonjurisdictional customer, contract, or arrangement to the  
329 jurisdiction of the Commission. For purposes of calculating the caps established in this subsection, all net  
330 energy metering shall be counted, whenever interconnected, and shall include net energy metering  
331 interconnected pursuant to § 56-594, agricultural net energy metering, and any net energy metering entered  
332 into with a third-party provider registered pursuant to subsection K. Net energy metering with  
333 nonjurisdictional customers entered into prior to July 1, 2019, may be counted toward the caps, in the  
334 discretion of the cooperative, as net energy metering if the nonjurisdictional customer takes service pursuant  
335 to a cooperative's net energy metering rider. Net energy metering with nonjurisdictional customers entered  
336 into on or after July 1, 2019, shall be counted toward the caps by default unless the cooperative has reason to  
337 exclude such net energy metering as subject to a separate contract or arrangement. Each electric cooperative  
338 governed by this section shall publish information regarding the calculation and status of its caps pursuant to  
339 this subsection, or the electric cooperative's systemwide cap established in § 56-585.4 if applicable, on the  
340 electric cooperative's website.

341 G. An electric cooperative may, without Commission approval or the requirement of any filing other than  
342 as provided in this subsection, upon the adoption by its board of directors of a resolution so providing, raise  
343 the caps established in subsection F, with any increase allocated among residential, not-for-profit and  
344 nonjurisdictional, and other nonresidential customers as the board of directors may find to be in the interests  
345 of the electric cooperative's membership. The electric cooperative shall promptly file a revised net energy  
346 metering compliance filing with the Commission for informational purposes.

347 H. Any residential eligible customer-generator who owns and operates, or contracts with other persons to  
348 own, operate, or both, an electrical generating facility with a capacity that exceeds 10 kilowatts shall pay to  
349 its supplier, in addition to any other charges authorized by law, a monthly standby charge. The amount of the  
350 standby charge and the terms and conditions under which it is assessed shall be in accordance with a  
351 methodology developed by the supplier and approved by the Commission. The Commission shall approve a  
352 supplier's proposed standby charge methodology if it finds that the standby charges collected from all such  
353 eligible customer-generators allow the supplier to recover only the portion of the supplier's infrastructure  
354 costs that are properly associated with serving such eligible customer-generators. Such an eligible customer-  
355 generator shall not be liable for a standby charge until the date specified in an order of the Commission  
356 approving its supplier's methodology.

357 I. Any eligible agricultural customer-generator interconnected in an electric cooperative service territory  
358 prior to July 1, 2019, shall continue to be governed by § 56-594 and the regulations adopted pursuant thereto  
359 throughout the grandfathering period described in subsection A of § 56-594.

360 J. Any eligible customer-generator served by a competitive service provider pursuant to the provisions of  
361 § 56-577 shall engage in net energy metering only with such supplier and pursuant only to tariffs filed by  
362 such supplier. Such an eligible customer-generator shall pay the full portion of its distribution charges,  
363 without offset or netting, to its electric cooperative.

364 K. After the conclusion of the Commission's rulemaking proceeding pursuant to subsection L, third-party  
365 partial requirements power purchase agreements, the purpose of which is to finance the purchase of  
366 renewable generation facilities by eligible customer-generators through the sale of electricity, shall be  
367 permitted pursuant to the provisions of this section only for those retail customers and nonjurisdictional

368 customers of the electric cooperative that are exempt from federal income taxation, unless otherwise  
 369 permitted by § 56-585.4 or subsection M. No person shall offer a third-party partial requirements power  
 370 purchase agreement in the service territory of an electric cooperative without fulfilling the registration  
 371 requirements set forth in this section and complying with applicable Commission rules, including those  
 372 adopted pursuant to subdivision L 2.

373 L. After August 1, 2019, but before January 1, 2020, the Commission shall initiate a rulemaking  
 374 proceeding to promulgate the regulations necessary to implement this section as follows:

375 1. In conducting such a proceeding, the Commission may require notice to be given to current eligible  
 376 customer-generators and eligible agricultural customer-generators but shall not require general publication of  
 377 the notice. An opportunity to request a hearing shall be afforded, but a hearing is not required. In the  
 378 rulemaking proceeding, the electric cooperatives governed by this section shall be required to submit  
 379 compliance filings, but no other individual proceedings shall be required or conducted.

380 2. In promulgating regulations to govern third-party power purchase agreement providers as retail sellers,  
 381 the Commission shall:

382 a. Direct the staff to administer a registration system for such providers;

383 b. Enumerate in its regulations the jurisdiction of the Commission over providers, generally limited in  
 384 scope to the behavior of providers, customer complaints, and their compliance with the registration  
 385 requirements and stating clearly that civil contract disputes and claims for damages against providers shall  
 386 not be subject to the jurisdiction of the Commission;

387 c. Enumerate in its regulations the maximum extent of its authority over the providers, to be limited to any  
 388 or all of:

389 (1) Monetary penalties against registered providers not to exceed \$30,000 per provider registration;

390 (2) Orders for providers to cease or desist from a certain practice, act, or omission;

391 (3) Debarment of registered providers;

392 (4) The issuance of orders to show cause; and

393 (5) Authority incident to subdivisions (1) through (4);

394 d. Delineate in its regulations two classes of providers, one for residential customers and one for  
 395 nonresidential customers;

396 e. Direct the staff to set up a self-certification system as described in this subdivision;

397 f. Establish business practice and consumer protection standards from a national renewable energy  
 398 association whose business is germane to the businesses of the providers;

399 g. Require providers to comply with other applicable Commission regulations governing interconnection  
 400 and safety, including utility procedures governing the same;

401 h. Require minimum capitalization or other bond or surety that, in the judgment of the Commission, is  
 402 necessary for adequate consumer protection and in the public interest;

403 i. Require the payment of a fee of \$250 for residential and nonresidential provider registration; and

404 j. Provide that no registered provider, by virtue of that status alone, shall be considered a public utility or  
 405 competitive service provider for purposes of this title.

406 3. The self-certification system described in this subdivision shall require a provider to affirm to the staff,  
 407 under the penalty of revocation of registration, (i) that it is licensed to do business in Virginia; (ii) the names  
 408 of the responsible officers of the provider entity; (iii) that its named officers have no felony convictions or  
 409 convictions for crimes of moral turpitude; (iv) that it will abide by all applicable Commission regulations  
 410 promulgated under this section or for purposes of interconnections and safety; (v) that it will appoint an  
 411 officer to be a primary liaison to the staff; (vi) that it will appoint an employee to be a primary contact for  
 412 customer complaints; (vii) that it will have and disclose to customers a dispute resolution procedure; (viii)  
 413 that it has specified in its registration materials in which territories it intends to offer power purchase  
 414 agreements; (ix) that it, and each of its named officers, agree to submit themselves to the jurisdiction of the  
 415 Commission as described in this subdivision; and (x) that, once registered, the provider shall report any  
 416 material changes in its registration materials to the staff, as a continuing obligation of registration. The staff  
 417 shall send a copy of the registration materials to each cooperative in whose territory the provider intends to  
 418 offer power purchase agreements. The staff, once satisfied that the certifications required pursuant to this  
 419 subdivision are complete, and not more than 30 days following the initial and complete submittal of the  
 420 registration materials, shall enter the provider onto the official register of providers. No formal Commission  
 421 proceeding is required for registration but may be initiated if the staff (a) has reason to doubt the veracity of  
 422 the certifications of the provider or (b) in any other case, if, in the judgment of the staff, extenuating or  
 423 extraordinary circumstances exist that warrant a proceeding. The staff shall not investigate the corporate  
 424 structure, financing, bookkeeping, accounting practices, contracting practices, prices, or terms and conditions  
 425 in a third-party partial requirements power purchase agreement. Nothing in this section shall abridge the right  
 426 of any person, including the Office of Attorney General, from proceeding in a cause of action under the  
 427 Virginia Consumer Protection Act, § 59.1-196 et seq.

428 4. The Commission shall complete such rulemaking procedure within 12 months of its initiation.

429 M. An electric cooperative may, without approval of the Commission or the requirement of any filing

430 other than as provided in this subsection, and upon the adoption by its board of directors of a resolution so  
431 providing, permit the use of any third-party partial requirements power purchase agreement, the purpose of  
432 which agreement is to finance the purchase of renewable generation facilities by eligible customer-generators  
433 through the sale of electricity for residential retail customers, nonresidential retail customers, or both. The  
434 electric cooperative shall promptly file a revised net energy metering compliance filing with the Commission  
435 for informational purposes.

436 **§ 56-594.2. Small agricultural generators.**

437 A. As used in this section:

438 "Small agricultural generating facility" means an electrical generating facility that:

439 1. Has a capacity:

440 a. Of not more than 1.5 megawatts; and

441 b. That does not exceed 150 percent of the customer's expected annual energy consumption based on the  
442 previous 12 months of billing history or an annualized calculation of billing history if 12 months of billing  
443 history is not available;

444 2. Uses as its total source of fuel renewable energy;

445 3. Is located on the customer's premises and is interconnected with its utility through a separate meter;

446 4. Is interconnected and operated in parallel with an electric utility's distribution but not transmission  
447 facilities;

448 5. Is designed so that the electricity generated by the facility is expected to remain on the utility's  
449 distribution system; **and**

450 6. Is a qualifying small power production facility pursuant to the Public Utility Regulatory Policies Act of  
451 1978 (P.L. 95-617); **and**

452 7. *Is not a small portable solar generation device as defined in § 56-596.7.*

453 "Small agricultural generator" means a customer that:

454 1. Is not an eligible agricultural customer-generator pursuant to § 56-594;

455 2. Operates a small agricultural generating facility as part of (i) an agricultural business or (ii) any  
456 business granted a manufacturer license pursuant to subdivisions 1 through 6 of § 4.1-206.1;

457 3. May be served by multiple meters that are located at separate but contiguous sites;

458 4. May aggregate the electricity consumption measured by the meters, solely for purposes of calculating  
459 150 percent of the customer's expected annual energy consumption, but not for billing or retail service  
460 purposes, provided that the same utility serves all of its meters;

461 5. Uses not more than 25 percent of contiguous land owned or controlled by the agricultural business for  
462 purposes of the renewable energy generating facility; **and**

463 6. Issues a certification under oath as to the amount of land being used for renewable generation.

464 "Utility" includes supplier or distributor, as applicable.

465 B. A small agricultural generator electing to interconnect pursuant to this section shall:

466 1. Enter into a power purchase agreement with its utility to sell all of the electricity generated from its  
467 small agricultural generating facility, which power purchase agreement obligates the utility to purchase all the  
468 electricity generated, at a rate agreed upon by the parties, but at a rate not less than the utility's Commission-  
469 approved avoided cost tariff for energy and capacity;

470 2. Have the rights described in subsection E of § 56-594 pertaining to an eligible agricultural  
471 customer-generator as to the renewable energy certificates or other environmental attributes generated by the  
472 renewable energy generating facility;

473 3. Abide by the appropriate small generator interconnection process as described in 20VAC5-314; **and**

474 4. Pay to its utility any necessary additional expenses as required by this section.

475 C. Utilities:

476 1. Shall purchase, through the power purchase agreement described in subdivision B 1, all of the output of  
477 the small agricultural generator;

478 2. Shall recover the cost for its distribution facilities to the generating meter either through a proportional  
479 cost-sharing agreement with the small agricultural generator or through metering the total capacity and  
480 energy placed on the distribution system by the small agricultural generator;

481 3. Shall recover all costs incurred by the utility to purchase electricity, capacity, and renewable energy  
482 certificates from the small agricultural generator:

483 a. If the utility has a Commission-approved Renewable Energy Portfolio Standard (RPS) plan and rate  
484 adjustment clause, through the utility's RPS rate adjustment clause; **or**

485 b. If the utility does not have a Commission-approved RPS rate adjustment clause, through the utility's  
486 fuel adjustment clause or through the utility's cost of purchased power;

487 4. May conduct settlement transactions for purchased power in dollars on the small agricultural  
488 generator's electric bill or through other means of settlement, in the utility's sole discretion;

489 5. Shall bill the small agricultural generator eligible costs for small generator interconnection studies  
490 required pursuant to the appropriate small generator interconnection process described in subdivision B 3;  
491 and

492 6. Shall bill its expenses, at cost, for any additional engineering studies that a small agricultural generator  
 493 is required to pay prior to interconnection.

494 **§ 56-596.7. Small portable solar generation devices; exempt from interconnection.**

495 *A. As used in this section, a "small portable solar generation device" means a moveable photovoltaic  
 496 generation device that (i) has a maximum power output of not more than 1,200 watts, (ii) is designed to be  
 497 connected to the electrical system of a building through a standard 120-volt alternating current outlet, (iii) is  
 498 located on the customer's side of the electric meter and intended primarily to offset part of the customer's  
 499 electricity consumption, (iv) meets the standards of the most recent version of the National Electrical Code,  
 500 and (v) is certified by a nationally recognized testing laboratory, as described in 29 C.F.R. § 1910.7, or an  
 501 equivalent nationally recognized testing laboratory.*

502 *B. Any customer of an investor-owned utility, municipal utility, or electric cooperative may own and  
 503 operate a small portable solar generation device that meets the requirements of this section without being  
 504 subject to interconnection requirements, net energy metering provisions, or any other provision of law  
 505 requiring reimbursement to or approval from the electric utility to own and operate the small portable solar  
 506 generation device. No investor-owned utility, municipal utility, or electric cooperative shall require a  
 507 customer using a small portable solar generation device to obtain the utility's approval before installing or  
 508 using the device, pay any fee or charge related to the device, or install any additional controls or equipment  
 509 beyond what is integrated with the device.*

510 *C. A customer that owns and operates a small portable solar generation device shall ensure that the  
 511 device includes a device or feature that prevents the device from affecting the electrical system of the building  
 512 during a power outage.*

513 *D. No investor-owned utility, municipal utility, or electric cooperative shall be liable for any damage or  
 514 injury caused by a small portable solar generation device.*