

26104943D

HOUSE BILL NO. 434

Offered January 14, 2026

Prefiled January 12, 2026

A BILL to amend the Code of Virginia by adding in Chapter 23 of Title 56 a section numbered 56-596.7, relating to electric utilities; grid utilization programs; annual report.

Patron—LeVere Bolling

Committee Referral Pending

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Chapter 23 of Title 56 a section numbered 56-596.7 as follows:

§ 56-596.7. Grid utilization programs; annual report.**A. As used in this section:**

"Grid utilization" means measures that increase the utilization of existing electric generation, distribution, and transmission infrastructure through the use of technology, programs, and other methods in a manner that tends to reduce rates for service paid by retail electric utility customers.

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

B. By December 1, 2026, and in any recurring filing deemed appropriate by the Commission, the Commission (i) shall establish by regulation an appropriate grid utilization standard for each Phase I and Phase II Utility to meet or exceed annually and incorporate into its grid utilization program and (ii) may establish by regulation or order performance-based incentives for each Phase I and Phase II Utility in meeting or exceeding such standards, provided that such incentives result in a net benefit to retail electric utility customers. The grid utilization standards established by the Commission shall include a baseline year from which an identified percentage increase in grid utilization is measured. In establishing such standards, the Commission shall evaluate the ability of non-wires alternatives to help meet such standards through measures including (a) energy storage that increases electric load capacity and provides electric grid services; (b) electric load capacity mechanisms provided by individual utility customers; (c) distributed generation resource capacity provided by electric utilities; and (d) virtual power plants, which may be part of or in addition to the virtual power plant program and any associated tariffs proposed under § 56-585.1:16. In addition, the Commission shall determine by regulation whether a Phase I or Phase II Utility must require any new electric service customer with an electric demand of 25 megawatts or greater, or any new electric service customer subject to the utility's effective large load tariff, to procure energy storage resources or use other mechanisms identified in the grid utilization standard as a condition of interconnection.

C. By January 1, 2027, each Phase I and Phase II Utility shall implement a grid utilization program for customers within its service territory, as approved by the Commission to be in the public interest and subject to any regulations promulgated under subsection B.

D. In evaluating grid utilization programs, the Commission shall consider (i) any costs or benefits to utility customers, including rate impacts; (ii) reliability of electric service and the electric grid system; (iii) maximizing the use of existing electric distribution grid and transmission infrastructure; and (iv) maximizing the use of non-wires alternatives to increase electric load capacity and electric grid services. The Commission shall only approve a grid utilization program that is feasible and cost-effective. In determining feasibility and cost-effectiveness, the Commission may consult with an independent analyst or conduct internal studies as needed and appropriate.

E. By December 31, 2027, and annually thereafter, each Phase I and Phase II Utility shall submit a report to the Commission detailing its activities, plans, and progress regarding grid utilization, including implementation of its grid utilization program and any other grid utilization measures taken by the utility in the preceding year. The report shall also include grid utilization measures that are currently in effect and any proposed measures to be taken during the next year.

INTRODUCED

HB434