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1 **HOUSE BILL NO. 434**

2 Offered January 14, 2026

3 Prefiled January 12, 2026

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

6 Patron—LeVere Bolling

7 Committee Referral Pending

8 **Be it enacted by the General Assembly of Virginia:**9 **1. That the Code of Virginia is amended by adding in Chapter 23 of Title 56 a section numbered**
10 **56-596.7 as follows:**11 **§ 56-596.7. Grid utilization programs; annual report.**12 **A. As used in this section:**13 *"Grid utilization" means measures that increase the utilization of existing electric generation,*
14 *distribution, and transmission infrastructure through the use of technology, programs, and other methods in*
15 *a manner that tends to reduce rates for service paid by retail electric utility customers.*16 *"Phase I Utility" and "Phase II Utility" have the same meanings as defined in subdivision A 1 of*
17 *§ 56-585.1.*18 **B. By December 1, 2026, and in any recurring filing deemed appropriate by the Commission, the**
19 **Commission (i) shall establish by regulation an appropriate grid utilization standard for each Phase I and**
20 **Phase II Utility to meet or exceed annually and incorporate into its grid utilization program and (ii) may**
21 **establish by regulation or order performance-based incentives for each Phase I and Phase II Utility in**
22 **meeting or exceeding such standards, provided that such incentives result in a net benefit to retail electric**
23 **utility customers. The grid utilization standards established by the Commission shall include a baseline year**
24 **from which an identified percentage increase in grid utilization is measured. In establishing such standards,**
25 **the Commission shall evaluate the ability of non-wires alternatives to help meet such standards through**
26 **measures including (a) energy storage that increases electric load capacity and provides electric grid**
27 **services; (b) electric load capacity mechanisms provided by individual utility customers; (c) distributed**
28 **generation resource capacity provided by electric utilities; and (d) virtual power plants, which may be part of**
29 **or in addition to the virtual power plant program and any associated tariffs proposed under § 56-585.1:16.**30 **In addition, the Commission shall determine by regulation whether a Phase I or Phase II Utility must require**
31 **any new electric service customer with an electric demand of 25 megawatts or greater, or any new electric**
32 **service customer subject to the utility's effective large load tariff, to procure energy storage resources or use**
33 **other mechanisms identified in the grid utilization standard as a condition of interconnection.**34 **C. By January 1, 2027, each Phase I and Phase II Utility shall implement a grid utilization program for**
35 **customers within its service territory, as approved by the Commission to be in the public interest and subject**
36 **to any regulations promulgated under subsection B.**37 **D. In evaluating grid utilization programs, the Commission shall consider (i) any costs or benefits to**
38 **utility customers, including rate impacts; (ii) reliability of electric service and the electric grid system; (iii)**
39 **maximizing the use of existing electric distribution grid and transmission infrastructure; and (iv) maximizing**
40 **the use of non-wires alternatives to increase electric load capacity and electric grid services. The**
41 **Commission shall only approve a grid utilization program that is feasible and cost-effective. In determining**
42 **feasibility and cost-effectiveness, the Commission may consult with an independent analyst or conduct**
43 **internal studies as needed and appropriate.**44 **E. By December 31, 2027, and annually thereafter, each Phase I and Phase II Utility shall submit a report**
45 **to the Commission detailing its activities, plans, and progress regarding grid utilization, including**
46 **implementation of its grid utilization program and any other grid utilization measures taken by the utility in**
47 **the preceding year. The report shall also include grid utilization measures that are currently in effect and any**
48 **proposed measures to be taken during the next year.**

INTRODUCED

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