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1 **HOUSE BILL NO. 617**

2 Offered January 14, 2026

3 Prefiled January 13, 2026

4 A BILL to amend the Code of Virginia by adding a section numbered 56-585.1:17, relating to electric  
5 utilities; virtual power plant pilot program; Phase I Utilities.

6 Patron—McNamara

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 a section numbered 56-585.1:17 as follows:**10 **§ 56-585.1:17. Virtual power plant pilot program; Phase I Utilities.**

11 A. As used in this section:

12 "Aggregator" means an individual or entity, other than the electric utility, that enrolls customers in the  
13 pilot program and coordinates the operation of enrolled energy resources. An aggregator shall not be  
14 considered an electric utility by virtue of participating in the pilot program but shall be given  
15 nondiscriminatory access to necessary customer and grid data from the utility to participate in the pilot  
16 program.17 "Distributed energy resource" means a resource of up to five megawatts that is located on the customer's  
18 premises or is interconnected with the distribution system and produces or stores electricity or modifies the  
19 timing or amount of a customer's electricity consumption.

20 "Electric utility" means a Phase I Utility as described in subdivision A 1 of § 56-585.1.

21 "Eligible technology" means a distributed energy resource that meets the requirements for participation  
22 in the pilot program and does not emit carbon dioxide as a byproduct of combusting fuel or manufacturing  
23 fuel for combustion to generate electricity.24 "Grid event" means a grid condition for which the electric utility schedules or remotely dispatches  
25 enrolled devices to respond.

26 "Grid service" means a capacity, energy, or ancillary service that supports grid operations.

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

28 "Virtual power plant" means an aggregation of distributed energy resources, enrolled either directly with  
29 an electric utility or indirectly through an aggregator, that are operated in coordination to provide one or  
30 more grid services.31 B. No later than December 1, 2026, each Phase I Utility shall petition the State Corporation Commission  
32 (the Commission) for approval to conduct a pilot program to evaluate methods to optimize demand through  
33 various technology applications including the establishment of virtual power plants. Such pilot program shall  
34 evaluate electric grid capacity needs and the ability of such virtual power plants to provide grid services,  
35 including peak-shaving, during times of peak electric demand. Such pilot program shall consist of  
36 aggregations of distributed energy resources totaling up to 150 megawatts for a Phase I Utility and shall  
37 include distributed energy resources located in multiple geographic regions of the Commonwealth. An  
38 electric utility may utilize any existing or proposed distributed energy programs as part of the pilot program  
39 and to further the development of virtual power plants in the Commonwealth. An electric utility that petitions  
40 the Commission for such pilot program shall demonstrate that the utility has evaluated funding opportunities  
41 from the federal government. In furthering the goals of such pilot program, the electric utility shall propose  
42 programs of at least 5 megawatts incentivizing residential customers to purchase battery storage devices, and  
43 the Commission may require competitive solicitation open to utility-owned and non-utility-owned resources.44 C. In conducting such pilot program, the electric utility shall evaluate methods to holistically optimize  
45 demand, including (i) a stakeholder process to receive feedback on program design; (ii) a review of  
46 reasonable enrollment and performance incentives for participating customers; (iii) potential incentives for  
47 the purchase of a battery storage device, including increased incentives for customers in historically  
48 economically disadvantaged communities; (iv) operational parameters for grid services, including the annual  
49 maximum number of grid events, the maximum duration of such grid events, and conditions under which a  
50 participating customer may opt out of a grid event; (v) reasonable mechanisms to disenroll customers for  
51 nonperformance; and (vi) preliminary development of a program tariff that is designed to (a) allow  
52 customers with technologies, including battery storage, non-battery storage, smart thermostat, or managed  
53 electric vehicle charging technologies, to enroll their eligible technologies in the pilot program; (b) provide a  
54 mechanism to incorporate existing programs, including smart thermostat demand response, electric vehicle  
55 charging programs, and battery storage programs, into such tariff; (c) specify compensable grid services for  
56 each eligible technology, including peak demand reduction, voltage support, and emergency services; and (d)

INTRODUCED

HB617

59     *specify pay-for-performance compensation mechanisms for such grid services.*

60     *D. No later than November 15, 2027, the electric utility shall petition the Commission for a program tariff*  
61     *or variations of a tariff structure through which residential and commercial and industrial customers may*  
62     *enroll, either directly or through an aggregator.*

63     *E. Each pilot program shall conclude its initial phase by July 1, 2029, at which time the Commission shall*  
64     *undertake a review of the data and results of the pilot programs and shall evaluate the effectiveness of the*  
65     *pilot programs in providing grid services during times of peak demand. In addition, the Commission shall*  
66     *consider lessons learned from the programs in relation to the implementation of Federal Energy Regulatory*  
67     *Commission Order No. 2222 by PJM Interconnection and the complementary role of virtual power plants in*  
68     *the retail electricity market in the Commonwealth. As part of its evaluation, the Commission shall initiate a*  
69     *proceeding to establish a permanent program for the electric utility, which shall include procurement targets*  
70     *applicable to the electric utility for each such permanent program with corresponding performance metrics*  
71     *associated with either achievement of such targets or failure to achieve such targets.*