

2026 SESSION

INTRODUCED

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1 **HOUSE BILL NO. 921**

2 Offered January 14, 2026

3 Prefiled January 13, 2026

4 *A BILL to amend and reenact § 56-577 of the Code of Virginia, relating to electric utilities; licensed retail*
5 *suppliers; renewable portfolio standard requirements.*

6 Patron—Lopez

7 Committee Referral Pending

8 **Be it enacted by the General Assembly of Virginia:**

9 **1. That § 56-577 of the Code of Virginia is amended and reenacted as follows:**

10 **§ 56-577. Schedule for transition to retail competition; Commission authority; exemptions; pilot**
11 **programs.**

12 A. Retail competition for the purchase and sale of electric energy shall be subject to the following
13 provisions:

14 1. Each incumbent electric utility owning, operating, controlling, or having an entitlement to transmission
15 capacity shall join or establish a regional transmission entity, which entity may be an independent system
16 operator, to which such utility shall transfer the management and control of its transmission system, subject
17 to the provisions of § 56-579.

18 2. The generation of electric energy shall be subject to regulation as specified in this chapter.

19 3. Subject to the provisions of subdivisions 4 and 5, only individual retail customers of electric energy
20 from a Phase I or Phase II Utility, as those terms are defined in subdivision A 1 of § 56-585.1, within the
21 Commonwealth, regardless of customer class, whose noncoincident peak demand during the most recent
22 calendar year exceeded five megawatts but did not exceed one percent of the customer's incumbent electric
23 utility's peak load during the most recent calendar year unless such customer had noncoincident peak demand
24 in excess of 90 megawatts in during calendar year 2006 2024 or any year thereafter, shall be permitted to
25 purchase electric energy from any supplier of electric energy licensed to sell retail electric energy within the
26 Commonwealth, except for any incumbent electric utility other than the incumbent electric utility serving the
27 exclusive service territory in which such a customer is located, subject to the following conditions:

28 a. If such customer does not purchase electric energy from licensed suppliers, such customer shall
29 purchase electric energy from its incumbent electric utility.

30 b. Except as provided in subdivision 4, the demands of individual retail customers may not be aggregated
31 or combined for the purpose of meeting the demand limitations of this provision, any other provision of this
32 chapter to the contrary notwithstanding. For the purposes of this section, each noncontiguous site will
33 nevertheless constitute an individual retail customer even though one or more such sites may be under
34 common ownership of a single person.

35 c. If such customer does purchase electric energy from licensed suppliers after the expiration or
36 termination of capped rates, it shall not thereafter be entitled to purchase electric energy from the incumbent
37 electric utility without giving five years' one year's advance written notice of such intention to such utility,
38 except where such customer demonstrates to the Commission, after notice and opportunity for hearing,
39 through clear and convincing evidence that its supplier has failed to perform, or has anticipatorily breached
40 its duty to perform, or otherwise is about to fail to perform, through no fault of the customer, and that such
41 customer is unable to obtain service at reasonable rates from an alternative supplier. If, as a result of such
42 proceeding, the Commission finds it in the public interest to grant an exemption from the five year notice
43 requirement, such Such customer may thereafter purchase electric energy at the costs of such utility, as
44 determined by the Commission pursuant to subdivision 3 d hereof, for the remainder of the five year notice
45 period, after which point the customer may purchase electric energy from the utility under rates, terms and
46 conditions determined pursuant to § 56-585.1. However, such customer shall be allowed to individually
47 purchase electric energy from the utility under rates, terms, and conditions determined pursuant to § 56-585.1
48 if, upon application by such customer, the Commission finds that neither such customer's incumbent electric
49 utility nor retail customers of such utility that do not choose to obtain electric energy from alternate suppliers
50 will be adversely affected in a manner contrary to the public interest by granting such petition. In making
51 such determination, the Commission shall take into consideration, without limitation, the impact and effect of
52 any and all other previously approved petitions of like type with respect to such incumbent electric utility
53 including, at the utility's election, any applicable market-based tariff. Any customer that returns to purchase
54 electric energy from its incumbent electric utility, before or after expiration of the five year one-year notice
55 period, shall be subject to a minimum stay periods equal to those prescribed by the Commission pursuant to
56 subdivision C 1 period of 30 months.

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59 d. The costs of serving If a customer that has received an exemption from the five year notice requirement
60 under subdivision 3 e hereof shall be the market-based costs of the utility, including (i) the actual expenses of
61 procuring such located in the service territory of an incumbent electric utility purchases electric energy from
62 the market, (ii) additional administrative and transaction costs associated with procuring such energy, including, but not limited to, costs of transmission, transmission line losses, and ancillary services, and (iii) a reasonable margin as determined pursuant to the provisions of subdivision A 2 of § 56-585.1. The methodology established by the Commission for determining such costs a licensed supplier pursuant to this subdivision, such licensed supplier shall ensure that neither utilities nor other retail customers are adversely affected in a manner contrary to the public interest meet the annual renewable portfolio standard program requirement percentage established by subdivision C 1 of § 56-585.5 on an aggregate basis for all electric energy sold by such licensed supplier within the incumbent electric utility's service territory during a compliance year. A Phase I or Phase II Utility shall include the licensed supplier's electric energy sold during a compliance year in its calculation of total electric energy and shall include the renewable energy certificates procured by the licensed supplier toward its calculation of renewable energy certificates needed to satisfy its annual renewable portfolio standard program requirements. No renewable portfolio standard program subobligation requirement, including those described in subdivisions C 2 and C 3 of § 56-585.5, shall apply to a licensed supplier's sale of retail electric energy in the Commonwealth.

76 e. No provision of this subdivision A 3 shall apply to any customer of a licensed supplier that entered into
77 an agreement with a licensed supplier on or before June 30, 2025, unless such customer has returned to
78 purchase and receives electric energy from its incumbent electric utility pursuant to the provisions of this
79 subdivision A 3 or subdivision A 4.

80 4. Two or more individual nonresidential retail customers of electric energy within the Commonwealth, whose individual demand during the most recent calendar year did not exceed five megawatts, may petition the Commission for permission to aggregate or combine their demands, for the purpose of meeting the demand limitations of subdivision 3, so as to become qualified to purchase electric energy from any supplier of electric energy licensed to sell retail electric energy within the Commonwealth under the conditions specified in subdivision 3. The Commission may, after notice and opportunity for hearing, approve such petition if it finds that:

87 a. Neither such customers' incumbent electric utility nor retail customers of such utility that do not choose to obtain electric energy from alternate suppliers will be adversely affected in a manner contrary to the public interest by granting such petition. In making such determination, the Commission shall take into consideration, without limitation, the impact and effect of any and all other previously approved petitions of like type with respect to such incumbent electric utility; and

92 b. Approval of such petition is consistent with the public interest.

93 If such petition is approved, all customers whose load has been aggregated or combined shall thereafter be subject in all respects to the provisions of subdivision 3 and shall be treated as a single, individual customer for the purposes of said subdivision. In addition, the Commission shall impose reasonable periodic monitoring and reporting obligations on such customers to demonstrate that they continue, as a group, to meet the demand limitations of subdivision 3. If the Commission finds, after notice and opportunity for hearing, that such group of customers no longer meets the above demand limitations, the Commission may revoke its previous approval of the petition, or take such other actions as may be consistent with the public interest.

101 5. Individual retail customers of electric energy within the Commonwealth, regardless of customer class, shall be permitted:

103 a. To purchase electric energy provided 100 percent from renewable energy from any supplier of electric energy licensed to sell retail electric energy within the Commonwealth, other than any incumbent electric utility that is not the incumbent electric utility serving the exclusive service territory in which such a customer is located, if the incumbent electric utility serving the exclusive service territory does not offer an approved tariff for electric energy provided 100 percent from renewable energy; and

108 b. To continue purchasing renewable energy pursuant to the terms of a power purchase agreement in effect on the date there is filed with the Commission a tariff for the incumbent electric utility that serves the exclusive service territory in which the customer is located to offer electric energy provided 100 percent from renewable energy, for the duration of such agreement.

112 6. To the extent that an incumbent electric utility has elected as of February 1, 2019, the Fixed Resource Requirement alternative as a Load Serving Entity in the PJM Region and continues to make such election and is therefore required to obtain capacity for all load and expected load growth in its service area, any customer of a utility subject to that requirement that purchases energy pursuant to subdivision 3 or 4 from a supplier licensed to sell retail electric energy within the Commonwealth shall continue to pay its incumbent electric utility for the non-fuel generation capacity and transmission related costs incurred by the incumbent electric utility in order to meet the customer's capacity obligations, pursuant to the incumbent electric utility's standard tariff that has been approved by and is on file with the Commission. In the case of such customer, the advance written notice period established in subdivisions 3 e and d shall be three years. This subdivision

121 shall not apply to the customers of licensed suppliers that (i) had an agreement with a licensed supplier
 122 entered into before February 1, 2019, or (ii) had aggregation petitions pending before the Commission prior
 123 to January 1, 2019, unless and until any customer referenced in clause (i) or (ii) has returned to purchase
 124 electric energy from its incumbent electric utility, pursuant to the provisions of subdivision 3 or 4, and is
 125 receiving electric energy from such incumbent electric utility.

126 7. A tariff for one or more classes of residential customers filed with the Commission for approval by a
 127 cooperative on or after July 1, 2010, shall be deemed to offer a tariff for electric energy provided 100 percent
 128 from renewable energy if it provides undifferentiated electric energy and the cooperative retires a quantity of
 129 renewable energy certificates equal to 100 percent of the electric energy provided pursuant to such tariff. A
 130 tariff for one or more classes of nonresidential customers filed with the Commission for approval by a
 131 cooperative on or after July 1, 2012, shall be deemed to offer a tariff for electric energy provided 100 percent
 132 from renewable energy if it provides undifferentiated electric energy and the cooperative retires a quantity of
 133 renewable energy certificates equal to 100 percent of the electric energy provided pursuant to such tariff. For
 134 purposes of this section, "renewable energy certificate" means, with respect to cooperatives, a tradable
 135 commodity or instrument issued by a regional transmission entity or affiliate or successor thereof in the
 136 United States that validates the generation of electricity from renewable energy sources or that is certified
 137 under a generally recognized renewable energy certificate standard. One renewable energy certificate equals
 138 1,000 kWh or one MWh of electricity generated from renewable energy. A cooperative offering electric
 139 energy provided 100 percent from renewable energy pursuant to this subdivision that involves the retirement
 140 of renewable energy certificates shall disclose to its retail customers who express an interest in purchasing
 141 energy pursuant to such tariff (i) that the renewable energy is comprised of the retirement of renewable
 142 energy certificates, (ii) the identity of the entity providing the renewable energy certificates, and (iii) the
 143 sources of renewable energy being offered.

144 B. The Commission shall promulgate such rules and regulations as may be necessary to implement the
 145 provisions of this section.

146 C. 1. By January 1, 2002, the Commission shall promulgate regulations establishing whether and, if so,
 147 for what minimum periods, customers who request service from an incumbent electric utility pursuant to
 148 subsection D of § 56-582 or a default service provider, after a period of receiving service from other suppliers
 149 of electric energy, shall be required to use such service from such incumbent electric utility or default service
 150 provider, as determined to be in the public interest by the Commission.

151 2. Subject to (i) the availability of capped rate service under § 56-582, and (ii) the transfer of the
 152 management and control of an incumbent electric utility's transmission assets to a regional transmission entity
 153 after approval of such transfer by the Commission under § 56-579, retail customers of such utility (a)
 154 purchasing such energy from licensed suppliers and (b) otherwise subject to minimum stay periods prescribed
 155 by the Commission pursuant to subdivision 1, shall nevertheless be exempt from any such minimum stay
 156 obligations by agreeing to purchase electric energy at the market-based costs of such utility or default
 157 providers after a period of obtaining electric energy from another supplier. Such costs shall include (i) the
 158 actual expenses of procuring such electric energy from the market, (ii) additional administrative and
 159 transaction costs associated with procuring such energy, including, but not limited to, costs of transmission,
 160 transmission line losses, and ancillary services, and (iii) a reasonable margin. The methodology of
 161 ascertaining such costs shall be determined and approved by the Commission after notice and opportunity for
 162 hearing and after review of any plan filed by such utility to procure electric energy to serve such customers.
 163 The methodology established by the Commission for determining such costs shall be consistent with the
 164 goals of (a) promoting the development of effective competition and economic development within the
 165 Commonwealth as provided in subsection A of § 56-596, and (b) ensuring that neither incumbent utilities nor
 166 retail customers that do not choose to obtain electric energy from alternate suppliers are adversely affected.

167 3. Notwithstanding the provisions of subsection D of § 56-582 and subsection C of § 56-585, however,
 168 any such customers exempted from any applicable minimum stay periods as provided in subdivision 2 shall
 169 not be entitled to purchase retail electric energy thereafter from their incumbent electric utilities, or from any
 170 distributor required to provide default service under subsection B of § 56-585, at the capped rates established
 171 under § 56-582, unless such customers agree to satisfy any minimum stay period then applicable while
 172 obtaining retail electric energy at capped rates.

173 4. The Commission shall promulgate such rules and regulations as may be necessary to implement the
 174 provisions of this subsection, which rules and regulations shall include provisions specifying the
 175 commencement date of such minimum stay exemption program.