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SENATE BILL NO. 254

Offered January 14, 2026

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A BILL to amend and reenact § 56-594.3 of the Code of Virginia, relating to electric utilities; shared solar programs; Phase II Utility.

Patron—Surovell

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That § 56-594.3 of the Code of Virginia is amended and reenacted as follows:

§ 56-594.3. Shared solar programs; Phase II Utility.

A. As used in this section:

"Administrative cost" means the reasonable incremental cost to the investor-owned utility to process subscribers' bills for the program.

"Applicable bill credit rate" means the dollar-per-kilowatt-hour rate used to calculate the subscriber's bill credit.

"Bill credit" means the monetary value of the electricity, in kilowatt-hours, generated by the shared solar facility allocated to a subscriber to offset that subscriber's electricity bill.

"Dual-use agricultural facility" means agricultural production and electricity production from solar photovoltaic panels occurring simultaneously on the same property.

"Gross bill" means the amount that a customer would pay to the utility based on the customer's monthly energy consumption before any bill credits are applied.

"Incremental cost" means any cost directly caused by the implementation of the shared solar program that would not have occurred absent the implementation of the shared solar program.

"Low-income customer" means any person or household whose income is no more than 80 percent of the median income of the locality in which the customer resides. The median income of the locality is determined by the U.S. Department of Housing and Urban Development.

"Low-income service organization" means a nonresidential customer of an investor-owned utility whose primary purpose is to serve low-income individuals and households.

"Low-income shared solar facility" means a shared solar facility at least 30 percent of the capacity of which is subscribed by low-income customers or low-income service organizations.

"Minimum bill" means an amount determined by the Commission under subsection D that a subscriber is required to, at a minimum, pay on the subscriber's utility bill each month after accounting for any bill credits.

"Net bill" means the resulting amount a customer must pay the utility after deducting the bill credit from the customer's monthly gross bill.

"Phase II Utility" has the same meaning as provided in subdivision A 1 of § 56-585.1.

"Shared solar facility" means a facility that:

1. Generates electricity by means of a solar photovoltaic device with a nameplate capacity rating that does not exceed 5,000 kilowatts of alternating current;

2. Is interconnected with a Phase II Utility's distribution system within the Commonwealth;

3. Has at least three subscribers;

4. Has at least 40 percent of its capacity subscribed by customers with subscriptions of 25 kilowatts or less; and

5. Is located on a single parcel of land.

"Shared solar program" or "program" means the program created through the adoption of rules to allow for the development of shared solar facilities.

"Subscriber" means a retail customer of a utility that (i) owns one or more subscriptions of a shared solar facility that is interconnected with the utility and (ii) receives service in the service territory of the same utility in whose service territory the shared solar facility is interconnected.

"Subscriber organization" means any for-profit or nonprofit entity that owns or operates one or more shared solar facilities. A subscriber organization shall not be considered a utility solely as a result of its ownership or operation of a shared solar facility. A subscriber organization licensed with the Commission shall be eligible to own or operate shared solar facilities in more than one investor-owned utility service territory.

"Subscribed" means, in relation to a subscription, that a subscriber has made initial payments or provided a deposit to the owner of a shared solar facility for such subscription.

"Subscription" means a contract or other agreement between a subscriber and the owner of a shared solar

59 facility. A subscription shall be sized such that the estimated bill credits do not exceed the subscriber's  
60 average annual bill for the customer account to which the subscription is attributed.

61 "Utility" means a Phase II Utility.

62 B. The Commission shall establish by regulation a program that affords customers of a Phase II Utility the  
63 opportunity to participate in shared solar projects. Under its shared solar program, *a the* utility shall provide a  
64 bill credit for the proportional output of a shared solar facility attributable to that subscriber. The shared solar  
65 program shall be administered as follows:

66 1. The value of the bill credit for the subscriber shall be calculated by multiplying the subscriber's portion  
67 of the kilowatt-hour electricity production from the shared solar facility by the applicable bill credit rate for  
68 the subscriber. Any amount of the bill credit that exceeds the subscriber's monthly bill, minus the minimum  
69 bill, shall be carried over and applied to the next month's bill.

70 2. The utility shall provide bill credits to a shared solar facility's subscribers for not less than 25 years  
71 from the date the shared solar facility becomes commercially operational.

72 3. The subscriber organization shall, on a monthly basis and in a standardized electronic format, and  
73 pursuant to guidelines established by the Commission, provide to the utility a subscriber list indicating the  
74 ~~kilowatt-hours of generation~~ *percentage of generation capacity* attributable to each of the subscribers  
75 participating in a shared solar facility in accordance with the subscriber's portion of the output of the shared  
76 solar facility.

77 4. Subscriber lists may be updated monthly to reflect canceling subscribers and to add new subscribers.  
78 The utility shall apply bill credits to subscriber bills within two billing cycles following the cycle during  
79 which the energy was generated by the shared solar facility.

80 5. Each utility shall, on a monthly basis and in a standardized electronic format, provide to the subscriber  
81 organization a report indicating the total value of bill credits generated by the shared solar facility in the prior  
82 month, as well as the amount of the bill credit applied to each subscriber.

83 6. A subscriber organization may accumulate bill credits in the event that all of the electricity generated  
84 by a shared solar facility is not allocated to subscribers in a given month. ~~On an annual basis and pursuant~~  
85 *Pursuant* to guidelines established by the Commission, the subscriber organization shall furnish to the utility  
86 allocation instructions for distributing excess bill credits to subscribers. *A subscriber organization may elect*  
87 *to distribute excess bill credits more frequently than once per year.*

88 7. A subscriber organization that registers a shared solar facility in the program within the first 200  
89 megawatts alternating current of awarded capacity shall own all environmental attributes associated with a  
90 shared solar facility, including renewable energy certificates. At such subscriber organization's direction, such  
91 environmental attributes may be distributed to subscribers, sold to load-serving entities with compliance  
92 obligations or other buyers, accumulated, or retired. For a shared solar facility registered in the program after  
93 the first 200 megawatts alternating current of awarded capacity, the registering subscriber organization shall  
94 transfer renewable energy certificates to a Phase II Utility to be retired for compliance with such Phase II  
95 Utility's renewable portfolio standard obligations pursuant to subsection C of § 56-585.5.

96 8. Projects shall be entitled to receive incentives when they are located on rooftops, brownfields, or  
97 landfills, are dual-use agricultural facilities, or meet the definition of another category established by the  
98 Department of Energy pursuant to this section.

99 C. Each subscriber shall pay a minimum bill, established pursuant to subsection D, and shall receive an  
100 applicable bill credit based on the subscriber's customer class of residential, commercial, or industrial. Each  
101 class's applicable credit rate shall be calculated by the Commission annually by dividing revenues to the class  
102 by sales, measured in kilowatt-hours, to that class to yield a bill credit rate for the class (\$/kWh).

103 D. The Commission shall establish a minimum bill, which shall include the costs of all utility  
104 infrastructure and services used to provide electric service and administrative costs of the shared solar  
105 program. The Commission may modify the minimum bill over time. In establishing the minimum bill, the  
106 Commission shall (i) consider further costs the Commission deems relevant to ensure subscribing customers  
107 pay a fair share of the costs of providing electric services and generation sufficient to meet customer needs at  
108 all times, (ii) minimize the costs shifted to customers not in a shared solar program, and (iii) calculate the  
109 benefits of shared solar to the electric grid and to the Commonwealth and deduct such benefits from other  
110 costs. The Commission shall explicitly set forth its findings as to each cost and benefit, or other value used to  
111 determine such minimum bill. Low-income customers shall be exempt from the minimum bill.

112 E. The Commission shall approve part one of a shared solar program with an aggregate capacity of 200  
113 megawatts. Upon *the earlier of* (i) a determination that at least 90 percent of the megawatts of the aggregate  
114 capacity of such program have been subscribed and that project construction is substantially complete, *as*  
115 *defined by Commission regulation, or* (ii) July 1, 2026, the ~~Commission Phase II Utility~~ shall ~~approve up to~~  
116 ~~release~~ an additional ~~450~~ 525 megawatts of capacity as part two of such program, 75 megawatts of which  
117 shall serve no more than 51 percent low-income customers. *On or before the date when 268 megawatts of*  
118 *capacity under part two of such program is substantially complete, the Phase II Utility shall petition the*  
119 *Commission to initiate a proceeding to further expand shared solar program capacity as part three of such*  
120 *program.* Subscriber organizations shall be allowed to demonstrate compliance with the low income

121 requirement using either project capacity or project savings methodology. The Commission, in collaboration  
122 with the Department of Energy, may adopt mechanisms to ensure low-income customer participation.

123 F. The Commission shall establish by regulation a shared solar program that complies with the provisions  
124 of subsections B, C, D, and E by March 1, 2025, and shall require each utility to file any tariffs, agreements,  
125 or forms necessary for implementation of the program by December 1, 2025. Any tariffs, agreements, and  
126 forms currently in effect at the time of enactment shall remain in effect until such revisions are approved by  
127 the Commission. Any rule or utility implementation filings approved by the Commission shall:

- 128 1. Reasonably allow for the creation of shared solar facilities;
- 129 2. Allow all customer classes to participate in the program;
- 130 3. Create a stakeholder working group including low-income community representatives and community  
131 solar providers to facilitate low-income customer and low-income service organization participation in the  
132 program;
- 133 4. Encourage public-private partnerships to further the Commonwealth's clean energy and equity goals,  
134 such as state agency and affordable housing provider participation as subscribers of a shared solar program;
- 135 5. Not remove a customer from its otherwise applicable customer class in order to participate in a shared  
136 solar facility;
- 137 6. Reasonably allow for the transferability and portability of subscriptions, including allowing a  
138 subscriber to retain a subscription to a shared solar facility if the subscriber moves within the same utility's  
139 service territory;
- 140 7. Establish standards, fees, and processes for the interconnection of shared solar facilities that allow the  
141 utility to recover reasonable interconnection costs for each shared solar facility;
- 142 8. Adopt standardized consumer disclosure forms;
- 143 9. Allow the utility the opportunity to recover reasonable costs of administering the program;
- 144 10. Ensure nondiscriminatory and efficient requirements and utility procedures for interconnecting  
145 projects;
- 146 11. Address the co-location of two or more shared solar facilities on a single parcel of land and provide  
147 guidelines for determining when two or more such facilities are co-located;
- 148 12. Include a program implementation schedule;
- 149 13. Prohibit credit checks as a means of establishing eligibility for residential customers to become  
150 subscribers;
- 151 14. Prohibit early termination fees and credit reporting for any low-income customer;
- 152 15. Require a customer's affirmative consent by written or electronic signature before providing access to  
153 customer billing and usage data to a subscriber organization;
- 154 16. Establish customer engagement rules and minimum rules for education, contract reviews, and  
155 continued engagement;
- 156 17. Require net crediting functionality. Under net crediting, the utility shall include the shared solar  
157 subscription fee on the customer's utility bill and provide the customer with a net credit equivalent to the total  
158 bill credit value for that generation period minus the shared solar subscription fee as set by the subscriber  
159 organization. The net crediting fee shall not exceed one percent of the bill credit value. Net crediting shall be  
160 optional for subscriber organizations, and any shared solar subscription fees charged via the net crediting  
161 model shall be set to ensure that subscribers do not pay more in subscription fees than they receive in bill  
162 credits; and
- 163 18. Allow the utility to recover as the cost of purchased power pursuant to § 56-249.6 any difference  
164 between the bill credit provided to the subscriber and the cost of energy injected into the grid by the  
165 subscriber organization.

166 G. ~~Within 180 days of finalization of the Commission's adoption of regulations for the shared solar~~  
167 ~~program, a utility shall begin crediting subscriber accounts of each shared solar facility intereconnected in its~~  
168 ~~service territory, subject to the requirements of this section and regulations adopted thereto~~ *In conducting the*  
169 *proceeding for part three of shared solar program capacity under subsection E, the Commission shall*  
170 *evaluate the costs and benefits of the shared solar program, including the aggregate impact of the shared*  
171 *solar program on the Phase II Utility's long-term marginal costs for generation, distribution, and*  
172 *transmission services; the impact of the shared solar program on compliance with renewable energy*  
173 *portfolio standard requirements under § 56-585.5; the direct and indirect economic impacts of the shared*  
174 *solar program on the Commonwealth; and any other information deemed relevant by the Commission,*  
175 *including environmental, resilience, fuel price risk, and other risk minimization benefits of the shared solar*  
176 *program. The Commission shall consider the results of such proceeding in determining any future allocations*  
177 *of shared solar capacity and changes in program design.*

178 **2. That the State Corporation Commission shall update its regulations on shared solar programs to**  
179 **comply with the provisions of this act by December 31, 2026, and shall require each participating**  
180 **utility to file any tariffs, agreements, or forms necessary for implementation of such shared solar**  
181 **programs by March 1, 2027.**