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SENATE BILL NO. 255

Offered January 14, 2026

Prefiled January 12, 2026

A BILL to amend and reenact § 56-594.4 of the Code of Virginia, relating to electric utilities; shared solar programs; Phase I Utility.

Patron—Surovell

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That § 56-594.4 of the Code of Virginia is amended and reenacted as follows:

§ 56-594.4. Shared solar programs; Phase I 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.

"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 I 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 the distribution system of an investor-owned electric utility 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.

"Subscription" means a contract or other agreement between a subscriber and the owner of a shared solar facility. A subscription shall be sized such that the estimated bill credits do not exceed the subscriber's average annual bill for the customer account to which the subscription is attributed.

"Utility" means a Phase I Utility.

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

1. The value of the bill credit for the subscriber shall be calculated by multiplying the subscriber's portion

59 of the kilowatt-hour electricity production from the shared solar facility by the applicable bill credit rate for  
60 the subscriber. Any amount of the bill credit that exceeds the subscriber's monthly bill, minus the minimum  
61 bill, shall be carried over and applied to the next month's bill.

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

64 3. The subscriber organization shall, on a monthly basis and in a standardized electronic format, and  
65 pursuant to guidelines established by the Commission, provide to the utility a subscriber list indicating the  
66 percentage of ~~shared solar~~ *generation* capacity attributable to each of the subscribers participating in a shared  
67 solar facility in accordance with the subscriber's portion of the output of the shared solar facility.

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

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

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

79 7. Any renewable energy certificates associated with a shared solar facility shall be distributed to a ~~Phase I~~  
80 ~~Utility~~ *the utility* to be retired for compliance with such ~~Phase I Utility's utility's~~ renewable portfolio standard  
81 obligations pursuant to subsection C of § 56-585.5.

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

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

89 D. ~~The~~ *By December 31, 2026, the* Commission shall establish a minimum bill, which shall include the  
90 costs of all utility infrastructure and services used to provide electric service and administrative costs of the  
91 shared solar program. The Commission may modify the minimum bill over time. In establishing the  
92 minimum bill, the Commission shall (i) consider further costs the Commission deems relevant to ensure  
93 subscribing customers pay a fair share of the costs of providing electric services, (ii) minimize the costs  
94 shifted to customers not in a shared solar program, and (iii) calculate the benefits of shared solar to the  
95 electric grid and to the Commonwealth and deduct such benefits from other costs. The Commission shall  
96 explicitly set forth its findings as to each cost and benefit, or other value used to determine such minimum  
97 bill.

98 E. The Commission shall approve a shared solar program of 50 megawatts or six percent of peak load,  
99 whichever is less.

100 F. The Commission shall establish by regulation a shared solar program that complies with the provisions  
101 of subsections B, C, D, and E by January 1, 2025, and shall require each utility to file any tariffs, agreements,  
102 or forms necessary for implementation of the program by July 1, 2025. Any rule or utility implementation  
103 filings approved by the Commission shall:

104 1. Reasonably allow for the creation of shared solar facilities;

105 2. Allow all customer classes to participate in the program;

106 3. Encourage public-private partnerships to further the Commonwealth's clean energy and equity goals,  
107 such as state agency and affordable housing provider participation as subscribers of a shared solar program;

108 4. Not remove a customer from its otherwise applicable customer class in order to participate in a shared  
109 solar facility;

110 5. Reasonably allow for the transferability and portability of subscriptions, including allowing a  
111 subscriber to retain a subscription to a shared solar facility if the subscriber moves within the same utility's  
112 service territory;

113 6. Establish standards, fees, and processes for the interconnection of shared solar facilities that allow the  
114 utility to recover reasonable interconnection costs for each shared solar facility;

115 7. Adopt standardized consumer disclosure forms;

116 8. Allow the utility the opportunity to recover reasonable costs of administering the program;

117 9. Ensure nondiscriminatory and efficient requirements and utility procedures for interconnecting projects;

118 10. Allow for the co-location of two or more shared solar facilities on a single parcel of land and provide  
119 guidelines for determining when two or more such facilities are co-located;

120 11. Include a program implementation schedule;

121 12. Prohibit credit checks as a means of establishing eligibility for residential customers to become  
122 subscribers;  
123 13. Require a customer's affirmative consent by written or electronic signature before providing access to  
124 customer billing and usage data to a subscriber organization;  
125 14. Establish customer engagement rules and minimum rules for education, contract reviews, and  
126 continued engagement;  
127 15. *Require net crediting functionality. Under net crediting, the utility shall include the shared solar*  
128 *subscription fee on the customer's utility bill and provide the customer with a net credit equivalent to the total*  
129 *bill credit value for that generation period minus the shared solar subscription fee as set by the subscriber*  
130 *organization. The net crediting fee shall not exceed one percent of the bill credit value. Net crediting shall be*  
131 *optional for subscriber organizations, and any shared solar subscription fees charged via the net crediting*  
132 *model shall be set to ensure that subscribers do not pay more in subscription fees than the amount received in*  
133 *bill credits for any billing period;*  
134 16. Require net financial savings for low-income customers, as that term is defined in § 56-594.3, of at  
135 least 10 percent, relative to the subscription fee throughout the life of the subscription; and  
136 ~~17. Allow the utility to recover as the cost of purchased power pursuant to § 56-249.6 any difference~~  
137 ~~between the bill credit provided to the subscriber and the cost of energy injected into the grid by the~~  
138 ~~subscriber organization.~~  
139 ~~G. Within 180 days of finalization of the Commission's adoption of regulations for the shared solar~~  
140 ~~program, a utility shall begin crediting subscriber accounts of each shared solar facility intereconnected in its~~  
141 ~~service territory, subject to the requirements of this section and regulations adopted thereto.~~  
142 **2. That the State Corporation Commission shall update its regulations on shared solar programs to**  
143 **comply with the provisions of this act by December 31, 2026, and shall require each participating**  
144 **utility to file any tariffs, agreements, or forms necessary for implementation of such shared solar**  
145 **programs by March 1, 2027.**