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SENATE BILL NO. 508

Offered January 14, 2026

Prefiled January 13, 2026

A BILL to amend the Code of Virginia by adding in Chapter 23 of Title 56 a section numbered 56-596.7, relating to electric utilities; surplus interconnection service sites.

Patrons—VanValkenburg, Bagby, Carroll Foy and Srinivasan

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Chapter 23 of Title 56 a section numbered 56-596.7 as follows:

§ 56-596.7. Surplus interconnection service sites.

A. As used in this section:

"Eligible site" means any point of interconnection identified by the Commission as having surplus interconnection service.

"Interconnection agreement" means an interconnection service agreement or generator interconnection agreement to interconnect to the transmission system operated by PJM Interconnection.

"Interconnection service" means the same as that term is defined in 16 U.S.C. § 2621(d)(15).

"Phase I Utility" and "Phase II Utility" mean the same as such terms are defined in subdivision A 1 of § 56-585.1.

"Surplus interconnection service" means any unused or unnecessary portion of interconnection service capacity at a point of interconnection established in an interconnection agreement, such that if such surplus interconnection service is utilized, the total amount of interconnection service capacity at such point of interconnection remains the same.

"Zero-carbon electricity" means the same as that term is defined in § 56-585.5.

B. Each Phase I and Phase II Utility shall conduct a request for proposals for the development of zero-carbon electricity or energy storage resources on eligible sites. Such request shall quantify the amount of surplus interconnection service at each eligible site and shall be publicly announced and made available for public review on such utility's website at least 45 days before the closing of such request. Such request shall contain, at a minimum, the following information:

1. The size, type, and timing of any resource with which the utility seeks to use surplus interconnection service at each eligible site;

2. Any minimum thresholds that must be met by applicants;

3. Any assumptions or standards to be used by the utility in the proposal evaluation process, including environmental emission standards;

4. Detailed instructions for preparing proposals to ensure consistent evaluation;

5. The preferred location of additional capacity; and

6. Information concerning the factors involved in determining the price and non-price criteria used for selecting winning proposals. The utility may evaluate responses to such request based on any criteria that it deems reasonable but shall at a minimum consider in its selection process (i) the age of the applicant's existing generation facilities; (ii) the demonstrated financial viability of the proposal and the applicant; (iii) the applicant's prior experience in the field; (iv) the proposal's location and impact on the transmission grid; (v) any benefits to the Commonwealth that are associated with the proposal, including regional economic development and the use of goods and services from businesses in the Commonwealth; (vi) the environmental impacts of proposed resources, including impacts on air quality within the Commonwealth and the carbon intensity of the utility's generation portfolio; and (vii) any potential cost savings for ratepayers due to the utilization of surplus interconnection service compared to the development of new generation facilities or the construction of new transmission or distribution infrastructure.

C. Each Phase I and Phase II Utility shall select (i) at least 65 percent of proposals received in response to such request or (ii) a combination of such proposals that includes a total of at least 1,000 megawatts of generation capacity, whichever represents a greater total generation capacity, including proposals for power purchase agreements and utility acquisitions, to submit to the Commission for approval within six months after the deadline for proposal submission. Any proposal selected by a Phase I or Phase II Utility pursuant to this subsection shall be considered a critical reliability resource.

D. No Phase I or Phase II Utility shall petition to construct a new electric generating facility that emits carbon dioxide pursuant to subdivision A 5 c of § 56-585.1 or to upgrade or extend the operational life of such facility pursuant to subdivision A 6 of § 56-585.1 until all proposals selected pursuant to subsection C

59 *have been awarded. No such petition shall be approved unless the Commission determines that (i) the*
60 *petition seeks to operate such facility to use surplus interconnection service at an eligible site or (ii) no*
61 *surplus interconnection service exists that would provide a more cost-effective alternative to constructing*
62 *such facility.*

63 *E. An energy storage resource may charge directly from the electric distribution grid without additional*
64 *interconnection or permitting requirements beyond those applicable to the incumbent utility or eligible site,*
65 *except that no energy storage resource shall charge directly from any electric generating facility that emits*
66 *carbon dioxide.*

67 *F. A critical reliability resource that is located entirely behind the point of interconnection requiring a*
68 *conditional use permit or special use permit shall receive a decision on such permit within six months after*
69 *its submission.*

70 **2. That the provisions of the first enactment of this act shall become effective on January 1, 2027.**

71 **3. That by January 1, 2027, the State Corporation Commission (the Commission) shall, in consultation**
72 **with each Phase I and Phase II Utility, as such terms are defined in subdivision A 1 of § 56-585.1 of the**
73 **Code of Virginia, PJM Interconnection, and other relevant stakeholders including clean energy**
74 **developers, environmental organizations, and clean energy industry experts, conduct and publish a**
75 **comprehensive assessment of available interconnection capacity across the electric distribution and**
76 **transmission systems in the Commonwealth. Such assessment shall (i) identify all generating facilities**
77 **located in a Phase I or Phase II Utility's service territory that are interconnected pursuant to, have**
78 **executed, or have requested to file an interconnection agreement, as defined in § 56-596.7 of the Code**
79 **of Virginia, as created by this act; (ii) determine the total amount of electricity, in megawatts, each**
80 **generating facility is permitted to contribute to the electric grid pursuant to an interconnection**
81 **agreement; and (iii) identify each generating facility's point of interconnection and determine how**
82 **much, if any, surplus interconnection service, as defined in § 56-596.7 of the Code of Virginia, as**
83 **created by this act, is available at such point of interconnection. The Commission shall designate any**
84 **point of interconnection where surplus interconnection service exists as an eligible site.**