

26105750D

1 **HOUSE BILL NO. 2**2 AMENDMENT IN THE NATURE OF A SUBSTITUTE
3 (Proposed by the House Committee on Labor and Commerce
4 on _____)

5 (Patron Prior to Substitute—Delegate Sickles)

6 A BILL to reduce heating-related costs of living for low-income residents by requiring certain electric
7 utilities to provide energy efficiency upgrades; report.8 **Be it enacted by the General Assembly of Virginia:**9 1. *It shall be the policy of the Commonwealth to reduce, wherever feasible and cost-effective, heating-
10 related costs of living for low-income residents. In furtherance of this policy, and in addition to other
11 policies and programs to improve energy efficiency and lower costs of living for residents of the
12 Commonwealth, Phase I and Phase II Utilities shall make best, reasonable efforts to provide by December
13 31, 2031, prescriptive efficiency measures and related efficiency improvements to at least 30 percent of the
14 qualifying households identified by the Phase I or Phase II Utility, or in the case of a Phase I Utility to
15 2,000 qualifying households, whichever is less, provided that such measures and improvements are
16 determined by the State Corporation Commission (the Commission) to be in the public interest.*17 2. *Each Phase I and Phase II Utility shall incorporate prescriptive efficiency measures in its next
18 applicable income-qualified and age-qualified energy efficiency program filing with the Commission and
19 implement such prescriptive efficiency measures for qualifying households that are reasonably expected to (i)
20 lower each household's total annual heating-related energy costs, which determination shall be subject to
21 Commission review and approval, and based upon widely available and credible energy consumption and
22 cost data, including data from the U.S. Department of Energy, as appropriate, and taking into account the
23 housing stock and other relevant factors in the Phase I or Phase II Utility's service territory and (ii) reduce
24 onsite air pollution, with special emphasis on improving indoor air quality where feasible. It shall be the duty
25 of the Phase I or Phase II Utility or its designated agent, and shall not be the duty of an installer, to make
26 best efforts to identify qualifying households in its respective territory and to make the determinations
27 specified in clauses (i) and (ii).*28 3. *Each Phase I or Phase II Utility shall consult directly with the Department of Energy and the
29 Department of Housing and Community Development (DHCD) to utilize, wherever feasible, state-derived or
30 federally derived sources of funding to reduce the total utility program costs in implementing § 1 of this act.
31 DHCD shall make available all low-income energy efficiency related programs administered by DHCD to
32 support or enhance income-qualified and age-qualified energy efficiency programs by Phase I and Phase II
33 Utilities.*34 4. *The Commission may in its discretion provide performance-based incentives to a Phase I or Phase II
35 Utility in furtherance of this act, including early action credit for prescriptive efficiency measures installed
36 before January 1, 2030, and the Commission may, at any time before January 1, 2030, make a determination
37 on whether the target described in § 1 of this act is feasible and, based on that determination, may adjust the
38 target at its sole discretion. The Commission shall not penalize a utility for its inability to meet the 30 percent
39 target described in § 1 of this act.*40 5. *No later than January 1, 2028, and annually thereafter, and in any recurring filing that the
41 Commission deems appropriate, each Phase I and Phase II Utility shall report to the Commission its
42 activities, plans, and progress regarding the provisions of this act. In any such filing and at least triennially,
43 each Phase I and Phase II Utility shall also report updated and aggregated ratepayer data regarding bill and
44 energy savings from all energy efficiency and demand response programs, including actual and potential
45 savings across each customer class, which may include actual and potential avoided costs of grid and
46 transmission upgrades, pollution allowances, energy, capacity, and imported fuel purchases. For the
47 purposes of estimating the potential for energy efficiency and demand response cost savings, any study of
48 potential energy efficiency and demand response cost savings necessary to comply with the requirements of
49 this section shall assume, in at least one projected scenario, 75 percent customer awareness of such energy
50 efficiency and demand response programs across each customer class.*

51 6. As used in this act:

52 "Installer" means any entity that directly provides energy efficiency or weatherization upgrades to low-
53 income residents in the Commonwealth and that receives federal, state, or utility funding from a Phase I or
54 Phase II Utility, in whole or in part, to provide such upgrades.55 "Low-income resident" means any individual or household with an income of no more than 60 percent of
56 the median state income, 80 percent of the median income of the locality in which such individual or
57 household resides, or 200 percent of the federal poverty level, whichever is greater.58 "Phase I Utility" and "Phase II Utility" have the same meaning as provided in subdivision A 1 of
59 § 56-585.1 of the Code of Virginia.

60 "*Prescriptive efficiency measures*" means utility-provided energy efficiency upgrades at qualifying
61 households that substantially reduce or eliminate the household's reliance on fuel delivered to the household
62 and stored on site and utilized for household heating, cooking, or water heating, and that thereby reduce the
63 total annual energy-related costs of living for that household, and that are combined, wherever feasible, with
64 additional energy efficiency measures, including insulation, when that household also qualifies for such
65 additional energy efficiency measures. "*Prescriptive efficiency measures*" does not include equipment that
66 utilizes fuel delivered and stored on site.

67 "*Qualifying household*" means any single-family or multifamily dwelling occupied by a low-income
68 resident that is a customer of a Phase I or Phase II Utility who (i) relies on fuel delivered to the household
69 and stored on site and utilized for household heating, cooking, or water heating; (ii) has measured or rated
70 appliance efficiency ratings of less than 83 percent; and (iii) is eligible for or has received building envelope
71 upgrades through federal, state, or utility funded energy efficiency or weatherization programs.