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HOUSE BILL NO. 1445

Offered January 22, 2026

A BILL to amend and reenact § 56-585.5 of the Code of Virginia, relating to electric utilities; renewable energy portfolio standard eligible sources; zero-carbon electricity generating nuclear facilities.

Patron—Webert

Referred to Committee on Labor and Commerce

Be it enacted by the General Assembly of Virginia:

1. That § 56-585.5 of the Code of Virginia is amended and reenacted as follows:

§ 56-585.5. Generation of electricity from renewable and zero-carbon sources.

A. As used in this section:

"Accelerated renewable energy buyer" means a commercial or industrial customer of a Phase I or Phase II Utility, irrespective of generation supplier, with an aggregate load over 25 megawatts in the prior calendar year, that enters into arrangements pursuant to subsection G, as certified by the Commission.

"Aggregate load" means the combined electrical load associated with selected accounts of an accelerated renewable energy buyer with the same legal entity name as, or in the names of affiliated entities that control, are controlled by, or are under common control of, such legal entity or are the names of affiliated entities under a common parent.

"Control" has the same meaning as provided in § 56-585.1:11.

"Elementary or secondary" has the same meaning as provided in § 22.1-1.

"Falling water" means hydroelectric resources, including run-of-river generation from a combined pumped-storage and run-of-river facility. "Falling water" does not include electricity generated from pumped-storage facilities.

"Low-income qualifying projects" means a project that provides a minimum of 50 percent of the respective electric output to low-income utility customers as that term is defined in § 56-576.

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

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

"Previously developed project site" means any property, including related buffer areas, if any, that has been previously disturbed or developed for non-single-family residential, nonagricultural, or nonsilvicultural use, regardless of whether such property currently is being used for any purpose. "Previously developed project site" includes a brownfield as defined in § 10.1-1230 or any parcel that has been previously used (i) for a retail, commercial, or industrial purpose; (ii) as a parking lot; (iii) as the site of a parking lot canopy or structure; (iv) for mining, which is any lands affected by coal mining that took place before August 3, 1977, or any lands upon which extraction activities have been permitted by the Department of Energy under Title 45.2; (v) for quarrying; or (vi) as a landfill.

"Total electric energy" means total electric energy sold to retail customers in the Commonwealth service territory of a Phase I or Phase II Utility, other than accelerated renewable energy buyers, by the incumbent electric utility or other retail supplier of electric energy in the previous calendar year, excluding an amount equivalent to the annual percentages of the electric energy that was supplied to such customer from ~~nuclear generating plants located within the Commonwealth in the previous calendar year, provided such nuclear units were operating by July 1, 2020, or from~~ any zero-carbon electric generating facilities not otherwise RPS eligible sources and placed into service in the Commonwealth after July 1, 2030.

"Zero-carbon electricity" means electricity generated by any generating unit that does not emit carbon dioxide as a by-product of combusting fuel to generate electricity.

B. 1. By December 31, 2024, except for any coal-fired electric generating units (i) jointly owned with a cooperative utility or (ii) owned and operated by a Phase II Utility located in the coalfield region of the Commonwealth that co-fires with biomass, any Phase I and Phase II Utility shall retire all generating units principally fueled by oil with a rated capacity in excess of 500 megawatts and all coal-fired electric generating units operating in the Commonwealth.

2. By December 31, 2045, except for biomass-fired electric generating units that do not co-fire with coal, each Phase I and II Utility shall retire all other electric generating units located in the Commonwealth that emit carbon as a by-product of combusting fuel to generate electricity.

3. A Phase I or Phase II Utility may petition the Commission for relief from the requirements of this subsection on the basis that the requirement would threaten the reliability or security of electric service to customers. The Commission shall consider in-state and regional transmission entity resources and shall evaluate the reliability of each proposed retirement on a case-by-case basis in ruling upon any such petition.

C. Each Phase I and Phase II Utility shall participate in a renewable energy portfolio standard program

(RPS Program) that establishes annual goals for the sale of renewable energy *and zero-carbon electricity* to all retail customers in the utility's service territory, other than accelerated renewable energy buyers pursuant to subsection G, regardless of whether such customers purchase electric supply service from the utility or from suppliers other than the utility. To comply with the RPS Program, each Phase I and Phase II Utility shall procure and retire Renewable Energy Certificates (RECs) originating from renewable energy standard eligible sources (RPS eligible sources). For purposes of complying with the RPS Program from 2021 to 2024, a Phase I and Phase II Utility may use RECs from any renewable energy facility, as defined in § 56-576, provided that such facilities are located in the Commonwealth or are physically located within the PJM Interconnection, LLC (PJM) region. However, at no time during this period or thereafter may any Phase I or Phase II Utility use RECs from (i) renewable thermal energy, (ii) renewable thermal energy equivalent, or (iii) biomass-fired facilities that are outside the Commonwealth. From compliance year 2025 and all years after, each Phase I and Phase II Utility may only use RECs from RPS eligible sources for compliance with the RPS Program.

In order to qualify as RPS eligible sources, such sources must be (a) electric-generating resources that generate electric energy derived from solar or wind located in the Commonwealth or off the Commonwealth's Atlantic shoreline or in federal waters and interconnected directly into the Commonwealth or physically located within the PJM region; (b) falling water resources located in the Commonwealth or physically located within the PJM region that were in operation as of January 1, 2020, that are owned by a Phase I or Phase II Utility or for which a Phase I or Phase II Utility has entered into a contract prior to January 1, 2020, to purchase the energy, capacity, and renewable attributes of such falling water resources; (c) non-utility-owned resources from falling water that (1) are less than 65 megawatts, (2) began commercial operation after December 31, 1979, or (3) added incremental generation representing greater than 50 percent of the original nameplate capacity after December 31, 1979, provided that such resources are located in the Commonwealth or are physically located within the PJM region; (d) waste-to-energy or landfill gas-fired generating resources located in the Commonwealth and in operation as of January 1, 2020, provided that such resources do not use waste heat from fossil fuel combustion; (e) geothermal heating and cooling systems located in the Commonwealth; (f) geothermal electric generating resources located in the Commonwealth or physically located within the PJM region; ~~or~~ (g) *zero-carbon electricity generating nuclear facilities located in the Commonwealth; or (h)* biomass-fired facilities in operation in the Commonwealth and in operation as of January 1, 2023, that (1) supply no more than 10 percent of their annual net electrical generation to the electric grid or no more than 15 percent of their annual total useful energy to any entity other than the manufacturing facility to which the generating source is interconnected and are fueled by forest-product manufacturing residuals, including pulping liquor, bark, paper recycling residuals, biowastes, or biomass, as described in subdivisions A 1, 2, and 4 of § 10.1-1308.1, provided that biomass as described in subdivision A 1 of § 10.1-1308.1 results from harvesting in accordance with best management practices for the sustainable harvesting of biomass developed and enforced by the State Forester pursuant to § 10.1-1105, or (2) are owned by a Phase I or Phase II Utility, have less than 52 megawatts capacity, and are fueled by forest-product manufacturing residuals, biowastes, or biomass, as described in subdivisions A 1, 2, and 4 of § 10.1-1308.1, provided that biomass as described in subdivision A 1 of § 10.1-1308.1 results from harvesting in accordance with best management practices for the sustainable harvesting of biomass developed and enforced by the State Forester pursuant to § 10.1-1105. Regardless of any future maintenance, expansion, or refurbishment activities, the total amount of RECs that may be sold by any RPS eligible source using biomass in any year shall be no more than the number of megawatt hours of electricity produced by that facility in 2022; however, in no year may any RPS eligible source using biomass sell RECs in excess of the actual megawatt-hours of electricity generated by such facility that year. In order to comply with the RPS Program, each Phase I and Phase II Utility may use and retire the environmental attributes associated with any existing owned or contracted solar, wind, falling water, or biomass electric generating resources in operation, or proposed for operation, in the Commonwealth or solar, wind, or falling water resources physically located within the PJM region, with such resource qualifying as a Commonwealth-located resource for purposes of this subsection, as of January 1, 2020, provided that such renewable attributes are verified as RECs consistent with the PJM-EIS Generation Attribute Tracking System.

1. The RPS Program requirements shall be a percentage of the total electric energy sold in the previous calendar year and shall be implemented in accordance with the following schedule:

Phase I Utilities		Phase II Utilities	
Year	RPS Program Requirement	Year	RPS Program Requirement
2021	6%	2021	14%
2022	7%	2022	17%
2023	8%	2023	20%
2024	10%	2024	23%
2025	14%	2025	26%
2026	17%	2026	29%
2027	20%	2027	32%

2028	24%	2028	35%
2029	27%	2029	38%
2030	30%	2030	41%
2031	33%	2031	45%
2032	36%	2032	49%
2033	39%	2033	52%
2034	42%	2034	55%
2035	45%	2035	59%
2036	53%	2036	63%
2037	53%	2037	67%
2038	57%	2038	71%
2039	61%	2039	75%
2040	65%	2040	79%
2041	68%	2041	83%
2042	71%	2042	87%
2043	74%	2043	91%
2044	77%	2044	95%
2045	80%	2045 and thereafter	100%
2046	84%		
2047	88%		
2048	92%		
2049	96%		
2050 and thereafter	100%		

2. A Phase II Utility shall meet one percent of the RPS Program requirements in any given compliance year with solar, wind, or anaerobic digestion resources of one megawatt or less located in the Commonwealth, with not more than 3,000 kilowatts at any single location or at contiguous locations owned by the same entity or affiliated entities and, to the extent that low-income qualifying projects are available, then no less than 25 percent of such one percent shall be composed of low-income qualifying projects. To the extent that low-income qualifying projects are not available and projects located on or adjacent to public elementary or secondary schools are available, the remainder of no less than 25 percent of such one percent shall be composed of projects located on or adjacent to public elementary or secondary schools. A project located on or adjacent to a public elementary or secondary school shall have a contractual relationship with such school in order to qualify for the provisions of this section.

3. Beginning with the 2025 compliance year and thereafter, at least 75 percent of all RECs used by a Phase II Utility in a compliance period shall come from RPS eligible resources located in the Commonwealth.

4. Any Phase I or Phase II Utility may apply renewable energy sales achieved or RECs acquired in excess of the sales requirement for that RPS Program to the sales requirements for RPS Program requirements in the year in which it was generated and the five calendar years after the renewable energy was generated or the RECs were created. To the extent that a Phase I or Phase II Utility procures RECs for RPS Program compliance from resources the utility does not own, the utility shall be entitled to recover the costs of such certificates at its election pursuant to § 56-249.6 or subdivision A 5 d of § 56-585.1.

5. Energy from a geothermal heating and cooling system is eligible for inclusion in meeting the requirements of the RPS Program. RECs from a geothermal heating and cooling system are created based on the amount of energy, converted from BTUs to kilowatt-hours, that is generated by a geothermal heating and cooling system for space heating and cooling or water heating. The Commission shall determine the form and manner in which such RECs are verified.

D. Each Phase I or Phase II Utility shall petition the Commission for necessary approvals to procure zero-carbon electricity generating capacity as set forth in this subsection and energy storage resources as set forth in subsection E. To the extent that a Phase I or Phase II Utility constructs or acquires new zero-carbon generating facilities or energy storage resources, the utility shall petition the Commission for the recovery of the costs of such facilities, at the utility's election, either through its rates for generation and distribution services or through a rate adjustment clause pursuant to subdivision A 6 of § 56-585.1. All costs not sought for recovery through a rate adjustment clause pursuant to subdivision A 6 of § 56-585.1 associated with generating facilities provided by sunlight or onshore or offshore wind are also eligible to be applied by the utility as a customer credit reinvestment offset as provided in subdivision A 8 of § 56-585.1. Costs associated with the purchase of energy, capacity, or environmental attributes from facilities owned by the persons other than the utility required by this subsection shall be recovered by the utility either through its rates for generation and distribution services or pursuant to § 56-249.6.

1. Each Phase I Utility shall petition the Commission for necessary approvals to construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental attributes of 600 megawatts of

184 generating capacity using energy derived from sunlight or onshore wind.
185 a. By December 31, 2023, each Phase I Utility shall petition the Commission for necessary approvals to
186 construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental attributes of
187 at least 200 megawatts of generating capacity located in the Commonwealth using energy derived from
188 sunlight or onshore wind, and 35 percent of such generating capacity procured shall be from the purchase of
189 energy, capacity, and environmental attributes from solar or onshore wind facilities owned by persons other
190 than the utility, with the remainder, in the aggregate, being from construction or acquisition by such Phase I
191 Utility.
192 b. By December 31, 2027, each Phase I Utility shall petition the Commission for necessary approvals to
193 construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental attributes of
194 at least 200 megawatts of additional generating capacity located in the Commonwealth using energy derived
195 from sunlight or onshore wind, and 35 percent of such generating capacity procured shall be from the
196 purchase of energy, capacity, and environmental attributes from solar or onshore wind facilities owned by
197 persons other than the utility, with the remainder, in the aggregate, being from construction or acquisition by
198 such Phase I Utility.
199 c. By December 31, 2030, each Phase I Utility shall petition the Commission for necessary approvals to
200 construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental attributes of
201 at least 200 megawatts of additional generating capacity located in the Commonwealth using energy derived
202 from sunlight or onshore wind, and 35 percent of such generating capacity procured shall be from the
203 purchase of energy, capacity, and environmental attributes from solar or onshore wind facilities owned by
204 persons other than the utility, with the remainder, in the aggregate, being from construction or acquisition by
205 such Phase I Utility.
206 d. Nothing in this subdivision 1 shall prohibit such Phase I Utility from constructing, acquiring, or
207 entering into agreements to purchase the energy, capacity, and environmental attributes of more than 600
208 megawatts of generating capacity located in the Commonwealth using energy derived from sunlight or
209 onshore wind, provided the utility receives approval from the Commission pursuant to §§ 56-580 and
210 56-585.1.
211 2. By December 31, 2035, each Phase II Utility shall petition the Commission for necessary approvals to
212 (i) construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental attributes
213 of 16,100 megawatts of generating capacity located in the Commonwealth using energy derived from
214 sunlight or onshore wind, which shall include 1,100 megawatts of solar generation of a nameplate capacity
215 not to exceed three megawatts per individual project and 35 percent of such generating capacity procured
216 shall be from the purchase of energy, capacity, and environmental attributes from solar facilities owned by
217 persons other than a utility, including utility affiliates and deregulated affiliates and (ii) pursuant to
218 § 56-585.1:11, construct or purchase one or more offshore wind generation facilities located off the
219 Commonwealth's Atlantic shoreline or in federal waters and interconnected directly into the Commonwealth
220 with an aggregate capacity of up to 5,200 megawatts. At least 200 megawatts of the 16,100 megawatts shall
221 be placed on previously developed project sites.
222 a. By December 31, 2024, each Phase II Utility shall petition the Commission for necessary approvals to
223 construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental attributes of
224 at least 3,000 megawatts of generating capacity located in the Commonwealth using energy derived from
225 sunlight or onshore wind, and 35 percent of such generating capacity procured shall be from the purchase of
226 energy, capacity, and environmental attributes from solar or onshore wind facilities owned by persons other
227 than the utility, with the remainder, in the aggregate, being from construction or acquisition by such Phase II
228 Utility.
229 b. By December 31, 2027, each Phase II Utility shall petition the Commission for necessary approvals to
230 construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental attributes of
231 at least 3,000 megawatts of additional generating capacity located in the Commonwealth using energy
232 derived from sunlight or onshore wind, and 35 percent of such generating capacity procured shall be from the
233 purchase of energy, capacity, and environmental attributes from solar or onshore wind facilities owned by
234 persons other than the utility, with the remainder, in the aggregate, being from construction or acquisition by
235 such Phase II Utility.
236 c. By December 31, 2030, each Phase II Utility shall petition the Commission for necessary approvals to
237 construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental attributes of
238 at least 4,000 megawatts of additional generating capacity located in the Commonwealth using energy
239 derived from sunlight or onshore wind, and 35 percent of such generating capacity procured shall be from the
240 purchase of energy, capacity, and environmental attributes from solar or onshore wind facilities owned by
241 persons other than the utility, with the remainder, in the aggregate, being from construction or acquisition by
242 such Phase II Utility.
243 d. By December 31, 2035, each Phase II Utility shall petition the Commission for necessary approvals to
244 construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental attributes of
245 at least 6,100 megawatts of additional generating capacity located in the Commonwealth using energy

246 derived from sunlight or onshore wind, and 35 percent of such generating capacity procured shall be from the
247 purchase of energy, capacity, and environmental attributes from solar or onshore wind facilities owned by
248 persons other than the utility, with the remainder, in the aggregate, being from construction or acquisition by
249 such Phase II Utility.
250 e. Nothing in this subdivision 2 shall prohibit such Phase II Utility from constructing, acquiring, or
251 entering into agreements to purchase the energy, capacity, and environmental attributes of more than 16,100
252 megawatts of generating capacity located in the Commonwealth using energy derived from sunlight or
253 onshore wind, provided the utility receives approval from the Commission pursuant to §§ 56-580 and
254 56-585.1.
255 3. Nothing in this section shall prohibit a utility from petitioning the Commission to construct or acquire
256 zero-carbon electricity or from entering into contracts to procure the energy, capacity, and environmental
257 attributes of zero-carbon electricity generating resources in excess of the requirements in subsection B. The
258 Commission shall determine whether to approve such petitions on a stand-alone basis pursuant to §§ 56-580
259 and 56-585.1, provided that the Commission's review shall also consider whether the proposed generating
260 capacity (i) is necessary to meet the utility's native load, (ii) is likely to lower customer fuel costs, (iii) will
261 provide economic development opportunities in the Commonwealth, and (iv) serves a need that cannot be
262 more affordably met with demand-side or energy storage resources.
263 Each Phase I and Phase II Utility shall, at least once every year, conduct a request for proposals for new
264 solar and wind resources. Such requests shall quantify and describe the utility's need for energy, capacity, or
265 renewable energy certificates. The requests for proposals shall be publicly announced and made available for
266 public review on the utility's website at least 45 days prior to the closing of such request for proposals. The
267 requests for proposals shall provide, at a minimum, the following information: (a) the size, type, and timing
268 of resources for which the utility anticipates contracting; (b) any minimum thresholds that must be met by
269 respondents; (c) major assumptions to be used by the utility in the bid evaluation process, including
270 environmental emission standards; (d) detailed instructions for preparing bids so that bids can be evaluated on
271 a consistent basis; (e) the preferred general location of additional capacity; and (f) specific information
272 concerning the factors involved in determining the price and non-price criteria used for selecting winning
273 bids. A utility may evaluate responses to requests for proposals based on any criteria that it deems reasonable
274 but shall at a minimum consider the following in its selection process: (1) the status of a particular project's
275 development; (2) the age of existing generation facilities; (3) the demonstrated financial viability of a project
276 and the developer; (4) a developer's prior experience in the field; (5) the location and effect on the
277 transmission grid of a generation facility; (6) benefits to the Commonwealth that are associated with
278 particular projects, including regional economic development and the use of goods and services from Virginia
279 businesses; and (7) the environmental impacts of particular resources, including impacts on air quality within
280 the Commonwealth and the carbon intensity of the utility's generation portfolio.
281 4. In connection with the requirements of this subsection, each Phase I and Phase II Utility shall,
282 commencing in 2020 and concluding in 2035, submit annually a plan and petition for approval for the
283 development of new solar and onshore wind generation capacity. Such plan shall reflect, in the aggregate and
284 over its duration, the requirements of subsection D concerning the allocation percentages for construction or
285 purchase of such capacity. Such petition shall contain any request for approval to construct such facilities
286 pursuant to subsection D of § 56-580 and a request for approval or update of a rate adjustment clause
287 pursuant to subdivision A 6 of § 56-585.1 to recover the costs of such facilities. Such plan shall also include
288 the utility's plan to meet the energy storage project targets of subsection E, including the goal of installing at
289 least 10 percent of such energy storage projects behind the meter. In determining whether to approve the
290 utility's plan and any associated petition requests, the Commission shall determine whether they are
291 reasonable and prudent and shall give due consideration to (i) the RPS and carbon dioxide reduction
292 requirements in this section; (ii) the promotion of new renewable generation and energy storage resources
293 within the Commonwealth, and associated economic development; and (iii) fuel savings projected to be
294 achieved by the plan. Notwithstanding any other provision of this title, the Commission's final order
295 regarding any such petition and associated requests shall be entered by the Commission not more than six
296 months after the date of the filing of such petition.
297 5. If, in any year, a Phase I or Phase II Utility is unable to meet the compliance obligation of the RPS
298 Program requirements or if the cost of RECs necessary to comply with RPS Program requirements exceeds
299 $45 per megawatt hour, such supplier shall be obligated to make a deficiency payment equal to $45 for each
300 megawatt-hour shortfall for the year of noncompliance, except that the deficiency payment for any shortfall
301 in procuring RECs for solar, wind, or anaerobic digesters located in the Commonwealth shall be $75 per
302 megawatts hour for resources one megawatt and lower. The amount of any deficiency payment shall increase
303 by one percent annually after 2021. A Phase I or Phase II Utility shall be entitled to recover the costs of such
304 payments as a cost of compliance with the requirements of this subsection pursuant to subdivision A 5 d of
305 § 56-585.1. All proceeds from the deficiency payments shall be deposited into an interest-bearing account
306 administered by the Department of Energy. In administering this account, the Department of Energy shall
307 manage the account as follows: (i) 50 percent of total revenue shall be directed to job training programs in

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308 historically economically disadvantaged communities; (ii) 16 percent of total revenue shall be directed to
309 energy efficiency measures for public facilities; (iii) 30 percent of total revenue shall be directed to renewable
310 energy programs located in historically economically disadvantaged communities; and (iv) four percent of
311 total revenue shall be directed to administrative costs.
312 For any project constructed pursuant to this subsection or subsection E, a utility shall, subject to a
313 competitive procurement process, procure equipment from a Virginia-based or United States-based
314 manufacturer using materials or product components made in Virginia or the United States, if reasonably
315 available and competitively priced.
316 E. To enhance reliability and performance of the utility's generation and distribution system, each Phase I
317 and Phase II Utility shall petition the Commission for necessary approvals to construct or acquire new,
318 utility-owned energy storage resources.
319 1. By December 31, 2035, each Phase I Utility shall petition the Commission for necessary approvals to
320 construct or acquire 400 megawatts of energy storage capacity. Nothing in this subdivision shall prohibit a
321 Phase I Utility from constructing or acquiring more than 400 megawatts of energy storage, provided that the
322 utility receives approval from the Commission pursuant to §§ 56-580 and 56-585.1.
323 2. By December 31, 2035, each Phase II Utility shall petition the Commission for necessary approvals to
324 construct or acquire 2,700 megawatts of energy storage capacity. Nothing in this subdivision shall prohibit a
325 Phase II Utility from constructing or acquiring more than 2,700 megawatts of energy storage, provided that
326 the utility receives approval from the Commission pursuant to §§ 56-580 and 56-585.1.
327 3. No single energy storage project shall exceed 500 megawatts in size, except that a Phase II Utility may
328 procure a single energy storage project up to 800 megawatts.
329 4. All energy storage projects procured pursuant to this subsection shall meet the competitive procurement
330 protocols established in subdivision D 3.
331 5. After July 1, 2020, at least 35 percent of the energy storage facilities placed into service shall be (i)
332 purchased by the public utility from a party other than the public utility or (ii) owned by a party other than a
333 public utility, with the capacity from such facilities sold to the public utility. By January 1, 2021, the
334 Commission shall adopt regulations to achieve the deployment of energy storage for the Commonwealth
335 required in subdivisions 1 and 2, including regulations that set interim targets and update existing utility
336 planning and procurement rules. The regulations shall include programs and mechanisms to deploy energy
337 storage, including competitive solicitations, behind-the-meter incentives, non-wires alternatives programs,
338 and peak demand reduction programs.
339 F. All costs incurred by a Phase I or Phase II Utility related to compliance with the requirements of this
340 section or pursuant to § 56-585.1:11, including (i) costs of generation facilities powered by sunlight or
341 onshore or offshore wind, or energy storage facilities, that are constructed or acquired by a Phase I or Phase II
342 Utility after July 1, 2020, (ii) costs of capacity, energy, or environmental attributes from generation facilities
343 powered by sunlight or onshore or offshore wind, or falling water, or energy storage facilities purchased by
344 the utility from persons other than the utility through agreements after July 1, 2020, and (iii) all other costs of
345 compliance, including costs associated with the purchase of RECs associated with RPS Program
346 requirements pursuant to this section shall be recovered from all retail customers in the service territory of a
347 Phase I or Phase II Utility as a non-bypassable charge, irrespective of the generation supplier of such
348 customer, except (a) as provided in subsection G for an accelerated renewable energy buyer or (b) as
349 provided in subdivision C 3 of § 56-585.1:11, with respect to the costs of an offshore wind generation
350 facility, for a PIPP eligible utility customer or an advanced clean energy buyer or qualifying large general
351 service customer, as those terms are defined in § 56-585.1:11. If a Phase I or Phase II Utility serves
352 customers in more than one jurisdiction, such utility shall recover all of the costs of compliance with the RPS
353 Program requirements from its Virginia customers through the applicable cost recovery mechanism, and all
354 associated energy, capacity, and environmental attributes shall be assigned to Virginia to the extent that such
355 costs are requested but not recovered from any system customers outside the Commonwealth.
356 By September 1, 2020, the Commission shall direct the initiation of a proceeding for each Phase I and
357 Phase II Utility to review and determine the amount of such costs, net of benefits, that should be allocated to
358 retail customers within the utility's service territory which have elected to receive electric supply service from
359 a supplier of electric energy other than the utility, and shall direct that tariff provisions be implemented to
360 recover those costs from such customers beginning no later than January 1, 2021. Thereafter, such charges
361 and tariff provisions shall be updated and trued up by the utility on an annual basis, subject to continuing
362 review and approval by the Commission.
363 G. 1. An accelerated renewable energy buyer may contract with a Phase I or Phase II Utility, or a person
364 other than a Phase I or Phase II Utility, to obtain (i) RECs from RPS eligible resources or (ii) bundled
365 capacity, energy, and RECs from solar or, wind, or zero-carbon electricity generation resources located
366 within the PJM region and initially placed in commercial operation after January 1, 2015, including any
367 contract with a utility for such generation resources that does not allocate the cost of such resources to or
368 recover the cost of such resources from any other customers of the utility that have not voluntarily agreed to
369 pay such cost. Such an accelerated renewable energy buyer may offset all or a portion of its electric load for

370 purposes of RPS compliance through such arrangements. An accelerated renewable energy buyer shall be
371 exempt from the assignment of non-bypassable RPS compliance costs pursuant to subsection F, with the
372 exception of the costs of an offshore wind generating facility pursuant to § 56-585.1:11, based on the amount
373 of RECs obtained pursuant to this subsection in proportion to the customer's total electric energy
374 consumption, on an annual basis. An accelerated renewable energy buyer may also contract with a Phase I or
375 Phase II Utility, or a person other than a Phase I or Phase II Utility, to obtain capacity from energy storage
376 facilities located within the network service area of the utility pursuant to this subsection, provided that the
377 costs of such resources are not recovered from any of the utility's customers who have not voluntarily agreed
378 to pay for such costs. Such accelerated renewable energy buyer shall be exempt from the assignment of
379 non-bypassable RPS Program compliance costs specifically associated with energy storage facilities pursuant
380 to this subsection in proportion to the customer's total capacity demand on an annual basis. An accelerated
381 renewable energy buyer obtaining RECs only shall not be exempt from costs related to procurement of new
382 solar or onshore wind generation capacity, energy, or environmental attributes, or energy storage facilities, by
383 the utility pursuant to subsections D and E, however, an accelerated renewable energy buyer that is a
384 customer of a Phase II Utility and was subscribed, as of March 1, 2020, to a voluntary companion
385 experimental tariff offering of the utility for the purchase of renewable attributes from renewable energy
386 facilities that requires a renewable facilities agreement and the purchase of a minimum of 2,000 renewable
387 attributes annually, shall be exempt from allocation of the net costs related to procurement of new solar or
388 onshore wind generation capacity, energy, or environmental attributes, or energy storage facilities, by the
389 utility pursuant to subsections D and E, based on the amount of RECs associated with the customer's
390 renewable facilities agreements associated with such tariff offering as of that date in proportion to the
391 customer's total electric energy consumption, on an annual basis. To the extent that an accelerated renewable
392 energy buyer contracts for the capacity of new solar or wind generation resources or energy storage facilities
393 pursuant to this subsection, the aggregate amount of such nameplate capacity shall be offset from the utility's
394 procurement requirements pursuant to subsection D. All RECs associated with contracts entered into by an
395 accelerated renewable energy buyer with the utility, or a person other than the utility, for an RPS Program
396 shall not be credited to the utility's compliance with its RPS requirements, and the calculation of the utility's
397 RPS Program requirements shall not include the electric load covered by customers certified as accelerated
398 renewable energy buyers.
399 2. Each Phase I or Phase II Utility shall certify, and verify as necessary, to the Commission that the
400 accelerated renewable energy buyer has satisfied the exemption requirements of this subsection for each year,
401 or an accelerated renewable energy buyer may choose to certify satisfaction of this exemption by reporting to
402 the Commission individually. The Commission may promulgate such rules and regulations as may be
403 necessary to implement the provisions of this subsection.
404 3. Provided that no incremental costs associated with any contract between a Phase I or Phase II Utility
405 and an accelerated renewable energy buyer is allocated to or recovered from any other customer of the utility,
406 any such contract with an accelerated renewable energy buyer that is a jurisdictional customer of the utility
407 shall not be deemed a special rate or contract requiring Commission approval pursuant to § 56-235.2.
408 4. The State Corporation Commission shall ensure that any distribution and transmission costs associated
409 with new energy generation resources procured pursuant to subsection G of § 56-585.5 of the Code of
410 Virginia, as amended by this act, are justly and reasonably allocated.
411 H. No customer of a Phase II Utility with a peak demand in excess of 100 megawatts in 2019 that elected
412 pursuant to subdivision A 3 of § 56-577 to purchase electric energy from a competitive service provider prior
413 to April 1, 2019, shall be allocated any non-bypassable charges pursuant to subsection F for such period that
414 the customer is not purchasing electric energy from the utility, and such customer's electric load shall not be
415 included in the utility's RPS Program requirements. No customer of a Phase I Utility that elected pursuant to
416 subdivision A 3 of § 56-577 to purchase electric energy from a competitive service provider prior to February
417 1, 2019, shall be allocated any non-bypassable charges pursuant to subsection F for such period that the
418 customer is not purchasing electric energy from the utility, and such customer's electric load shall not be
419 included in the utility's RPS Program requirements.
420 I. In any petition by a Phase I or Phase II Utility for a certificate of public convenience and necessity to
421 construct and operate an electrical generating facility that generates electric energy derived from sunlight
422 submitted pursuant to § 56-580, such utility shall demonstrate that the proposed facility was subject to
423 competitive procurement or solicitation as set forth in subdivision D 3.
424 J. Notwithstanding any contrary provision of law, for the purposes of this section, any falling water
425 generation facility located in the Commonwealth and commencing commercial operations prior to July 1,
426 2024, shall be considered a renewable energy portfolio standard (RPS) eligible source.
427 K. Nothing in this section shall apply to any entity organized under Chapter 9.1 (§ 56-231.15 et seq.).
428 L. The Commission shall adopt such rules and regulations as may be necessary to implement the
429 provisions of this section, including a requirement that participants verify whether the RPS Program
430 requirements are met in accordance with this section.

INTRODUCED

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